

THE EFFECT OF MARKETING INNOVATION STRATEGIES ON THE PERFORMANCE OF MANUFACTURING FIRMS IN MALAWI

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Abstract: The purpose of this study was to examine the effect of marketing innovation strategies on the performance of manufacturing firms in Malawi. The study used the descripto-explanatory research design. A stratified random sample of 197 manufacturing firms was drawn from a population of 388 licensed and registered manufacturing firms. Structured questionnaires were used to collect data from the owners and managers of manufacturing firms. Data analysis was carried out using SPSS software program version 28.0 where both descriptive and inferential statistical analyses were done. In the descriptive statistical analysis, frequencies, percentages and mean scores were used. Linear regression was used in the inferential statistical analysis to examine the effect of marketing innovation strategies on the performance of manufacturing firms in Malawi. The study found that marketing innovation strategies had a positive and significant effect on the performance of manufacturing firms in Malawi. Specifically, manufacturing firms that implemented marketing innovation strategies registered a greater performance in terms of sales growth than the manufacturing firms that did not implement marketing innovation strategies. The study recommends that manufacturing firms should embark on marketing innovation strategies to increase their performance. They should invest in new or significantly improved marketing methods to improve firm performance through not only increasing customer satisfaction and the demand for the products but also through penetrating into new markets and enhancing the firm competitiveness.

Keywords: Innovation, Marketing Innovation strategies, Performance, manufacturing firms.

1.1 INTRODUCTION

Manufacturing plays a critical role in driving economic prosperity of many countries by creating jobs, incomes, innovations and multiplier effects which in turn ignite other parts of the economy, as observed by United Nations Industrial Development Organization (UNIDO, 2024). Globally, according to World Bank (2025), manufacturing contributes significantly to the gross domestic product (GDP) and exports of developed countries. For example, in 2023, the sector contributed 15 % to the GDP of developed countries and 66% to the exports of developed countries (World Bank, 2025). This means that manufacturing industry is the pillar of the economic development of most of the industrialized countries. Similarly, in Sub-Saharan Africa, the manufacturing sector positively contributes to the economic growth and development of the region. In 2023, for example, manufacturing contributed 11 % to the GDP of the region and 22 % to the exports of the region (World Bank, 2025). In Malawi, the manufacturing sector accounted for 9 % to the GDP in 2023 and contributed 8 % to the country's exports in 2023 (World Bank, 2025).

However, most developing countries have experienced a marked decline and fluctuating growth rates in their manufacturing output since 2005 (World Bank, 2024). Malawi's manufacturing has equally recorded dismal performance especially in the past two decades. The Malawi's manufacturing sector's contribution to GDP in

2023 was 9 % and its highest value was recorded in 1992 at 19.05% (World Bank, 2025).

Thus, despite the contribution manufacturing firms make to the economic growth through exports, GDP and employment, their output has been markedly declining in the past decade. This is attributed to the challenges they face in their dynamic business environment. According to Kawira (2021), business firms in the current business environment experience increasing levels of uncertainty due to rapid changes in operating environment, fluctuations in the economy, technological disruptions and hence the great need for the enterprises to embark on more innovative strategies. Thus, manufacturing firms need to innovate to enhance their performance and competitiveness and overcome some of the challenges they face.

Organization for Economic Co-operation and Development (OECD) defines “innovation as the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new method of organization” (OECD, 2018). According to OECD (2018), categories of innovations include product innovation, process innovation, marketing innovation and organizational innovation. Marketing innovation entails a new marketing method which involves significant changes in product design or packaging, product placement, product promotion or pricing (OECD, 2018; Saka, 2021).

Saka (2021) defines marketing innovation as the ability of a firm to come up with new marketing methods and techniques in terms of pricing, promotion, distribution and product to add more customers to its existing customer base or create a new market for its products. These definitions highlight the innovation or significant changes in marketing mix variables - product, price, promotion, and place. This means that marketing innovation entails developing new techniques, new tools and new marketing methods that will enable the firm to increase its market share. Examples of marketing innovation include the introduction of new promotion techniques or distribution channels, logistics modifications and the adoption of innovative pricing methods.

Marketing innovation strategy is a strategy that enables the organization deal with market mix and market selection to meet the present and future customer’ needs in order to achieve competitive advantage (Kang et al., 2019). This means that a marketing innovation strategy helps to increase the market share of the firm and this in turn leads to more sales and hence higher firm growth. Marketing innovation strategy is a method by which a firm attempts to reach its target markets. Marketing innovation starts with market research, in which needs and attitudes and competitors' products are assessed and continues through into advertising, promotion, distribution, customer servicing, packaging and sales (Yusheng & Ibrahim, 2020; Yelmi & Yehaya, 2021).

Thus, marketing innovation strategy plays a critical role for manufacturing firms in fulfilling market needs and responding to market opportunities. This increases the demand for products, which in turn increases the firm’s revenue and performance. Manufacturing firms can use marketing innovation strategy to look for new markets for their products, look for new users of the products, advertising other uses and offering incentives to boost usage thereby increasing sales (James, Omari, & Nyanga’u, 2021). Thus, marketing innovation enables companies to improve their market share and increase their capacity for growth. It provides the firms with a sustainable competitive advantage based on an orientation towards their market, improvement in their response capacity to customer needs, and innovation in product development (Gallegos & Miralles, 2020; Hongbo, et al., 2020; Ohida & Okeke, 2023). Manufacturing firms that use marketing innovation to respond to market needs perform more efficiently and more effectively than other firms thereby gaining a competitive advantage (Jung & Shegai, 2023; Ohida et al., 2023; James et al., 2021).

According to Taouab and Issor (2019), firm performance refers to how organizations use resources to continually develop capabilities in order to meet their objectives. Firm performance can be measured in terms of return on investment, sales volume, profitability, total assets, employment size, capital employed and market share among others (Taouab et al., 2019). Sales growth, as an indicator of business performance, is usually easier as compared to other indices (Taouab et al., 2019).

Malawi’s economy is characterized by low levels of industrialization. According to Malawi Confederation of Chamber of Commerce and Industry (2025), the manufacturing sector remains relatively small and underdeveloped. Manufacturing sector in Malawi lags behind on innovations. In fact, several manufacturing firms are less innovative and remain uncompetitive due to their low levels of investment in innovation systems and new

technologies (Mweta & Suwadi, 2021; World Bank, 2024). Many firms lack financial resources to innovate their products and penetrate into new markets.

Manufacturing firms in Malawi make contribution to the economic growth of the country. The manufacturing sector does not only generate jobs for the people to sustain their lives but also positively contributes to the country's GDP and exports. According to World Bank (2025), for example, the manufacturing sector in Malawi contributed 8 % to the country's exports in 2023 and accounted for 9 % of Malawi's total GDP in 2023 (World Bank, 2025). However, despite this contribution, manufacturing firms in Malawi are stagnant in terms of growth and have registered dwindling performance in the past decade (Mkwambisi, Muyanga, Amedie, Makocho, Lifeyo and Khomba, 2020). In fact, manufacturing annual growth rate has declined from 7.6 % in 2019 to 4.7% in 2022 and 0.8 % in 2024 (Reserve Bank of Malawi, 2025). Manufacturing sector's contribution to GDP has also been fluctuating and declining from 19.05 % in 1992 to 12.7 % in 2022 and then to 9 % in 2023 (World Bank, 2025).

Manufacturing production in Malawi has considerably fallen as evidenced from the closing down of several manufacturing firms in the last decade (Malawi Government, 2021). The decline in manufacturing production is attributed to various challenges manufacturing firms face. The challenges include low demand for local products, high cost of finance, high tax rates, volatile macroeconomic environment, limited technology and stiff competition (MCCCI, 2025). According to Saka (2021), manufacturing firms should innovate to overcome some of the challenges they face and survive in a dynamic environment.

The relationship between marketing innovation and firm performance has been investigated in other countries especially in developed countries (Mahmutaj and Krasniqi, 2020; Peng, Qin & Teng, 2021; Cuevas-Vergas, Escobedo, Palacios & Lemus, 2021). Although several previous studies were conducted in other countries on the relationship between marketing innovation and firm performance, little attention has been paid to the effect of marketing innovation strategies on the performance of manufacturing firms with firm size as a moderating variable; hence the need for this study. The main objective of the study was, therefore, to investigate the effect of marketing innovation strategies on the financial performance of manufacturing firms in Malawi.

2.0 LITERATURE REVIEW

2.1 Schumpeterian Theory of Innovation

According to Schumpeter's theory of innovation, innovation occurs when the entrepreneur introduces a new product or a new production system, open a new market, discover a new source of raw materials or introduce a new organization into the industry (Langroodi, 2021). Schumpeter views innovation as a "process of industrial transformation, responsible for the transformation of the economic structure through a process called 'creative destruction' (Henrekson et al., 2022).

According to Schumpeter, the process of "creative destruction" creates wealth through the disruption of existing firms by the introduction of new products as well as moving resources from existing market structures to new ones (Langroodi, 2021). The sum total of creative destruction is innovation where resources in a firm are put to create something new and innovative for the market/customers. Thus, manufacturing firms can use marketing innovation to disrupt the existing systems and structures and recombine the resources to create new products and new markets.

Schumpeterian theory of innovation posits that firms that seek to maximise profits need to innovate because innovation results in increased profits. Thus, firms can achieve business growth by maximizing profits. In other words, profits are conceived as a function of innovation. Schumpeter stressed that innovation is the driver of competitiveness, profitability and firm growth.

Schumpeter's theory of innovation informs the current study as it supports the independent variable of the study. Thus, marketing innovation strategies are the main independent variable of this study and have been extracted from the theory. Schumpeter's theory of innovation also informs the current study of the fundamental role of marketing innovation in firm performance. It highlights how manufacturing firms can use marketing innovation to create customer value and to enhance firm competitiveness, profitability and firm growth.

2.2 Marketing Innovation Strategies

A marketing innovation strategy is a strategy that enables the organization deal with market mix and market selection to meet the present and future customer' needs in order to achieve competitive advantage (Jung et al., 2023; Oniku et al., 2023; Ohida et al., 2023; Kang et al., 2019). Marketing innovation strategy is a method by which a firm attempts to reach its target markets. Marketing innovation starts with market research, in which needs and attitudes and competitors' products are assessed and continues through into advertising, promotion, distribution, customer servicing, packaging and sales (Yusheng et al., 2019; Yelmi & Yehaya, 2021).

2.3 Effect of Marketing Innovation on Firm Performance at the Global Level

Globally, empirical studies have been carried out to investigate the relationship between marketing innovation strategies and firm performance. Some studies such as Mehnaz, Shivani & Aayushi, (2025), Muis, Adhi and Kamalia (2024), Fatah & Amin (2023), Moreno-Gomez, Londono, & Zpata-Upequi (2023), Jung et al. (2023), Karaev and Mercan (2023), Sujata and Ashamayee, (2022), Habboush, (2022), Mahmutaj et al., (2020), Peng, Qin and Teng (2021) and Cuevas-Vergas, Escobedo, Palacios and Lemus (2021) found that marketing innovation strategies positively affect firm performance. In contrast, studies such as Kim-Soon, Ahmad, Kiat, and Sapry (2017), Al-Battaineh (2018) and Vokoun and Pichora (2020) found that marketing innovation does not significantly affect firm performance.

Manufacturing firms which use marketing innovation strategies to constantly seek new and creative solutions to problems and needs in the market achieve better levels of competitiveness and increase their profitability (Moreno-Gomez et al., 2023; Cuevas-Vergas et al., 2021; Ungerman, Dedkova & Gurinova, 2018). Mahmutaj et al. (2020) and Ungerman et al. (2018) observed that marketing innovation strategies such as promotion of products or the pricing policy help the firms to increase their penetration into new markets. This means that improving the marketing innovation characteristics help to enhance firm's performance and competitiveness. Thus, manufacturing firms can use marketing innovation strategies to enter new markets, gain competitive advantage and increase their profitability (Ungerman et al., 2018).

Likewise, Seclen-Luna et al. (2023) observed that marketing innovation positively influences the performance of manufacturing firms in Peru as it increases the firms' market share and competitiveness through addressing the customer needs. In the same vein, Muis, Adhi and Kamalia (2024) found that marketing innovation in the form of digital marketing has a positive effect on competitive advantage. Thus, firms need to incorporate digital marketing innovation into their daily operations. There is need for effective communication with customers via internet-based media, speedy and efficient access to product information, relevant and trending product content, and updated information on marketplaces (Muis et al., 2024). They should also streamline business operations to better meet customer needs and add value to products (Muis et al., 2024).

Marketing innovation enables manufacturing firms to improve their market share and increase their capacity for growth (Kang et al., 2019). This is so because factors such as new sales and distribution channels, new advertising and communication strategies, and the development of new information systems provide the firms with a sustainable competitive advantage based on an orientation towards their market, improvement in their response capacity to customer needs, and innovation in product development (Gallegos & Miralles, 2020). Thus, marketing innovation in manufacturing firms can result in competitive advantages and capabilities. Manufacturing firms can differentiate their products, advertisements, pricing methods through marketing mix. Manufacturing firms with limited resources can reduce their costs and gain competitive advantages against their competitors through marketing innovation. This observation is supported by Habboush (2022) study which found that marketing innovation strategies have statistically significant impact on the competitive advantage of the firms through financial performance.

Market driven and market-driving innovations significantly contribute to a firm's performance by enhancing customer satisfaction and increasing market adaptability (Mehnaz et al., 2025; Peng, Qin and Tang, 2021). According to Peng et al. (2021), market-driven innovations enable the firm achieve marketing success by satisfying the customer needs as well as responding to the dynamic market environment. Market-driving innovations help to enhance a firm's performance by tracking the potential customer needs and taking advantage of opportunities in

new markets (Peng et al. 2021).

Similarly, Jung and Shegai (2023) found that performance through marketing capability has significant positive effects on firm performance through marketing capability, with indirect effects greater than direct effects. According to Jung et al. (2023), digital marketing innovation enables firms to target and segment their marketing efforts more effectively and hence reach the right customers with the right messages. This can result in higher customer engagement, and improved performance. Marketing innovation also provides firms with a range of tools and platforms to engage with customers in new and innovative ways, such as social media, email, and mobile marketing (Jung et al., 2023). Marketing innovation helps firms to create engaging and interactive experiences for customers, thereby building stronger relationships and loyalty, which can result in increased sales and revenue (Jung et al., 2023). Jung et al. (2023) further observed that marketing innovation can also offer SMEs new opportunities to improve their marketing capabilities and enhance their competitiveness.

Al-Battaineh (2018), on the contrary, however, found that marketing innovation has insignificant effect on the performance of SMEs. Similarly, Kim-Soon et al. (2017) in their study on the relationships between different types of innovation and firm financial performance in Malaysia found that marketing innovation is not significantly related to financial and operational performance of firms. Likewise, Vokoun et al. (2020) in their studies found that marketing innovations do not lead to an increase in firm performance. This is due to the fact that the design innovations and promotional activities can get very expensive in the manufacturing sector to the extent of lowering the sales of the firms (Vokoun et al., 2020).

2.4 Effect of Marketing Innovation on Firm Performance at the Regional Level

At the regional level, some previous studies were equally conducted to examine the effect of marketing innovation on firm performance. Studies such as Gyadu (2025), Ehiaguina, Sijibomi, Yakubu and Ediuoku (2025), Seddaoui, Abdullah, Ahmad and Gorundutse (2025), Adamu, Alhaji and Tura (2024), Adhaya et al. (2024), Ezekiel, Tolulope, Olugbenga, and Olufunke, (2024), Ayinaddis (2023), Kwajaffa (2023) Nwachukwu and Vu (2022), Kanyi and Kihara (2022), Kithinji & Misuko (2022), Kolapo et al. (2021), Yelmi et al. (2021), Saka (2021), Ignatious, Onuoha and Needorn (2020), Hongbo and Koffi (2020), Yusheng & Ibrahim (2020), Hu Danso, Mensah & Addai (2020), and Majimbo & Namusonge (2020) found that marketing innovation positively and significantly affects firm performance. On the contrary, other studies such as Sanjeevan (2017) and Kenea (2020) found that the effect of marketing innovation on firm performance is not significant.

Marketing innovation strategies enable the firms to tailor their activities to suit the needs of their customers and enhance customer loyalty (Ehiaguina et al., 2025; Kolapo et al., 2021; James et al., 2021). In the same line, Hongbo et al. (2020) observes that firms that engage or adopt new marketing methods are able to meet customer needs and have the opportunity to increase and enhance their business performance. Hongbo et al. (2020) found that marketing innovation contributes more significantly to SMEs' performance than other dimensions of innovation. Thus, marketing innovation yields solutions that give customers value for their money (Hongbo et al. 2020). This means that marketing innovation increases customer satisfaction and hence helps manufacturing firms to remain more competitive and more profitable.

Likewise, Okundi, and Muchemi (2022) found that there is a strong positive and significant relationship between marketing innovation strategy and entrepreneurial performance of SMEs. The study recommends that SMEs business owners should consider improving product design, introduce new distribution channels, find new markets for their products and change their advertising methods. This will help to increase market share, customer satisfaction, profitability and efficiency. According to Masero, Sang and Kiilu (2023), marketing innovation has significant positive influence on firm performance because new markets, pricing strategies and promotional techniques play a fundamental role in increasing the sales volume and enhancing customer satisfaction. Consistent with these findings are Seddaoui et al. (2025), Yelmi et al. (2021) and Yusheng et al. (2020) studies which posit that marketing innovation strategies such as promotion innovation strategy, pricing innovation strategy and distribution innovation strategy help the firms to venture into new markets more efficiently and effectively and enhance their performance. Thus, marketing innovation helps firms to enter new market segments and this drives firm performance.

In the same vein, Saka (2021) and Oduro (2019) observed that marketing innovation strategy helps the firms to substantially increase the demand for their products and in turn increase their sales. Saka (2021) in his study on the influence of innovation strategy on organizational performance of Fintech firms in Lagos found a significant and positive relationship between market innovation and market share. This implies that marketing innovation consolidates sales revenue by increasing the demand for a product and expanding market share of an innovative organization. Similar findings are confirmed by Oduro (2019) study which investigated the effect of types of innovation on firm performance in Ghana and the results indicated that marketing innovation positively and significantly impacts firm performance. Thus, manufacturing firms can use the marketing innovation strategies to attract new customers and increase the demand for their product so as to improve their performance.

Marketing innovation, according to Nwachukwu et al. (2022) and Kolapi et al. (2021), contributes to customer satisfaction and hence improve firm performance. Kolapi et al. (2021), for example, in their study on strategic innovation and bank performance in Nigeria found that strategic marketing innovations positively affect customer satisfaction through improved service and product quality. This suggests a direct relationship between improved service and product quality and customer satisfaction, which implies that as services and quality of products improve, customers satisfaction will be enhanced. The result means that an improved customer service can enhance customer satisfaction; thus, implying a direct effect of strategic marketing innovations (based on quality service provision) on firm performance (Kolapi et al., 2021).

Marketing innovation does not only increase customer value but it also enables the firms to effectively respond to competition in a dynamic environment (Yelmi et al., 2021). Similarly, Hu et al. (2020) observed that in dynamic competitive markets, firms intensify their corporate marketing activity and other marketing innovative activities that build their brand. In their study on the influence of innovation type on the performance of hotel firms in Ghana, Hu et al. (2020) found that marketing innovation has positive and statistically significant effect on the performance of hotel firms in Ghana. According to the study, marketing innovation substantially contributes to performance of hotels due to their corporate marketing activity and their online presence to match the customer needs. This means that marketing innovation strategy can help firms to survive in the global competitive environment and gain competitive advantage by reorienting their activities in line with customer needs.

Similar observations were noted by Kwajaffa (2023) study in Nigeria which found that marketing innovation has a positive impact on the performance of telecom companies and significantly contributes to the level of their overall financial performance through increasing customer satisfaction. In the same vein, Oniku et al. (2023) found that there is significant positive relationship between marketing innovation and SMEs performance in Lagos state in terms of place innovation and promotion innovation used in communicating and reaching the customers. Promotion innovations were found to be useful to SMEs as a cost-effective strategic tool of creating customer awareness, interest, desire and purchase action (Oniku et al., 2023). According to Oniku et al. (2023) firms can use marketing innovation in terms of promotion innovation to achieve customer engagement and relationship building.

Firms which embark on marketing innovation strategies are able to gain competitive advantage and increase their profitability (Quaye & Mensah, 2018; Yelmi et al., 2021). Marketing innovation offers the opportunity to find new avenues of profit generation. Market-driven innovations help the firm to timely enter a new market and thus gain the competitive advantage (Quaye et al., 2018). Similar observations were reported in Mwawasaa and Ali (2020) study which investigated the effect of market innovation on financial performance of commercial banks in Kenya.

The positive relationship between marketing innovation and firm performance was also observed in Majimbo et al. (2020) and Kiilu and Kithae (2020). Majimbo et al. (2020), for example, found that the impact of marketing innovation on the firm performance was positive and significant. This means that oil marketing enterprises can invest in promotion innovation activities to attract more customers (Majimbo et al., 2020). The products offered by the oil marketing firms are also of lower price when compared to their competitors, meaning that the firms use pricing strategy to spur their performance. Thus, the firms have aligned their activities to suit the customer needs. Majimbo et al. (2020) finding is in line with Ungerman et al. (2018) and Kang et al. (2019) observation that marketing innovation enables manufacturing firms to direct their product design activities, product promotion and distribution activities towards satisfying customer needs and increasing sales growth.

The positive relationship between marketing innovation strategies and firm performance is also confirmed in Ezekiel et al. (2024). According to Ezekiel et al. (2024), marketing innovation plays a critical role in driving firm performance for different firms in different industries. Firms can use marketing innovation strategies to enhance their competitiveness, attract and retain customers, and eventually achieve superior financial results (Ezekiel et al., 2024). Ezekiel et al., (2024) observed that the positive relationship between marketing innovation and performance implies the need of investing in marketing capabilities and fostering a culture of innovation within the firms.

Marketing innovation strategies also entail pricing innovation. Adamua, Hussinb and Ismail (2020) observed that pricing innovation, as a marketing innovation strategy, constitutes the strongest source of competitive advantage for firms. Pricing innovation introduces new methods to pricing policies and pricing tactics in order to enhance customer satisfaction and firm performance. In the same vein, Ajirowo, Abdulkareem, Rabiou and Yusuf (2022) found that firms engaging in continuous marketing innovation achieve higher sales growth, market share expansion, and profitability than less innovative firms. According to Arijowo et al. (2022), marketing innovation enhances brand reputation, customer loyalty, and market responsiveness, leading to sustained competitive advantage and long-term success of the firms.

On the contrary, findings of other previous studies show that marketing innovation does not have a significant effect on firm performance. For example, Kenea (2020) conducted a study in Ethiopia to establish the role of innovation strategy in improving organizational performance and productivity. The findings of the study revealed that the innovation strategy systems in Heineken beverage industry were not effective and that the influence of marketing innovation strategy on the organizational productivity and performance was not significant. The insignificant effect of marketing innovation on enterprise performance is probably due to the high cost associated with marketing activities such as promotion and distribution which in the short run erode the profits (Sanjeevan, 2017).

Based on the main objective of the study and the literature reviewed, the following null research hypothesis was, therefore, tested:

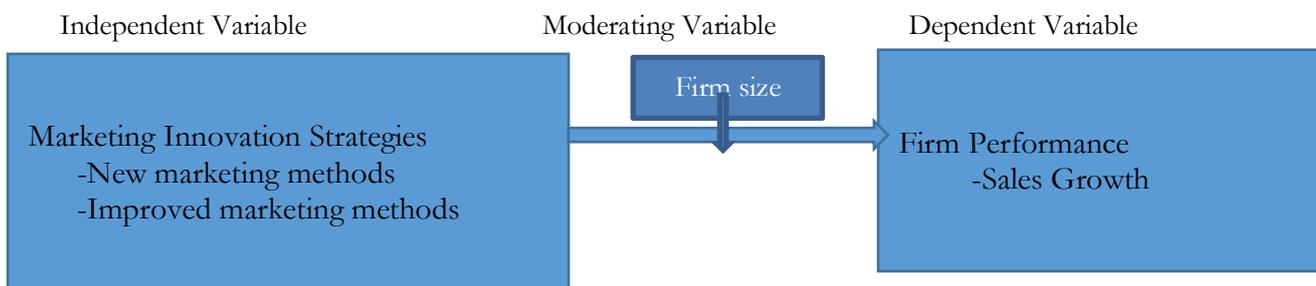
H1: Marketing innovation strategies do not have a positive and significant effect on the financial performance of manufacturing firms in Malawi.

In summary, the previous studies on the relationship between marketing innovation and firm performance show inconsistent results. Some studies at both global level and regional level show that marketing innovation has positive and significant effect on firm performance as it helps the firms not only to increase customer satisfaction and the demand for the products but also to penetrate into new markets and improve the competitiveness. Other studies found that the impact of marketing innovation on firm performance is not significant. This is so because marketing innovation activities such as promotion can be costly and negatively affect the firm profitability. Thus, lack of necessary resources can hinder successful implementation of marketing innovation strategies in several firms, especially small firms. Most large firms, however, have adequate resources which enable them effectively implement marketing innovation strategies. This means that firm size influences the relationship between marketing innovation and firm performance.

Although several previous studies were conducted in other countries on the relationship between marketing innovation and firm performance, little attention has been paid to the effect of marketing innovation strategies on the performance of manufacturing firms with firm size as a moderating variable; hence the need for this study. In other words, most of the previous studies simply investigated the effect of marketing innovation on firm performance, without taking into account the interaction effect of firm size. This partly explains why previous studies on the relationship between marketing innovation and firm performance produced inconsistent findings. The current study introduced firm size as a moderating variable influencing the effect of marketing innovation strategies on firm performance. Inclusion of firm size as a moderator improves the research framework on the relationship between marketing innovation strategies and the performance of manufacturing firms.

2.5 CONCEPTUAL FRAMEWORK

The conceptual framework shows how the dependent variable is related to the independent variable. This relationship is depicted in Figure 1.



The conceptual framework in Figure 1 consists of marketing innovation strategies as the independent variable, firm performance (sales growth) as the dependent variable and firm size as the moderating variable. This conceptual framework is different from the previous frameworks as it includes firm size as the moderator. The conceptual framework is based on the theoretical framework adopted in this study as well as the empirical literature reviewed. The Schumpeterian theory of Innovation informs this conceptual framework as it supports the independent variable (marketing innovation strategies).

In the current study, marketing innovation entails a new or significantly improved marketing method implemented by the manufacturing firms in Malawi in the areas of product design, promotion, pricing and distribution. Marketing innovation as a strategy was, in this study, measured as the number of marketing innovations (new or significantly improved product design/packaging, promotion methods or distribution methods) a manufacturing firm has implemented in the five year period (2019-2024). Such measurement is based on OECD (2018).

Firm size is a moderating variable in the framework. Firm size is an important factor as it affects both innovation and firm performance. In the current study, firm size was measured by the total number of permanent employees a given manufacturing firm has. Accordingly, small firms have 5-20 employees; medium sized firms have 21-99 employees and large firms have 100 or more employees (Finscope, 2019).

Firm performance was in this study measured by sales growth. Sales growth was measured as a percentage change in sales growth in the five year period during which marketing innovation strategies were implemented. Thus, data on actual sales were collected and then percentage change was computed for each manufacturing firm.

3.0 METHODOLOGY

A positivism research paradigm was adopted in this study. Positivists believe that a social phenomenon is measurable and that reality is stable and can be observed and described from an objective viewpoint (Saunders, Lewis & Thornhill, 2019). A positivistic approach was used in this study because the study investigated marketing innovation and firm performance variables which are observable and measurable. The study used quantitative methods.

The target population was 388 manufacturing firms. In this study, Yamane (1967) formula, as cited in Adam (2020) was used to calculate sample size at 95% confidence level.

$$n = \frac{N}{1 + N(e)^2}$$

n= sample size,
N is the population size,
e is the level of precision.

$$n = \frac{388}{1 + 388 (0.05 \times 0.05)} = 196.9$$

$$n = 197$$

Thus, the sample size was 197 manufacturing firms. This sample was distributed among various manufacturing subsectors from the cities of Mzuzu, Lilongwe and Blantyre. Stratified random sampling method was used to select manufacturing firms from the three cities. Manufacturing firms were stratified according to size and the nature of their manufacturing activities. The population was classified according to the various manufacturing subsectors. This was done to make sure that each manufacturing sub-sector has a chance of being represented in the study. Then after, manufacturing firms were randomly selected from each stratum to eliminate bias. The study used stratified sampling technique as this technique helps to yield a more representative sample (Saunders et al., 2019).

The study used a structured questionnaire as the main data collection instrument to collect primary data on the manufacturing firms in Malawi in terms of their bio-data, innovation strategies and firm performance. The questionnaire was self-administered. The questionnaire was used as it helped to reduce the researcher's bias.

The reliability of the questionnaire was in this study calculated using the Cronbach's alpha coefficient (Adam, 2020), which measures the internal consistency among a set of items. The study used the recommended value of 0.7 as a cut-off point of reliability (Sekaran, 2020). The Cronbach's alpha value for the marketing innovation strategies variable items was 0.851 and that of the firm performance variable items was 0.760. They were all above 0.7. To ensure content validity, the researcher got an expert opinion from the university supervisors and other experts on innovation. The questionnaire was pilot tested on 20 manufacturing firms. Pilot test was carried out as it helped to refine the questionnaire. It also helped the researcher to obtain some assessment of the questions' validity and reliability of the data collected. After pilot-testing, the questionnaires were hand delivered to the respondents of the sampled firms in the three cities of Blantyre, Lilongwe and Mzuzu.

197 questionnaires were distributed to the owners and managers of the manufacturing firms in Malawi. 158 questionnaires were returned and this represents a response rate of 80.2 %. This response rate was considered very good and adequate for the statistical analysis. According to Sekaran (2020) any response rate above 75 % is deemed as best and appropriate for any study.

The descriptive statistics and inferential statistics were used to analyse the data. Descriptive statistics such as frequencies, percentages, sample means, standard deviation, and frequency tables were used. Inferential statistics were equally used to examine the effect of marketing innovation strategies on firm performance. Data analysis was specifically done using the Statistical Package for Social Sciences (SPSS –Version 28.0). A linear regression model was used to test the effect of marketing innovation strategies on the performance of manufacturing firms. A two stage hierarchical regression was also used to analyze the moderating effect of firm size on the relationship between marketing innovation strategies (independent variable) and firm performance (dependent variable). In stage one, marketing innovation variable and firm performance (sales growth) variable were entered. In stage two of the hierarchical regression, the interaction variable (interaction between marketing innovation and firm size) was created and entered.

The regression model for the study is given by;

$$Y = \beta_0 + \beta_1 X_1 + \beta_1 X_1 * Z_1 + \epsilon$$

Where Y = Firm performance

β_0 = Constant of the equation

β_1 = Respective Regression Coefficient

X_1 = Marketing innovation strategies

Z_1 = Firm size

$X_1 * Z_1$ = Interaction variable (interaction between marketing innovation and firm size)

ϵ = Error term

The desired level of precision was +/- 5% and a confidence level of 95%. The decision level was 'reject null hypothesis if $P < 0.05$.'

4.0 RESULTS AND DISCUSSION

4.1 Firm Size

The descriptive results on firm size show that 41.8 % of the manufacturing firms were small firms with 5-20 employees. 36.1 % of the manufacturing firms were medium sized (with 21-99 employees) while 22.2 % were the large manufacturing firms (with 100 employees or more).

4.2 Nature of Marketing Innovation

Respondents were asked to indicate the nature of marketing innovation in their manufacturing firm in terms of whether their firm significantly improved the marketing methods or introduced new marketing methods in the five-year period (2019-2024). Table 1 indicates that 31 % (49 firms) of the manufacturing firms did not implement any marketing innovation while 47.5 % of the manufacturing firms significantly improved their marketing methods. Thus, a relatively high percentage of the manufacturing firms simply improved their marketing methods.

Table 1: Nature of Marketing Innovation

Nature of Marketing Innovation	Frequency	Percentage
No any marketing innovation	49	31.0
Significantly improved a marketing method	75	47.5
Significantly improved a marketing method and introduced a new one	34	21.5
Total	158	100.0

Similarly, respondents were asked to indicate whether the marketing innovation strategies they implemented were new to the firm, market, country or the world. The majority (89%) of the manufacturing firms that implemented marketing innovation strategies indicated that their marketing innovations were new to their firm only. Only 11 % of the manufacturing firms indicated that the marketing innovation strategies that they implemented were new to the market.

4.3 Intensity of Marketing Innovation

Respondents were also asked to indicate the number of marketing innovations their manufacturing firm has implemented. The findings are shown in Table 2. The findings indicate that 32.9 % of the manufacturing firms implemented only one new or significantly improved marketing method. Thus, a relatively large proportion of manufacturing firms that implemented marketing innovation strategies embarked on one new or improved marketing method only; implying that many manufacturing firms in Malawi still operate at a low level of marketing innovation.

Table 2: Intensity of Marketing Innovation

Intensity of Marketing Innovation	Frequency	Percentage
No new or significantly improved marketing method	49	31.0
One new or significantly improved marketing method	52	32.9
Two new improved or significantly improved marketing method	36	22.8
Three new or significantly improved marketing method	20	12.7

Four new or significantly improved marketing method	1	.6
Total	158	100.0

4.4 Marketing Innovation strategies and Firm Performance

The descriptive results showing the extent to which marketing innovation strategies contribute to firm’s sales growth are shown in Table 3. According to Table 3, the majority (a total of 61.3 %) of the manufacturing firms that did not implement marketing innovation strategies did not register any increase in sales growth. Thus, the performance of the relatively large proportion of manufacturing firms that did not implement marketing innovation strategies declined or remained constant.

Table 3: Marketing Innovation Strategies and Sales Growth

Sales Growth	Nature of Marketing Innovation		Total
	No any Marketing innovation	Significantly improved a marketing method or introduced a new one	
Decline	14 (28.6%)	3 (2.8%)	17
Stayed the same	16 (32.7%)	8(7.3%)	24
1-10%	17(34.7%)	30 (27.5%)	47
11-20	1(2.04%)	26 (23.9%)	27
21-30%	0	25(22.9%)	25
31-40%	1(2.04%)	11(10.1%)	12
Above 40%	0	6 (5.5%)	6
Total	49 (100%)	109 (100%)	158

In contrast, the majority (a total of 89.9 %) of the manufacturing firms that significantly improved their marketing methods or introduced new ones registered an increase in sales growth in the five year period. Thus, most firms which implemented marketing innovation strategies recorded an increase in firm performance. This implies that manufacturing firms that implemented marketing innovation strategies performed better than those that did not.

4.5 Contribution of Marketing Innovation Strategies to Sales Growth

The respondents were asked to indicate whether they agree or not with the statement that ‘marketing innovation strategies have helped to increase sales growth of their firms in the five year period (2019-2024).’ The results are shown in Table 4. A total of 56.5 % of the respondents from manufacturing firms that implemented marketing innovation strategies agreed with the statement that marketing innovation strategies have helped to increase their sales growth while 32.4 % of the respondents were neutral.

Table 4 Contribution of Marketing Innovation Strategies to Sales Growth

Marketing Innovation strategies Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Marketing innovation strategies have helped to increase sales growth in the past five years	0%	11.1%	32.4%	30.6%	25.9%

Furthermore, the respondents were asked to indicate whether they agree or disagree with various marketing innovation strategy statements regarding how marketing innovation strategies contribute to sales growth. The

results are shown in Table 5.

Table 5 How Marketing Innovation Strategies contribute to sales growth

Marketing Innovation strategy Statement	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Marketing innovation helps the firm to increase customer satisfaction	0%	12.9%	59.6%	27.5%	4.15	0.62
Marketing innovation helps to increase the demand for our products	0%	16.5%	55.0%	28.5%	4.13	0.68
Marketing innovation helps the firm to penetrate into new markets	1.8%	27.5%	44.0%	26.6%	3.95	0.79
Marketing innovation helps to improve product positioning in the market	15.6%	31.2%	28.4%	24.8%	3.61	1.04
Marketing innovation helps to achieve competitive advantage	5.5%	43.1%	27.9%	23.5%	3.60	0.88

The first marketing innovation strategy statement was that ‘marketing innovation helps the firm to increase customer satisfaction.’ According to Table 5, the majority (a total of 87.1 %) of the respondents of manufacturing firms that implemented marketing innovation strategies indicated that marketing innovation has helped to increase customer satisfaction in the five year period (2019-2024). The second marketing innovation strategy statement was that ‘marketing innovation helps to increase the demand of our products.’ The majority (a total of 83.5 %) of the respondents of manufacturing firms that implemented marketing innovation strategies indicated that marketing innovation helps to increase the demand for their products. The third marketing innovation strategy statement was that ‘marketing innovation helps the firm to penetrate into new markets.’ A total of 70.6 % of the respondents of manufacturing firms that implemented marketing innovation strategies indicated that marketing innovation helped their firm to penetrate into the new markets.

4.6 Inferential Analysis

4.6.1 Coefficient of Determination

Table 6 shows that R-square is .181. This means that marketing innovation strategies accounted for 18.1 % of the variation in the performance of manufacturing firms in Malawi. The finding therefore confirmed that marketing innovation strategies significantly affect the performance of manufacturing firms in Malawi. Although marketing innovation has a significant effect on sales growth, its explanatory power (18.1 %) is low. The low explanatory power of marketing innovation means that marketing innovation is simply one of the factors that contribute to the performance of manufacturing firms. Other factors include institutional resources and firm size.

Table 6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.426 ^a	.181	.176	1.09447	.181	34.481	1	156	.000

a. Predictors: (Constant), marketing innovation strategies

4.6.2 Regression Results and Discussion

Linear regression was used to test the effect of marketing innovation strategies on the performance of manufacturing firms in Malawi. Linear regression was conducted at 95 percent confidence level ($\alpha = 0.05$). The research null hypothesis was that marketing innovation strategies do not have a positive significant effect on the performance of manufacturing firms in Malawi. Regression results in Table 7 show that marketing innovation strategies have a statistically significant positive effect on sales growth of manufacturing firms at 5 % significance level ($\beta = 0.426, p = 0.000 < 0.05$). Thus, an increase in one unit of marketing innovation will result in 0.426 increase in sales growth.

Table 7 Regression Coefficients: Marketing Innovation strategies variable and Firm’s sales growth

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.215	.133		16.654	.000
Marketing innovation strategies	1.223	.095	.426	12.873	.000

a. Dependent Variable: sales growth in the five year period

The null hypothesis is rejected at $\alpha = 0.05$ since the p-value (0.000) is less than 0.05 and the alternative hypothesis is supported. In other words, marketing innovation strategies have a positive significant effect on the financial performance of manufacturing firms in Malawi. This result implies that manufacturing firms which invest in marketing innovations or embark on marketing innovation strategies perform better than their counterparts that do not implement marketing innovations.

A two-stage hierarchical regression model was also used to test the moderating effect of firm size on the marketing innovation and firm performance relationship. The results (see Table 8) show that firm size has a statistically significant positive moderating effect on the relationship between marketing innovation and firm performance (sales growth) at 5 % significance level ($\beta = 0.548, p = 0.000 < 0.05$).

Table 8 Moderating Effect of firm size on Marketing Innovation strategies and firm performance relationship

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.255	.124		18.156	.000
Marketing innovation	.505	.193	.335	2.620	.010
interaction	.246	.0686	.548	3.586	.000

a. Dependent Variable: Sales growth in the last five years

The p-value (0.000) is less than 0.05, meaning that the effect of the interaction term (interaction between firm size and marketing innovation) on firm performance is statistically significant. The beta value ($\beta = 0.548$) is positive; suggesting that the relationship between marketing innovation strategies and firm performance is stronger for larger manufacturing firms. It also implies that for every one-unit increase in firm size, the relationship between marketing innovation and firm performance increases by 0.548. This effect of the interaction term (interaction between firm size and marketing innovation) is greater than the effect of marketing innovation strategies variable alone (0.426).

The regression results of the current study, which show the positive significant effect of marketing innovation strategies on firm performance, support the findings of previous empirical studies such as Gyadu (2025), Ehiaguina et al.(2025), Seddaoui, Abdullah, Ahmad and Gorundutse (2025), Adamu, Alhaji and Tura (2024),

Adhaya et al. (2024), Ezekiel et al. (2024), Mboga et al. (2023), Jung et al. (2023), Ayinaddis (2023), Nwachukwu et al. (2022), Kanyi et al. (2022), Kithinji et al. (2022), Saka (2021), Kolapo et al. (2021), Yelmi et al. (2021), Cuevas-Vergas et al. (2021), Hongbo et al. (2020), Yusheng et al. (2020), Peng et al. (2020) and Mahmutaj et al. (2020). These previous studies found that marketing innovation significantly and positively influences firm performance.

According to the findings of the previous studies, marketing innovation strategies positively and significantly influence firm performance since marketing innovation strategies such as promotion innovation strategy, pricing innovation strategy and distribution innovation strategy help the firms to venture into new markets more efficiently and effectively and enhance their performance (Yusheng et al., 2020; Yelmi et al., 2021, Oniku, et al. 2023). Thus, marketing innovation helps firms to enter new market segments and this drives firm performance. According to Oniku et al. (2023) firms can use marketing innovation in terms of promotion innovation to enter new markets and achieve customer engagement.

The research findings of the current study imply that manufacturing firms need to invest in marketing innovation techniques such as pricing, online advertising, future customer interaction, product positioning, and product promotional channels in order to boost their performance. The research findings of the current study further imply that manufacturing firms can use marketing innovation strategies to enter new markets, increase market share and gain competitive advantage and hence increase their performance. In the same line, Saka (2021) and Maseru et al. (2023) observed that firms can increase market share, customer satisfaction and efficiency by improving product design, introducing new distribution channels and finding new markets for their products.

The findings in the current study on the contribution of marketing innovation strategies to firm performance through market expansion are also confirmed in Cuevas-Vergas et al. (2021). According to Cuevas-Vergas et al. (2021), manufacturing firms which use marketing innovation strategies to constantly seek new and creative solutions to problems and needs in the market achieve better levels of competitiveness and increase their market share through market expansion. Likewise, Mahmutaj et al. (2020) and Jung et al. (2023) found that marketing innovation is positively and significantly related with firm growth since improving the marketing innovation characteristics help to enhance competitiveness, market share and firm performance. Jung et al. (2023) and Ehiaguina et al. (2025) observed that marketing innovation can offer firms new opportunities to improve their marketing capabilities and enhance their competitiveness and this can in turn help to increase customer satisfaction, loyalty, and sales, ultimately improving firm performance.

The findings of the current study are also consistent with the findings of Saka (2021) which observed that marketing innovation strategy helps the firms to substantially increase the demand for their products and in turn increase their sales. Saka (2021) in his study on the influence of innovation strategy on the organizational performance found a significant and positive relationship between marketing innovation strategies and market share. This means that manufacturing firms can use the marketing innovation strategies to attract new customers and increase the demand for their products so as to improve their performance. Likewise, Moreno-Gomez et al. (2023) and Ohida et al. (2023) observed that marketing innovation strategies positively influence firm performance because marketing innovation can provide the firms with a competitive advantage, improve product quality and increase market share, which ultimately leads to improved performance. As such, firms should adopt new technologies for production, packaging and distribution (Ohida et al., 2023).

Thus, marketing innovation strategies enable the firms to tailor their activities to suit the needs of their customers. In the same vein, Hongbo et al. (2020) observed that firms that engage or adopt new marketing methods are able to meet customer needs and have the opportunity to increase and enhance their business performance. According to Hongbo et al. (2020), marketing innovation leads to innovative solutions that give customers value for their money as the firm focuses on satisfying customers' needs at all times. Firms with higher marketing capability can generate more innovative ideas and products because of the close relationship with customers which enables them to meet their needs before competitors. Likewise, Ezekiel et al. (2024) observed that firms can use marketing innovation strategies to enhance their competitiveness, attract and retain customers, and eventually achieve superior financial results.

Thus, the research findings of the current study imply that marketing innovation increases customer satisfaction and hence helps manufacturing firms to remain more competitive and more profitable. However, the findings of

the current study are inconsistent with the findings of other studies such as Kim-Soon et al. (2017), Al-Battaineh (2018) and Vokoun et al. (2020). For example, Al-Battaineh (2018) study which investigated the effect of innovation strategies on the performance of SMEs, found that marketing innovation has insignificant effect on the firm performance. Likewise, Vokoun et al. (2020) in their studies found that marketing innovations do not lead to an increase in firm performance. This is due to the fact that the design innovations and promotional activities can get very expensive in the manufacturing sector to the extent of lowering the sales of the firms (Vokoun et al., 2020).

The results on the firm size as the moderator for the relationship between marketing innovation and firm performance help to reduce this inconsistency in the findings on the marketing innovation and firm performance relationship. The current study found that firm size has statistically significant effect on the relationship between marketing innovation strategies and firm performance. The study observed that the relationship between marketing innovation strategies and firm performance is stronger for larger manufacturing firms. Firm size essentially affects innovation and firm performance. For example, large firms exploit greater economies of scale and a large market (Oyelade, 2020). By exploiting economies of scale, large firms can increase productivity and performance compared to small firms (Liu, 2018). Thus, based on the economies of scale, large firms often work more efficiently and register greater performance than small firms. Likewise, large firms have superior resources and capabilities in product development, technology development as well as in implementation of business strategy and marketing innovation strategies (Liu, 2018). In other words, large firms can be more innovative and operate more efficiently because they have more resources with more efficient use of inputs.

In brief, the current study observed that marketing innovation strategies in the long run positively affect firm performance. Marketing innovation strategies enhance firm profitability as they help the manufacturing firms not only to increase customer satisfaction and the demand for the products but also to penetrate into new markets and improve the firm competitiveness. The results of this study reinforce the Schumpeterian theory of innovation. According to Schumpeterian theory, innovation is the driver of competitiveness, profitability and firm growth. The theory stresses that innovation (which includes marketing innovation) can help firms achieve superior performance, better results and keep the business firms at a competitive position (Langroodi, 2021).

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The aim of the study was to investigate the effect of marketing innovation strategies on the performance of manufacturing firms in Malawi. The study found that marketing innovation strategies positively and significantly affect the performance of manufacturing firms in Malawi. This implies that manufacturing firms which implement marketing innovation strategies perform better than non-innovators because marketing innovation strategies help manufacturing firms not only to increase customer satisfaction and the demand for the products but also to penetrate into new markets and improve the competitiveness. The study also found that firm size has significant moderating effect on the relationship between marketing innovation strategies and firm performance. Thus, although marketing innovations positively affect manufacturing firms, the effect is greater for large manufacturing firms than small firms.

5.2 Theoretical and Practical Contributions

The contribution this study makes to the existing literature is that it provides the comprehensive framework on the marketing innovation strategies and firm performance relationship. Many previous studies simply investigated the relationship between marketing innovation and firm performance. The current study, on the contrary, has included firm size as the moderator in this relationship. The study unveils the information regarding how marketing innovation strategies positively affect the performance of manufacturing firms, with firm size as the moderating variable. It provides fresh insights for the Strategic Management field by demonstrating that the benefits for marketing innovation are greater in large manufacturing firms than in small firms. The study also provides invaluable empirical information to managers and owners of manufacturing firms as they formulate and implement marketing innovation strategies that can help to enhance firm performance. This study's implications extend beyond the Malawian context.

5.3 Recommendations

The study recommends that manufacturing firms should implement marketing innovation strategies to increase their performance. They should invest in marketing innovations as such innovations help the firms not only to increase customer satisfaction and the demand for the products but also to penetrate into new markets and improve the competitiveness.

5.4 Limitations and Future Research

This study focused on small, medium and large manufacturing firms. Thus, micro businesses in the manufacturing sector were not covered in this study. Furthermore, the study did not investigate the effect of marketing innovation strategies on the performance of firms in the other sectors such as service sector. So future research needs to examine the effect of marketing innovation strategies or other strategies on the performance of firms in the other sectors.

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