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Innovativeness and Competitive Advantage of Small and Medium Enterprise in Kogi State

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Abstract: The study focused on the nexus between innovation and the competitive advantage of SMEs in Kogi State. The study examined the effect of value capture innovation and value proposition innovation on the competitive advantage of SMEs in Kogi State. The survey research design was adopted. For this study, multi-stage random sampling technique was adopted. The sample size of the study was 255 SMEs. The researcher used primary source of data. Data were collected through questionnaire. Cronbach's reliability test showed that value capture innovation has 0.917; and value proposition innovation has 0.776. All data collected were presented and analyzed using frequency distribution table. Multiple Regression analysis was used for testing hypotheses. Finding showed that value capture innovation and value proposition innovation have substantial effect on the competitive advantage of SMEs in Kogi State. The study concluded that SMEs need to possess innovation capabilities so as to enhance reasonable position in the competitive business environment. The study recommended that SME owners should increase their commitment to value capture innovation so as to achieve sustainable competitive advantage for their enterprises, and that SME owners should invest in value proposition innovation to create effective medium route towards the achievement of sustainable competitive advantage of their enterprises**.**

Keywords: Competitive Advantage; Value Capture Innovation; Value Proposition Innovation; New Cost Structures*;* New Revenue Models; New Customer Relationships

JEL Classification: M5; L26; M190

1. Introduction

From the global perspective, innovation is paramount for Small and Medium Enterprises (SMEs) to cope with the competition dynamics engineered by the COVID-19 epidemic. The epidemic also unveils the potential for innovation to business ventures that have adequate resources. Adam and Alarifi (2021) expressed that innovation practice of SMEs is inevitable to confront the challenge posed by COVID-19 epidemic in the global business environment. Hervás-Oliver, Parrilli, Rodríguez-Pose and Sempere-Ripoll (2021) expressed that there is evidence that the Europe has benefited from SMEs' innovativeness. The atmosphere for innovation fosters business competition. SMEs that adopt innovation have the chance to increase value propositions. In order for SMEs to flourish with its value creation promise in Africa, it must be supported to be innovative. Innovation is sometimes connected with altering or creating new things out of existing ones. Some small enterprises may have neglected the idea of

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innovation. Among other African countries, Ndesaulwa and Kikula (2016) posited that the flexibility and capacity of SMEs for swift and effective integration of ideas has made them more innovative than larger enterprises.

In Nigeria, SMEs account for 46.31% of the National Gross Domestic Product, 6.21% of gross export, 96.9% and 87.9% of employment (Small & Medium Enterprises Development Agency of Nigeria [SMEDAN], 2021). There is need for increased innovation by SMEs in Nigeria. Studies (Ajayi & Morton, 2015; Baita & Adhama, 2020) posited that increasing innovativeness of SMEs is required to transform the economy of Nigeria. Kogi State also needs to support the SME sector. This is because increasing number of innovative SMEs will not only bring about intense competitive advantage but economic benefit for Kogi State. Jeje (2022) posited that sustainable SMEs can drive economic growth. The idea of innovation is well recognized by SMEs in Kogi State, and has caught the interest of both the academic and business communities. The areas of focus are how innovation can be used to spur performance and the competitive advantage of firms.

In the SME sector of Kogi State, competitive advantage seems to be issue of concern. SMEs are battling with competitive pressure with limited capacity today. The broad understanding of the phenomenon blamed the competitive pressure facing SMEs on the global economic shake up (due to COVID-19) and the Russian-Ukraine war. It is evident that these two upsurges are inimical to the progress of the global economy, and SMEs have been wallowing within the constraint with less foresight on how to utilize innovations in Kogi State. Academic researchers have focused on this issue, and have centered it on the idea of innovation capability. Today, innovations require a shift from the traditional approach to modern and contingent demand. The traditional approach gives credence to innovations from the perspective of product, process and channels. The contingent approach to innovations opened to SMEs mirrors value capture, value proposition and value creation. Clauss (2016) is of the position that value capture innovation is centered on new processes, new technology and new capabilities. The traditional way only sees to an element of value capture innovation (which is process innovation). Clauss (2016) also argued that value proposition innovation can manifest considering new customer relationships, new channels, new customers and markets and new offerings, and that value creation innovation can be achieved through new cost structures and new revenue models.

Based on the critical situation facing the economy of Nigeria today, it is clear that SMEs have failed in the intellectual manipulation of contingent innovations approach. This failure can be attributed to the competitive pressure affecting the competitive advantage of SMEs in Kogi State. There is wide research gap relative to how value capture innovation, value proposition innovation and value creation innovation can be utilized by SMEs in the pursuit of competitive advantage in Kogi State. Howell, van Beers and Doorn (2018) argued that value creation and value capturing remain big challenges in the subject of innovation. Nafula (2017) advocated the need for SMEs to be proactive such that their competitiveness can be sustained overtime. The notion that innovation is a unique and strategic tool for pursuing performance or competitive advantage has persisted over time despite being controversial. Studies (Boachie-Mensah & Acquah, 2015; Aziz & Samad, 2016; Ferreira, Coelho, & Moutinho, 2018; Ukpabio *et al.*, 2018; Nafiu, Uba, & Egwu, 2020; Onileowo, Muharam, Ramily & Khatib, 2021) have been able to establish that there is a linear relationship between innovations and competitive advantage. There is a research oversight on the relevance of constructs and sub-constructs of innovations as exposed by Clauss (2016); as these have explanatory potential on the nature of the competitive advantage.

1.1. Research Questions

The study raised some questions as follows:

i. What is the effect of value capture innovation on the competitive advantage of SMEs in Kogi State?

ii. To what extent has value proposition innovation affected the competitive advantage of SMEs in Kogi State?

1.2. Objectives of the Study

The study's major goal was to clarify how innovation and the competitive advantage of SMEs in Kogi State are related. The study specifically:

i. Examined the effect of value capture innovation on the competitive advantage of SMEs in Kogi State.

ii. Investigated the effect of value proposition innovation on the competitive advantage of SMEs in Kogi State.

2. General Organization of the Paper

2.1. Conceptual Review

The concept innovation has gained a wide x–ray. This is why the concept has received different perspectives. The most important is the pervasiveness of innovation in organizational life within the context of the business environment. Mulibana and Rena (2021) expressed that innovation has been acknowledged as a catalyst that raises the chances of small enterprises becoming sustainable. According to Kahn (2018), the term "innovation" is now used by enterprises in their mission, vision, and goal statements. This is based on the understanding that innovation is a constant thing that must be integral of the mission, vision, and objectives of any enterprises. Innovation must be viewed as a process as well as an end effect. The process perspective is a function of technological innovation. Technological innovation often drives product and process innovation. The end effect perspective reflects the customer-centrism. It rely on how values can be proposed, created and captured. Enterprises that limit innovation to process or end effect will fail in their efforts. Enterprises that concentrate on end effect will eliminate the process, which may culminate into irrational optimization of resources and effort duplication. Kahn (2018) posited that enterprises that are focused with processes frequently develop bureaucracies that make it too difficult to achieve results. It is essential to have a balanced perspective that takes both the process and the end effect into account. Martínez-Román and Romero (2017) added that the interconnections between technological innovation (product and process innovation) and those originating from the administrative system demonstrate the complexity and multidimensional nature of innovation (organisational innovation and marketing innovation).

2.2. Value Capture Innovation

Business performance and a competitive edge may not always follow from undertaking business in nascent markets. Enterprises are challenged to use value capture innovation in order to successfully

achieve competitive advantage. In the form of high-quality products, SMEs can come up with a business model that drives how "value" is captured. There is need for business model that target persistent innovation (Foss & Saebi, 2017; Adrodegari & Saccani, 2017; Sjödin et al., 2019; Raddats et al., 2019).

1) Value capture innovation is one that is pivot to success in the marketplace. In marketing literature, the customer's decision to purchase products/service is influenced by the market offering's value (Chesbrough et al., 2018). Value capture innovation is defined as the process of securing financial or nonfinancial return from value creation. Value capture in the value-in-use perspective is a process of securing a share of the value created by another actor at the time of resource utilization. As such, value capture in this configuration is concerned about partaking in another actor's value creation (Chesbrough et al., 2018). In contrast, in the value-in-exchange perspective, value capture implies receiving resources in exchange for resources provided to another actor. Value capture defines how value propositions are converted into revenues (Clauss, 2016). It is the process of negotiating reciprocal resource exchange at the time of an exchange (Chesbrough et al., 2018). Clauss (2016) expressed that value capture innovation includes new processes, new technology/ equipment and new capabilities.

2.3. Value Proposition Innovation

The value proposition is a concept that practitioners regularly apply (Terho et al. 2012). The value that a business guarantees to provide to customers when they decide to purchase its goods is referred to as a value proposition. The whole marketing plan of an enterprise includes a value proposition. Consumers are introduced to an enterprise's brand through the value proposition, which explains to them what the firm stands for, how it functions, and why it merits their business.

The value proposition innovation approach entails activities including generating ideas for product value propositions, confirming those ideas, putting those ideas into practice, and subsequently making the product available to customers on the market. Determining an exact value proposition, or the advantages a product is supposed to offer to its customers in order to raise customer value, is the most crucial task. These advantages ought to be verified in the sense that none of the underlying assumptions regarding the product value proposition ought to be just presumptions rather than something that those potential customers actually need.

2.4. Theoretical Review

Theory of Innovation (ToI) is part of the innovation based endogenous growth models (Schumpeter, 1934). ToI explains entrepreneurship and innovation roles in economic growth. The assumption of the theory is that there is a continuous process of change in every economy and market. The entrepreneur personifies an energy in the economy that accounts for change and growth (Raymond & St-Pierre, 2010). The entrepreneur, according to Schumpeter, is "an instrument of innovation and a pivot of change" (Schumpeter, 1934). Nafula (2017) and Nafiu et al. (2020) posited that entrepreneurship is all about innovation, and its role is to implement novel configurations of means of production that result in abrupt and significant change, which serves as the foundation for economic growth.

Schumpeter attributes economic development to innovation which may include; the introduction of a new product or the upgrading of an old one; the employment of new production techniques, the

formation of a new market, the use of new supplies or raw materials, and the development of a new industry structure" (Schumpeter, 1934). He sees innovation as a change process or effort through a technique or procedure he termed "creative destruction."

By upending established businesses with new goods or services, "creative destruction" transfers resources from old market structures to new ones and paves the way for the formation of new businesses. Thus, entrepreneurs use innovation as a particular instrument to open doors for a new good or service. According to this view, the goal of innovation is to develop new procedures or goods that offer the business owner a competitive advantage over rivals.

Schumpeter's theory of innovation and entrepreneurship informs this study of the key role of entrepreneurship and innovation in competitiveness leading to economic development. For economic development to take place, we need entrepreneurs to innovate leading to the process of creative destruction that creates value. The theory also informs the study of the various innovation types that can be used to create value (Schumpeter, 1934). Based on Schumpeterian theory, innovation is the foundation of competitiveness and sustained economic growth. Distanont and Khongmalai (2020) established that innovation is critical to the achievement of competitive advantage.

3. Methodology

The survey research design was adopted. Research design provides a framework or plan of action for this study. The research design addressed the pressing problem of innovation in SMEs in Kogi State. This design supported the collection and analysis of quantitative data related to SME owners during their participation. Data were also collected in relationship to the determinants of innovative capability and the competitive advantage of SMEs in Kogi State. The study's population was persons who were owner of SMEs and could describe the issue around innovation and innovation capacity. The population took from manufacturing, accommodation & food services and education sectors. The population of the registered SMEs in Kogi State is 12,517 (National Bureau of Statistics-Small and Medium Enterprises Development Agency of Nigeria, 2021). This consisted of 12,078 small enterprises and 439 medium enterprises. Thus, this study only concentrated on the registered SMEs in Kogi State. For this study, multi-stage random sampling technique was adopted. This was achieved by dividing the population into groups (small and medium). The study also considered hierarchical structure of natural clusters within the population. The respondents were selected on common characteristics. The SME sector was strictly surveyed. The selected SMEs were from manufacturing, accommodation & food services and education sectors.

By using formula and assuming the sampling error of 1% and 99% reliability a sample of 255 SMEs were stratified and randomly selected. It was assumed that the standard value at 1% level of probability is 2.58 with 99% reliability and a sampling error of 1% or 0.01. Then the sample size was computed as:

$$n = \frac{NZ + \left(S_e\right)^2 x(1-\bar{P})}{N\,S_e + Z^2 xP(1-P)}$$

Where n = sample size

N = total number of population (12,517)

Z= the standard value (2.58) of 1% level of probability with 0.99 reliability

Se= Sampling error (0.01)

p = the population proportion

$$\frac{12517(2.58)+(0.01)^2\times(1-0.5)}{12517(0.01)+(2.58)^2\times0.5(1-0.5)}$$

N= 254.6149659279326 (255 approximately)

The Cronbach Coefficient alpha was utilized to determine the reliability of the instrument. Zikmund et al. (2010) deem a coefficient of 0.70 and higher to have reliability coefficient, which is the most often used estimate of a multiple-item scale's reliability.

Table 1. Reliability of Innovation Constructs

S/N	**2)** Constructs	**3)** Cronbach's Alpha	**4)** No. of Items
1	Value Capture Innovation	.917	4
2	Value Proposition Innovation	.776	4

Source: Field Survey (2020)

Table 1 shows the measurement of innovation capability. The construct such as product innovation, process innovation and market innovation measures the innovation of SMEs. The results show that the first construct has 0.917; and the second 0.776. Following the critical point of 0.70 by Zikmund *et al.* (2010), the results of the constructs show strong reliability.

All data collected were presented and analyzed using frequency distribution table. Multiple Regression analysis was used for testing hypotheses. Descriptive statistics aggregated and characterized the data in a straightforward and clear manner, whereas multiple regression analysis and Ordered Probit Regression provided inferential statistics that led to conclusions. The coefficient of the variables measured the marginal effects of the independent variables in this aspect of the study. The general form for the model in the work is given as:

$CAS = f(X_1 \ldots X_n)$ 1

Where,

CAS = Dependent variable (Competitive Advantage of SMEs);

f = a function to be specified

X = a vector of explanatory variables that pertain to value capture innovation

In specific form, the models are given below:

$CAS = \beta_0 + \beta_1 NSS + \beta_2 NRM + \varepsilon$ 2

Where X= The independent variable

NSS = New Cost Structures

NRM = New Revenue Models

CAS= The dependent variable (Competitive Advantage of SMEs)

β = independent variable coefficients

e = Error margin

$CAS = \beta_0 + \beta_1 NCR + \beta_2 NCS + \beta_3 NCM + \beta_4 NEO + Ɛ$ 3

Where X= The independent variable

NCR = New Customer Relationships

NCS = New Channels

NCM = New Customers and Markets

NEO= New Offerings

CAS= The dependent variable (Competitive Advantage of SMEs)

β = independent variable coefficients

e = Error margin

4. Data Analysis and Discussion

Table 2. Questionnaire Administration

Questionnaires	Frequency	Percentage
Administered	255	100
Retrieved	219	85.88
Un-retrieved	36	14.12

Source: Field Survey (2022)

Table 2 shows that out of the administered questionnaires; only 219 copies (85.88%) were retrieved; and 36 copies (14.12%) were not retrieved. Thus, subsequent analyses were based on the data retrieved from the 219 copies.

Table 3. Demographic Characteristics of Respondents

Categories	Variables	Freq.	%
Gender	Male	123	56.2
	Female	96	43.8
	Total	219	100.0
Age	< 20 Years	49	22.4
	21-25 Years	98	44.7
	26- 30 Years	72	32.9
	Total	219	100.0
Marital Status	Single	198	90.4
	Married	21	9.6
	Total	219	100.0
Academic qualification	PSLC	71	32.4
	SSCE	98	44.7
	OND/NCE	49	22.4
	HND/B.Sc and above	1	.5
	Total	219	100.0
Business Experience	5 to 10 years	168	76.7
	11 to 15 years	51	23.3
	Total	219	100.0

Source: Field Survey (2022)

Table 3 shows that 123 respondents (56.2%) were male and 96 respondents (43.8%) were female. The result shows that majority of SME owners were male.

Table 3 shows that 49 respondents (22.4%) were less than 20 years; 98 respondents (44.7%) were between the ages of 21 to 25; and 72 respondents (32.9%) were between the ages of 26 to 30. The result shows that majority of the respondents (SME owners) were 21 to 25 years.

Table 3 shows that 198 respondents (90.4%) were single; and 21 respondents (9.6%) were married. The responses only favoured single and married status. There was other marital status which did not fall into the categories of the respondents. The result however shows that majority of the respondents are single.

Table 3 shows that 71 respondents (32.4%) held primary school leaving certificate; 98 respondents (44.7%) held secondary school certificate; 49 respondents (22.4%) held ordinary national diploma/national certificate; and 1 respondent (0.5%) held higher national diploma/bachelor of science certificate.

Table 3 shows that 168 respondents (76.7%) have 5 to 10 years business experience; and 51 respondents (23.3%) have 11 to 15 years business experience. The result shows that majority of the respondents have 5 to 10 years business experience.

Table 4. Regression Result on Value Capture Innovation and Competitive Advantage

CAS	**Coef.**	**Std. Err.**	**t-value**	**P>|t|**
NRM	.4213096	.0379766	11.09	0.01
NCS	1.643617	.0874623	18.79	0.01
Cons	-.6463953	.0951786	-6.79	0.01
F-value		357.351598		
No. of obs	219			
F(2, 216)		933.44		
Prob > F		0.01		
Root MSE		.4142		
R-squared		0.8963		

Note: New Cost Structures- NCS; New Revenue Models- NRM; Competitive Advantage of SMEs- CAS
Source: Field Survey (2022)

In the table 4, the R^2 of 0.8963 unveils how value capture innovation explains the competitive advantage of SMEs in Kogi State. The result shows that 89.6% variation in competitive advantage of SMEs is explained by value capture innovation. The remaining 10.4% unexplained variation in the competitive advantage of SMEs implies that there are more other variables that can be considered for explanation of the variation. The F(2, 216) shows the degrees of freedom (933.44) and Prob> F shows statistically significant regression model ($p<0.01$). The F-value (357.351598) reveals that the model has a high goodness of fit and contradicts the null hypothesis because the Prob > F is less than 0.01. The root MSE (0.4142) indicates the standard deviation of the error component.

The table present a linear relationship between new revenue models and competitive advantage of SMEs (given that $\beta= 0.4213096$; p-value< 0.01). The table reveals the proportion of the competitive advantage of SMEs that changes for 42.1% change in the new revenue models. The coefficient is positive; revealing that the linear relationship is just significant (at p-value less than 0.01) but positive, and has t-value (11.09). The coefficient (0.4213096) is statistically significant; revealing that new revenue models significantly predict competitive advantage of SMEs in Kogi State.

The table present a linear relationship between new cost structures and competitive advantage of SMEs (given that β= 1.643617; p-value< 0.01). The table reveals the proportion of the competitive advantage of SMEs that changes for 164.4% change in the new cost structures. The coefficient is also positive; revealing that the linear relationship is just significant (at p-value less than 0.01) but positive, and has t-value (18.79). The coefficient (1.643617) is statistically significant; revealing that new cost structures significantly predict competitive advantage of SMEs in Kogi State.

Table 5. Regression Result on Value Proposition Innovation and Competitive Advantage

CAS	**Coef.**	**Std. Err.**	**T**	**P>|t|**
NCR	.5484779	.1395746	3.93	0.01
NWC	.2173525	.0999128	2.18	0.03
NCM	.445777	.0805312	5.54	0.01
NEW	-.0924052	.0668347	-1.38	0.17
Cons	.5918829	.2074457	2.85	0.01
F-value		357.351598		
No. of obs	219			
F(4, 214)		64.73		
Prob > F		0.01		
Root MSE		.86928		
R-squared		0.5475		

Source: Field Survey (2022)

Note: NCR = New Customer Relationships; NWC = New Channels; NCM = New Customers and Markets; NEW= New Offerings; CAS= Competitive Advantage of SMEs

Table 5 shows the R^2 of 0.5475 on the effect of value proposition innovation on competitive advantage of SMEs in Kogi State. The result shows that 54.8% variation in competitive advantage of SMEs is explained by value proposition innovation. The remaining 45.2% unexplained variation in the competitive advantage of SMEs implies that there are more other variables that can be considered for explanation of the variation. The F(4, 214) shows the degrees of freedom (64.73) and Prob> F shows statistically significant regression model (p<0.01). The F-value (357.351598) reveals that the model has a high goodness of fit and contradicts the null hypothesis because the Prob > F is less than 0.01. The root MSE (0.86928) indicates the standard deviation of the error component.

New customer relationships, new channels, new customers and markets, and new offerings are considered as proxies for value proposition innovation. The table reveals a significant positive linear connection between new customer relationships and competitive advantage of SMEs (given that β= 0.5484779; p-value= 0.01). That is, a 54.8% mean change in new customer relationships will lead to corresponding change in competitive advantage of SMEs. This implies that improved new customer relationships will bring about improved competitive advantage for SMEs.

The result shows that new channels have significant positive linear relationship with competitive advantage of SMEs (given that β= 0.2173525; p-value< 0.05). That is, 21.7% change in new channels introduced will result into proportional change in competitive advantage of SMEs. This also implies that the competitive advantage of SMEs will increase correspondingly, given an increase in new channels.

The result shows that new customers and markets have significant positive linear relationship with competitive advantage of SMEs (given that β= 0.445777; p-value= 0.01). That is, 44.6% mean change

in new customers and markets explains almost proportional change in competitive advantage of SMEs. This means that increased new customers and markets lead to increased competitive advantage of SMEs.

Given that = -0.0924052; p-value 0.05, the result demonstrates a strong negative linear association between new offerings and SMEs' competitive advantage. In other words, a 9.2% mean change in new offerings accounts for a nearly proportionate change in SMEs' competitive advantage. This means that increased new offerings lead to decreased competitive advantage of SMEs.

5. Discussion of Findings

Finding showed that value capture innovation has significant effect on the competitive advantage of SMEs in Kogi State. New cost structures and new revenue models as the components of value capture innovation were estimated against competitive advantage of SMEs in Kogi State. Finding revealed that new revenue models significantly relates with competitive advantage of SMEs. Few of the new revenue models are Subscription Revenue Model (SRM), Transactional Revenue Model (TRM), Affiliate Revenue Model (ARM) and Ad-Based Revenue Model (ARM). This finding advances the study of Chen, Liu, & Wang (2020) which only found that innovation in business models contributes to the expansion of SMEs. This aligns with the finding of Anwar (2018) that Business Model Innovation significantly enhances SMEs' competitive advantage. Finding also revealed that new cost structures significantly correlate with the competitive advantage of SMEs. This implies that new cost structures relative to costs saving, price differentiation and price-quantity strategy can give SMEs edges in business competition.

Finding showed that value proposition innovation has significant effect on competitive advantage of SMEs. This advances the assertion of Eggert, Ulaga, Frow, & Payne (2018) that customer value proposition is instrumental to the achievement of competitive advantage. It is a strategic instrument with multiple facets, irrespective of the value parameters on which the customers' value proposition is extended. It establishes a connection between enterprises and customers. The strategic options of value proposition innovation considered for this study are new customer relationships, new channels, new customers and markets and new offerings.

It was found that a significant positive linear connection between new customer relationships and competitive advantage of SMEs. This suggests that strengthened new customer ties will boost SMEs' competitive advantages. This confirms the position of Soltani and Navimipour (2016) that customer relationship engineers competitive advantage. It was found that new channels have significant positive linear relationship with competitive advantage of SMEs. This indicates that, given additional new channels, SMEs' competitive advantage will grow accordingly. Adding new distribution channels means that SME owners are consciously trying to increase their enterprises' competitive edge. This advances the finding of Marques and Ferreira (2009); Kuswantoro, Rosli, Abdul and Ghorbani (2012) that new distribution channels impact SMEs' performance. It was found that new customers and markets have significant positive relationship with competitive advantage of SMEs. Growing numbers of new customers and markets result in growing SMEs' competitive advantages. Furthermore, it was fund that a strong negative relationship exists between new offerings and SMEs' competitive advantage. In other words, more innovative products lead to SMEs having less of a competitive advantage. In order to gain and sustain a competitive advantage, SME owners must acknowledge the fundamental need for

innovation and make plans for creating new offering that can thrive in a cutthroat market (Marques & Ferreira, 2009).

6. Conclusion

SMEs need to possess innovation capabilities so as to enhance reasonable position in the competitive business environment. It is no more news that SMEs are key to the economy. Thus, increasing level of SMEs' innovativeness will certainly contribute to the economy. SMEs can take advantage of varying aspects of value capture innovation, value proposition innovation and value creation innovation. The commitment to the aspects is expected to favour both the SMEs and the economy in the long-run.

It was empirically ascertained that commitment to value capture innovation can enhance competitive advantage of SMEs in Kogi State. New revenue models and cost structures are elements of value capture innovation. The empirical investigation proved that adding new revenue models can increase SMEs' competitive advantage. The new revenue models in question are Subscription Revenue Model (SRM), Transactional Revenue Model (TRM), Affiliate Revenue Model (ARM) and Ad-Based Revenue Model (ARM). There is also empirical evidence that adding new cost structures can stimulate increased competitive advantage of SMEs. New cost structures in terms of cost reduction, price differentiation, and cost leadership may be able to give SMEs an advantage in the business world.

The value proposition is intended to generate economic reward for the SME owners because it predicts and is structured to satisfy markets that can easily afford new offerings through the use of new channels. There is scientific proof that value proposition innovation can affect competitive advantage of SMEs. New customer relationships in value proposition innovation has been proven to have positive influence on competitive advantage of SMEs. This explicitly converse that building new customer ties is significant for improved SMEs' competitive advantages. New channels can also be instrumental to the achievement of SMEs' competitive advantage. The competitive advantage of SMEs will increase in line with the advent of new channels. By introducing new distribution channels, SME owners are actively attempting to boost the competitiveness of their enterprises. New customers and markets have a very favourable impact on SMEs' competitive advantage. Increasing SMEs' competitive advantages are the outcome of rising populations of new customers and marketplaces. New products have a significant detrimental impact on SMEs' competitive edge.

7. Recommendations

The study recommends that:

i.SME owners should increase their commitment to value capture innovation so as to achieve sustainable competitive advantage for their enterprises. New revenue models (such as Subscription Revenue Model, Transactional Revenue Model, Affiliate Revenue Model and Ad-Based Revenue Model) and new cost structures (costs saving, price differentiation and cost estimation technique) should be considered by policy-makers to facilitate the achievement of competitive advantage of SMEs.

ii.SME owners should invest in value proposition innovation to create effective medium route towards the achievement of sustainable competitive advantage of their enterprises. The areas to focus investment

are new customer relationships (using customer retention approach) and new offerings that can induce consistent customers' loyalty and patronage.

8. Contribution to Knowledge

Numerous studies have been conducted with single research focus. The studies only investigated product, process, organizational and market innovations. This present study is the first to use Ordered Probit Regression to investigate the determinant of innovation capability of SMEs in Kogi State. In fact, the study is the first to have considered value capture innovation, value proposition innovation and value creation innovation for research. The study is thus the first to provide empirical evidences on how these areas of innovations can be helpful in sustaining competitive advantage.

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