Impact of Marketing Practices on the Performance of Small Business Enterprises: Empirical Evidence from Nigeria

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Abstract

This study investigated the impact of marketing practices on organizational performance of small business enterprises (SBEs) in Lagos State, Nigeria. The purpose of the study is to contextually validate recent findings as to the efficacy of marketing practices in developing economies. Within a survey design, data were obtained from 545 business owners and senior marketing personnel using structured questionnaire and analyzed using factor analysis, ANOVA and other relevant statistical tools in the predictive analysis software (version 19). The findings implicated marketing mix factors and product strategy issues as the most important and impacting factors in the marketing practices of small businesses in Nigeria while advertising and marketing research appears neglected. The study found a strong positive relationship between the marketing practices of Nigerian SBEs and organizational performance indicants. The paper proposes a model that can be used to explain the influence of marketing practices on the performance of small business enterprises. It also makes some recommendations for marketing practitioners and suggests areas for future research.

Keywords: Small business enterprises, marketing practices, performance, marketing orientation, market orientation, marketing models, Nigeria.

1. Introduction

In recent years, governments world-wide have come to terms with the fact that Small Business Enterprises (SBEs) contribute enormously to the growth and development of a nation's economy. Small Business Enterprises in conjunction with the medium enterprises are known to employ over 60% of Nigeria's workforce (World Bank, 1995 cited in Adelaja, 2004). This figure when taken with the agricultural sector which is largely SBEs in nature, appears to be a gross underestimation.

Small Business Enterprises (SBEs) constitute about 95% and 98.8% of existing businesses in the United States of America (USA) and Europe respectively (Day, 2000). This is a substantial sub-sector that should interest any nation desirous of fast-tracking its economic development efforts. Again the important role of SBEs have been acknowledged by a plethora of scholars. SBEs are known to generate vast employment opportunities as they create more jobs per unit of capital employed than big businesses (Maijama'a, 2004; Lawal, 2002); mitigating rural-urban drift via the dispersal of industries (Ogunleye, 2004); providing and accelerating backward and forward linkages between the big and small firms (Maijama'a, 2004), producing import-substituting machineries and equipments (Ogunleye, 2004), mobilizing domestic savings and providing a good training ground for entrepreneurship development. Furthermore, they mobilize local resources (Clive, 2001; Olumide, 2004), stimulate technological development and innovation (Osuagwu, 2001), act as catalysts for growth and development by fostering the overall economic development of the nation especially in developing economies such as Nigeria (Obitayo, 1991; Ajonbadi, 2002; Mambula & Sawyer, 2004). It is against the backdrop of these numerous developmental potentials of Small Businesses highlighted above that nations world-wide have focused on SBEs as strategic vehicles of economic development.

In the case of Nigeria, we have witnessed an upsurge in Small Business Enterprise development efforts by successive governments due to multifarious reasons. Ojo (2004) identified some of the reasons to include:

- The failure of past industrial policies hitherto anchored on large and capital intensive industries.
- The discovery that vibrant small business enterprises and medium enterprises can contribute to achieving many of the objectives of Nigeria's development plans.
- An increase in emphasis now placed on self-reliance as an approach to development.
- A world-wide acknowledgement of the successes recorded in economies such as Malaysia, Indonesia and India where small and medium enterprises development have been used to accelerate industrial transformation.
- The significance of small and medium enterprises in the Poverty Eradication Programme (PEP) of Nigeria's President Olusegun Obasanjo regime during the period 1999 to 2007 and even beyond.

It is as a result of these reasons that many of the past governments in Nigeria have come up with numerous initiatives since the nineteen seventies to promote the development of Small and Medium Enterprises (SMEs) in Nigeria. Some of these initiatives include, but are not limited to the following (Ojo, 2004; Olumide, 2004; Ubom, 2006; Ogundele, 2007): the Industrial Development Centres (IDCs), the Nigerian Industrial Development Bank (NIDB), Small Scale Industries Credit Schemes (SSICS), the Nigerian Bank for Commerce and Industry (NBCI), the National Directorate of Employment (NDE), the World Bank-Assisted SME II Loan Project, the National Economic Reconstruction Fund (NERFUND), International Financial Assistance, the Second Tier Securities Market (SSM), Banks Equity Holding in Companies and Technical/Technology, Training and related support systems.

Many of these institutions were poorly managed and so went into liquidation or had to be merged with others. Most of the above government initiatives sought to provide funds for Small and Medium Enterprises as the lack of finance was identified as a major inhibiting factor against SMEs development generally. Despite the spending of these huge financial resources in funding Small Business Enterprises (SBEs), the failure rate of SBEs continues to be high all over the world. In the UK, for example, about 10 percent of small businesses cease trading annually, 15 percent of new starts wind-up in their first year of business while more than 40 percent wind-up within three years (Stokes, 1998).

In view of this gloomy picture, business scholars (such as, Berryman, 1983; Cromie, 1991; Stokes, 1998; Chavancova, 2006; among others) have investigated the causes of small business failures. Their findings revealed that marketing has consistently been either the most critical or the

second most critical source of survival problem with other problems being of accounting, finance, owner(s) behavior and of external origin.

However, many of the marketing studies undertaken in the last 20 – 30 years have concentrated on market orientation and its effect on organizational performance in developed economies (for example, Kohli & Jaworski, 1990; Narver & Slater, 1990; Jaworski & Kohli, 1993; Slater & Narver, 1994, 1995; Jaworski & Kohli, 1996; Deshpande & Farley, 1998; among others). All these studies concluded that the key to better performance lies in the adoption and implementation of market orientation as a business philosophy rather than marketing orientation (i.e. marketing practices – the effective and efficient performance of the marketing function).

However, recent studies conducted in the developing economies are reporting contradictory evidence. Ellis (2005) in Hong Kong, Appiah-Adu (1998) in Ghana and Akimova (2000) in Ukrain found that marketing practices impact on performance much more than market orientation. Herein lies a major gap in knowledge. Furthermore all these studies were conducted on big corporations. It is, therefore, not clear whether these findings are equally applicable to developing economies such as Nigeria and to small business enterprises (SBEs). It is these problems that this paper (a preliminary reportage of a major study to be published in the nearest future), sets out to solve in part. The **objectives** of the study are:

1. To identify the degree of importance attached to the dimensions of marketing practices by SBE managers in Lagos.
2. To identify the extent of emphasis placed on organizational performance indices by SBE managers-in Lagos.
3. To measure the degree of association, if any, between the marketing practices of SBEs in Lagos and their performance.
4. To make necessary and appropriate recommendations for SBE managers and government policy makers.

In order to give focus to the study, the following **research questions** were set to guide the study:

1. What is the degree of importance attached to the dimensions of marketing practices by SBE managers?
2. What is the extent of emphasis placed on organization performance indices by SBE managers in Lagos?
3. What is the degree of association, it any, between the marketing practices of SBEs in Lagos and their performance?

Hypothesis: the study tested one hypothesis in a bid to improve on the reliability and acceptance of the research findings.

Ho: That there is no significant relationship between the marketing practices of SBEs in Lagos and their performance.

This paper is divided into six sections. The first is the introduction; the second and third examines the conceptual and theoretical frameworks of the paper respectively; the fourth section elucidates the research methods used; the fifth section presents the results and discussion while the sixth section is the conclusion and recommendations. The key to the research variables as contained in the research instrument are provided as an appendix.

2. Conceptual Framework

Since the advent of the marketing concept, marketing scholars and practitioners have held onto the comforting assumption that the marketing concept naturally leads to superior performance. Organizations which embrace the concept are seen to be customer focused (Levitt, 1960; Kotler and Keller, 2006) and naturally expected to make long-term market share and profitability gains. The advent of superior products notably of Japanese origin which out-marketed many U.S companies' products led to challenges of the long-held presumptions about the pre-eminence of the marketing

concept (Payne, 1988). This called to question the long touted performance-enhancing effects of the marketing concept and various research works were carried out to ascertain things. An investigation of extant literatures reveal two streams of research efforts. The first stream which was led by the pair of Narver and Slater (1990) and Kohli and Jaworski (1990) included the works of Pelham and Wilson (1996), Baker and Sinkula (1999), Chan and Ellis (1998), etc. The pair of Kohli and Jaworski (1990) and Narver and Slater (1990) laid much of the conceptual foundations and measurement instruments for the market orientation (MO) construct and philosophy. The second stream of research works which are not as coordinated as the first by way of commonality of instrument and terminology are grouped together as "Marketing practice (MP)" (Ellis, 2005). This stream include researches purportedly aimed at studying marketing capabilities (Chang, 1996; Vorhies, Harker & Rao, 1999), marketing strategies (Shaw, 2001), marketing efficiency (Galbraith & Holton, 1955), marketing orientation (Avlonitis & Gounaris, 1997) and marketing practices (Greenley & Shipley, 1992). The differences between these two areas of research work is so thin that many writers have used both MO and MP inter-changeably. However, Ellis (2005) posits that the key difference between the two is that "one is concerned with markets and the other with marketing". Market orientation (MO) is concerned with markets and the implementation of the marketing concept. It is externally focused. Marketing practices (MP) emphasise and are concerned with marketing – that is, the performance of the marketing functions and activities within the organization. The study by Ellis (2005) heeds the admonition of McGee and Spiro (1988, p45) to "distinguish between the marketing philosophy (i.e. MO) and management of the marketing mix (MP) both conceptually and in implementation". Ellis differentiated the two through the study of different past studies discussed below.

2.1. Marketing Practice Studies

Can be distinguished by their operationalization of the marketing concept. Literature reveals that the central question of most marketing practice studies relates to the effectiveness of the company's marketing activities. Market orientation proponents argue for a customer and competitor orientation as providing a "solid foundation for value-creating activities" (Slater & Narcer, 1994) thereby implying that market orientation is the implementation of the marketing concept as posited by Kohli and Jaworski (1990). MP on the other hand is unconcerned with internal orientation as it focuses on efficiently managing the marketing function or the mix elements. The perspective of MP appears to be influenced mainly by the company's management of the marketing mix elements; the efficacy and usefulness of its market research; the appropriateness of positioning strategies; and the nature of its marketing goals (Ellis, 2005; Doyle, Saunders & Wong, 1992; Greenley & Shipley, 1992; Shaw, 2001).

Curiously, it is observed that while MO studies done tend to be published in top tier marketing journals, the opposite is the case with MP studies. This shows that by nature, the MP researches tend to be more practitioner-oriented (Ellis, 2005). They emphasise performance implications of carrying out the marketing function. By nature MP studies are known to be comparative – comparing High and Low MP performers (Akimova, 2000); marketing strategies of organizations (Shaw, 2001; Doyle, Saunders and Wong, 1992); and different market segments (Greenley and Shipley, 1992). Golden, Doney, Johnson and Smith (1995) in their MP study of Russian firms (n = 200) measured the following dimensions of marketing practice: level of product quality, level of marketing research, level of customers service, the degree of importance attached to marketing activities such as advertising, personal selling, sales promotion-, pricing-related issues, and distribution coverage. The result of their study show a positive link between the provision of high quality products and customer service on one hand and performance on the other. Promotion and pricing-related issues were found to have no link with performance.

The study by Hooley and Beracs (1997) using 564 Hungarian companies revealed that better performing firms were significantly different from the rest in terms of some MP-related measures. It was reported that the top performers had greater distribution coverage of the market, offered a broader range of products and exhibited high levels of technical product quality.

Akimova (2000) in her study of 221 Ukrainian firms used a combination of predictor variables such as MO measures (e.g. marketing as a guiding philosophy of business) and MP measures (e.g. marketing as product promotion and positioning). She discovered that managers who emphasized MP activities had significantly better scores on the measures of competitive advantage than those who emphasized selling or production; and also had greater sales volume, better profits and better return on investment.

Marketing orientation (marketing practice) therefore involves the determination of customers' needs and the effective management of the marketing functions to achieve customers' satisfaction and organizational goals/objectives. On the other hand, market orientation is the generation of market intelligence, the organization-wide dissemination and analysis of same and an appropriate market-oriented response to the intelligence. (Kohli & Jaworski, 1990). Taking a culturally-based perspective, Narver and Slater (1990, p.21) see market orientation as the 'organizational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus continuous superior performance for the business'. It involves the three behavioural aspects of (1) customer orientation, (2) competitor orientation, and (3) interfunctional orientation.

On the basis of extant literatures reviewed thus far with respect to small businesses and mid-sized firms (Ellis, 2004; Carson, 1990; Huszagh et al., 1994; Romano & Ratnatunga, 1995; Carson et al., 1995; Siu and Kirby, 1998; Simpson & Taylor, 2000; Pelham, 2000; Becherer et al., 2001; Shaw, 2001; Simpson & Taylor, 2002; Simpson et al., 2006; Ellis, 2005; Hooley and Berac, 1997; among others), it is clear that while the principles of marketing can be said to be the same and applicable to large and some medium-sized organizations across board, evidence abound to the effect that small businesses marketing is peculiar. This is because of the close interplay between marketing and entrepreneurship in small businesses. The dimensions of marketing practice in SBEs as revealed in literature would include amongst others the following: marketing planning; marketing strategy development; conducting market(ing) research; customers services; product positioning; product range extension; internal customers relationship; designing advertising campaigns; sales and personal selling; designing, implementing and evaluating sales promotional programmes; price(s) and pricing related issues; distribution strategy formulation and implementation; and personal contact networking.

The execution of the marketing function in terms of specific marketing activities as studied by a group of scholars albeit differently (Greenley & Shipley, 1992; Doyle et al., 1992; Hooley & Beracs, 1997; Avlonitis & Gounaris, 1997; Akimova, 2000; Hill, 2001a, b; among others) have been categorized by Ellis (2005) as belonging to the marketing practice school. It is this view that this thesis adopts and seeks to propagate/extend.

3. Theoretical Framework

This study proposes a model of the impact of marketing practices on the performance of small businesses in Lagos, Nigeria. As shown in figure 1.0, the model has three major components, viz: (1) marketing practices, (2) performance (outcomes), and (3) the wider macroenvironment of businesses.

Figure 1.0: Proposed model of the impact of marketing practices on small business enterprise performance.
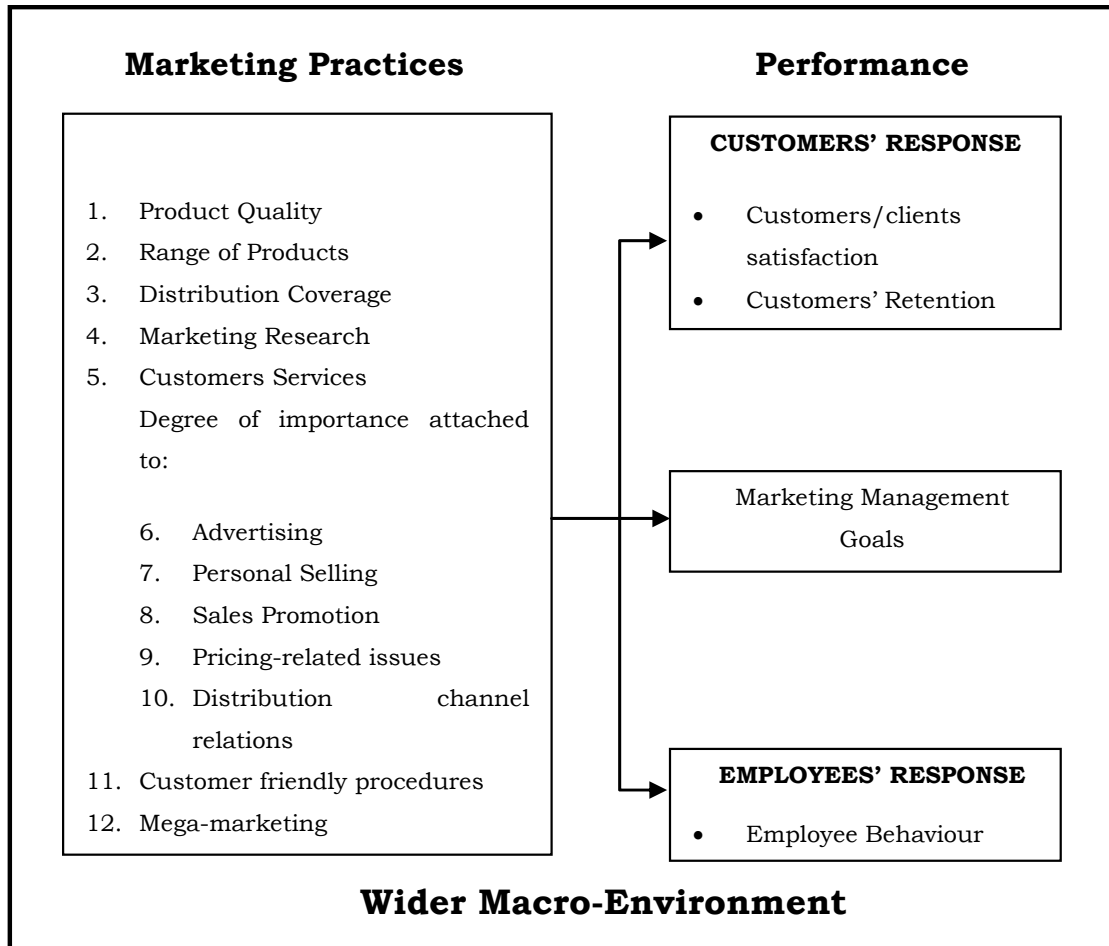
Source: The authors. Adapted from Kohli, A. K. & Jawoski, B. J. (1990). Market orientation: The construct, research propositions and managerial implications. *Journal of marketing, 54* (April), 1 – 18.

The thesis of this study is that the marketing mix elements in their extended form constitute the marketing orientation of firms and by deduction, are represented here as the firms' marketing practices. The marketing practices (or orientation) of small business enterprises as of other businesses are proposed in this study to comprise of the following dimensions: level of technical product quality, range of products offered, distribution coverage, marketing research activities, customer's services, the degree of importance attached to advertising, personal selling, sales promotion, pricing-related issues, distribution channel relations. Others are customer-firm procedures / process management, and mega-marketing (high level contacts and networking). These 'mix-elements' have been found to be germane to the success of the marketing function particularly in small business enterprises (Hill, 2001a, 2001b; Osuagwu, 2001; Hill & Fallis, 1995).

Extant literature draws attention to the particular importance of formal and informal networks a major aspect of mega-marketing (high voltage contact management) in the operations of small business enterprises (Coviello & Munro, 1995; Hill & Fallis, 1995; Hill & McGowan, 1996; Hill, 2001a, 2001b).

The regular use of different levels of a combination of the various dimensions of marketing practices by SBEs constitute their marketing orientation. The outcome of the marketing activities is performance.

Performance

The proposed model indicates that differing levels of performance will result from different marketing orientation. Many scholars have suggested different measures of performance ranging from objective absolute measures to subjective customers' response behaviours, innovation consequences, employee response behavior, etc. (Chakravarthy, 1986; Verhage & Waarts, 1988; Kohli & Jaworski, 1990; Jaworski & Kohli, 1993; Slater & Narver, 1994; Pelham & Wilson, 1996; among others). However, a number of past empirical studies that have adopted both the subjective and objective concepts in the measuring of performance reported a strong association between the objective measures and subjective responses (Venkatraman & Ramanujam, 1986; Appaih-Adu, 1998; Robinson & Peace, 1988;). This model, therefore, adopts the subjective measures as small business enterprises in Lagos are usually unwilling to release their absolute figures of performance for reasons of cultural, tax and government regulation related issue.

Performance in the model is specified as
1. Customers' response. This includes the level of customers/clients satisfaction achieved and the level of customers retention achieved.
2. Marketing management goals. The extent to which each SBE achieves the marketing management goals it sets for itself.
3. Employee response. Employees of each SBE are expected to respond to the marketing practices of the firm. Their responses constitute outcomes. The model suggests that these can be measured in terms of *espirit de corp* within the work force, level of job satisfaction and the level of commitment to the organization (Kohli & Jaworski, 1990).

The model proposes that as the industry environmental factors impact upon SBEs in Lagos, they influence the firm to design and adopt appropriate marketing practices in order to obtain competitive advantage in the market place. The use of these marketing mix elements constitutes its marketing orientation (internal) within the context of its adopted market orientation (external). On the outside, the customers are affected either by being satisfied where such practices meet their expectations or dissatisfied, if otherwise. The satisfied customers will respond by rewarding the SBEs with repeat purchases until consistently and persistently satisfactory market offerings and marketing practices lead to customers' loyalty and invariably customers retention. This is expected to lead to the achievement of other marketing management and profitability goals of the firm. Expectedly, the firm will reward its employees using a competitive reward system which will lead to favourable employee responses. This constitutes the internal dimensions of performance.

The proposed model anticipates the existence of other moderating factors from the wider macroenvironmental forces as well as from within the small business enterprise itself. However, these issues are outside the focus of the current study.

4. Research Methods

The study which was both exploratory and explanatory in nature used the survey strategy. The overall research design is consistent with the organizational-level approach adopted by Romano and Ratnatunga (1995), Simpson and Taylor (2002b), Ellis (2005) and Simpson et al. (2006) for the marketing practices of small and medium sized business enterprises.

The population for the study were the small business enterprises operating in Lagos State of Nigeria. However, the research horizon excluded Ikorodu and Epe local government areas due to the exigencies of time, economic and geographical constraints. In line with the Nationa Policy on Micro, Small and Medium Enterprises (nd, p.14), an SBE was taken as an organization that employs between ten and forty-nine (10 – 49) employees and has a total asset base of between N5million and less than N50million (including working capital but excluding land and buildings) with the employment criteria taking precedence whenever a conflict arises between the criteria of description. The study covered eight sectors purposively selected from the real sector of the economy using the Nigerian Stock

Exchange categorization. A quota sampling technique was used to select the sample for the study as there exists no list of SBEs in the country due to tax-related and similar government issues (Folarin,1999; Saunders, Lewis & Thornhill, 2007; Otokiti, 2010). Respondents were limited to senior marketing management staff and owner-entrepreneurs.

In order to ensure validity of the research instrument, the questionnaire was tested using content validity test before it was administered. This was assessed using the expert opinion method. Reliability of the questionnaire was assessed using the Cronbach alpha statistic via the factor analytical process. To ensure the relevance of the questions therein to the Nigerian business realities, interviews using the draft questionnaire was conducted with twelve target respondents. On the basis of their comments, the questionnaire was further fine-tuned (Churchill, 1995; Osuagwu & Obaji, 2009).

A total of 960 copies of the fully structured questionnaire were hand-delivered to respondents within 160 organizations between September 2010 and January, 2011. Out of this number, 545 copies of the completed questionnaire were found useable giving a useable response rate of approximately 57 per cent. The questionnaire had three sections covering the key variables used in the research that is, marketing practices variables, the performance variables and the background information of the respondents. The key variables were adapted from extant literature and supported by anecdotal and empirical evidence.

The questionnaire had a total of sixteen questions designed for respondents to indicate their perception of the intensity of the issues under consideration on a six-point Likert rating scale ranging from "No extent at all" (1) to "Very high extent" (6). The five- and seven-point Likert rating scales were avoided so as to avoid the possible problem of central tendency and to obtain more effective screening power (Sin & Tse, 2002; Osuagwu & Obaji, 2009).

The biographical data of the respondents indicated that they were well educated with about 71 percent having bachelor's degrees or equivalent and above, and of the articulate age bracket of between 20 – 50 years (80.0 percent); of senior management cadre in their respective organizations; and quite experienced with work experiences clustering around 6 – 15 years (75 percent). Therefore, considering the respondents' background, the data generated from them may reasonably represent a rich data-set.

The entire data analysis was executed using the Predictive Analysis Software (version 19) at 95 percent confidence level or better. The study followed acceptable research suggestions in extant literature with respect to measurement scale, statistics, reliability and validity tests, and data analysis (Cronbach, 1951; Nunnally, & Bernstein, 1994; Rust & Cooil, 1994; Churchill, 1995; Malhotra, 2004; Churchill & Brown, 2004; among others). Usually, the level of attention and consideration given to issues pertaining to reliability and validity determines the quality of any research work (Alam & Perry, 2002; Osuagwu, 2006). To measure the validity and reliability, the Kaiser–Meyer–Olkin (KMO) statistic of sampling adequacy value was computed for the key constructs of the study (that is, marketing practices and performance) and were found satisfactory (Kaiser, 1960; Hair et al., 2010). In checking data normality, Kline's (1998) rule of thumb that kurtosis greater than 10.0 and univariate skew values greater than 3.0 may be suggestive of problem of data normality was followed (Hardigan et al., 2001). Extant literature also suggests that when variables are extremely skewed, factor analysis should not be used (Stewart, 19981). The results from the research were far below these abnormality values. Furthermore, correlation coefficients obtained from the study did not approach Asher's (1983) suggested 0.80 multicollinearity criterion. The data analysis results are presented in tables 1.0 to 9.0 and are discussed herebelow.

5. Results and Discussion

The focus of this research centered around two major constructs:

1. The marketing practices of SBEs in Lagos, Nigeria, and
2. Performance of SBEs as a result of their marketing practices (or marketing orientation).

We now present the results and discuss these along the two main themes.

Table 1.0 shows the descriptive statistics of marketing practices of the SBEs studied in Lagos, Nigeria. The mean for the response scale was 3.5 and any scaled question with a mean of 4.0 and above was considered high. As shown in table 1.0, the most emphasized marketing practice was "range of product" (A2, mean = 4.75), followed by the "degree of importance attached to personal selling" (A7, mean = 4.73), and the "use of mega marketing – high level contacts and networking with clients" (A12, mean = 4.72). The least emphasized marketing practice by the surveyed Nigerian SBEs was the "degree of importance attached to advertising" (A6, mean = 4.11). SBEs are known to usually have resource constraints which tend to hinder their adequate application of advertising as a promotool in their businesses. Table 1.0 shows that all the marketing practice measures had mean values above 4.0 indicating that the extent of practice of marketing orientation in the surveyed Nigerian SBEs was above average.

Table 1.0: Descriptive statistics of marketing practice measures (N = 545)

Variable	Mean	Std. Deviation	Skewness	Kurtosis
	Statistic	Statistic	Statistic	Statistic
A1	4.4092	1.43214	-1.170	1.123
A2	4.7486	1.34912	-1.244	1.784
A3	4.4642	1.41262	-1.382	2.119
A4	4.2844	1.44566	-1.147	1.289
A5	4.3229	1.52742	-1.282	1.451
A6	4.1101	1.56442	-1.019	.662
A7	4.7264	1.45139	-1.097	1.168
A8	4.1872	1.51640	-1.072	.886
A9	4.1982	1.43652	-1.101	1.242
A10	4.3211	1.45446	-1.269	1.674
A11	4.2972	1.42576	-1.179	1.504
A12	4.7186	1.43676	-.878	.632

Table 2.0 shows the descriptive statistics of the performance measures of the studied Nigerian SBEs via their marketing practice. All the performance measures had mean values above 4.0 indicating that the surveyed SBEs achieved their performance goals to a large extent.

Table 2.0: Descriptive statistics of performance measures (N = 545)

B1	4.5193	1.35449	-1.277	1.763
B2	4.5229	1.26023	-1.429	3.033
B3	4.6367	1.30895	-1.399	2.509
B4	4.5523	1.26952	-1.457	2.980

Table 2.0 shows that the SBEs "focus more on the effectiveness of their marketing mix elements rather than on their competitors" (B3, mean = 4.64) had the highest rating. This appears to support a marketing orientation (internal), emphasis rather than a market orientation (external) emphasis. The SBEs appear to have given equal emphasis to "customers/clients satisfaction" (B1, mean = 4.52), customers retention (B4, mean = 4.55) and the "achievement of marketing management goals" (B2, mean = 4.52) which are necessary ingredients for obtaining competitive advantage in the market-place.

Table 3.0 shows the reliability coefficients (Cronbach alpha) of the research measures of marketing practices and their performance. Both values exceeded the recommended minimum in extant literature (Cronbach, 1951; Nunnally & Beanstein, 1994).

Table 3.0: Reliability Coefficient of Research measure (Cronbach Alpha).

A. Aspects of marketing practices measure	0.904
B. Organizational performance measure	0.843

The KMO and Bartlett's test (factor analysis) for the marketing practice measures and performance measures are shown in table 4.0. The values exceed the recommended minimum in extant literature suggesting adequacy of sample and existence of clusters within the factors and therefore appropriateness of factor analysis for data from these measures (Hair *et al*., 2010).

Table 4.0: KMO and Bartlett's Test of Marketing Practices and organizational performance measures

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		**.929**	**.815**
Bartlett's Test of Sphericity	Approx. Chi-Square	3081.363	849.455
	Df	66	6
	Sig.	.000	.000

Table 5.0 Shows the total variance explained of the marketing practice measures using the principal component analysis method of factor analysis. A two factor solution emerged with the two factors explaining 59.3 per cent of the total variance in the marketing practice measures for the surveyed SBEs.

Table 6.0 shows the structure matrix of the marketing practice measures resulting from the factor analysis. The two substantive factors isolated and which appear to be the areas of marketing emphasis by Nigerian SBEs were named:

Factor 1. Marketing mix factors

Factor 2. Product strategy factors

The three highest loading variables in factor 1 (marketing-mix issues) were 'mega-marketing' (0.785), 'the degree of importance attached to personal selling' (0.772), and the 'degree of importance attached to pricing – related issues' (0.754).

Table 5.0: Total Variance Explained (Factor Analysis) of marketing practices measures

Component	Eigenvalues		
	Total	**% of Variance**	**Cumulative %**
1	**4.080**	**33.999**	**33.999**
2	**3.035**	**25.293**	**59.292**
3	.733	6.106	65.397
4	.675	5.625	71.022
5	.640	5.334	76.356
6	.530	4.414	80.770
7	.467	3.890	84.660
8	.431	3.590	88.250
9	.392	3.268	91.518
10	.367	3.058	94.576
11	.331	2.758	97.334
12	.320	2.666	100.000

Extraction Method: Principal Component Analysis.

The importance attached to mega – marketing by the surveyed SBEs finds support in extant literature wherein high voltage contact and network management was reported as core in the marketing mix of Nigerian organizations. Osuagwu (2002) reports that the Nigerian business culture is anchored on mega-marketing activities in the form of connections, use of positions occupied, contacts and power; and that such influences can result from tribal, professional, or religious links (p. 841).

Relatedly, Hill (2001) reports that personal contact networking (formal and informal) were *'the defacto operating system of small businesses'* in Ireland and the UK. (p. 223).

        Regarding the importance attached to personal selling by the SBEs surveyed, Hills (2001) had earlier observed a strong sales orientation in all the small and medium enterprises he studied with an identification of three types of salespersons operating within the small business context, viz; the entrepreneurial-, the ambitious/career- and the long service– sales person. Hill (2001) further confirmed that the entrepreneurial salesperson was the predominant and the most representative of the type of selling activity practiced in small and medium enterprises

Table 6.0: Structure Matrix[a] (Factor Analysis) of Marketing Practices of SBEs

Variable	Component	
	1	**2**
A1		.736
A2		.875
A3	.661	
A4		
A5	.596	
A6	.614	
A7	.772	
A8	.745	
A9	.754	
A10	.745	
A11	.642	
A12	.785	

Extraction Method: Principal Component analysis
Rotation Method: Varimas with Kaiser Normalization
a. Rotation converged in 3 iterations.

        Factor 2 – 'product strategy issues' – had two variables and both loaded very highly viz: 'range of products' (0.875) and 'level of technical product quality' (0.736). Both of them jointly explained 25.3% of the variations in the surveyed SBEs marketing practices. This finding simply lends credence to extant literature which holds that the effectiveness and efficiency of organizations ultimately depend on their strategic management practice in the area of product or organizational offerings (Majaro, 1977; Baker, 1992; Osuagwu, 2006). Furthermore, extant literature recognizes that certain strategies are more appropriate for SBEs. Storey (1995) suggests the avoidance of direct competition with big companies; and recommends the development of closer relationships with clients and product adaptation. Surprisingly, marketing research (A4) did not load satisfactorily with any of the two major components in table 6.0. This may imply that SBEs in Nigeria do not take marketing research adequately serious and perhaps one of the main reasons why SBEs continue to experience high failure rate in the market.

        Table 7.0 shows the total variance explained of organizational performance measures. A one-factor solution was obtained with the factor explaining 67.7 per cent of variances in the Organizational Performance measures.

        Table 8.0 shows the component matrix of organizational performance of the surveyed SBEs. From the one factor solution obtained, the strive for the 'achievement of marketing management goals' (B14) loaded highest while all other measures also loaded highly – customers/clients satisfaction (B13), focus on marketing mix effectiveness (B15) and level of customers' retention (B16).

Table 7.0: Total Variance Explained (Factor Analysis) of marketing practice performance measures

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	2.710	67.741	67.741	2.710	67.741	67.741
2	.512	12.793	80.534			

Table 7.0: Total Variance Explained (Factor Analysis) of marketing practice performance measures - continued

3	.424	10.595	91.129			
4	.355	8.871	100.000			

Extraction Method: Principal Component Analysis.

However, the finding that customers/clients satisfaction were emphasized and resulted from the marketing management practices of SBEs contradicts the findings from Osuagwu (2006) wherein it was reported that Nigerian SBEs seem not to emphasize the achievement of customers/clients satisfaction in their strategic management practices (p. 16). Further research work is needed to clarify this contradiction

Table 8.0: Component Matrix of Performance measures of SBEs in Lagos

	Initial	**Extraction**
B13	1.000	.625
B14	1.000	.730
B15	1.000	.637
B16	1.000	.717

Extraction method: Principal Component Analysis.

Test of Hypothesis - H$_O$: There is no significant relationship between marketing practices of small business enterprises and their performance.

Relationship between marketing practice of SBEs and their performance. Table 9.0 show the results of the analysis we performed on the relationship between marketing practices and performance using ANOVA. From table 9.0, the computed F ratio is 118.469. The tabular value at 1/543 degrees of freedom and 5 percent level of significant is 6.08. The calculated F being greater than the tabular value, the Ho is rejected and H$_i$ accepted. On the basis of this, we conclude that there is a significant relationship between the marketing practices of SBEs in Lagos and their organizational performance.

Table 9.0: Summary showing the Analysis of Variance of Marketing Practices of SBEs in Lagos and Performance (N = 545)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	154.736	1	154.736	118.469	.000[a]
	Residual	709.227	543	1.306		
	Total	863.963	544			

a. Predictors: (Constant), Marketing Practices
b. Dependent Variable: Performance

6. Conclusion, Recommendations and Future Research

This study present some findings that help in clarifying some postulations in extant literature (Golden *et al.,* 1995*;* Hooley & Beracs, 1997; Appiah – Adu, 1998; Akinova, 2000; Ellis, 2005) which had earlier demonstrated the existence of a positive relationship between marketing practices (not market orientation) and organizational performance in developing economics. The findings from this research concludes unequivocally that there is a significant positive relationship between the marketing practices of small business enterprises and organizational performance measured in terms of customers' satisfaction and retention.

Furthermore, networking (formal and informal) and mega-marketing appears to be at the center of SBE marketing in Nigeria. Marketing research and advertising activities appear neglected by SBEs in Nigeria. These issues need to be taken seriously by marketing practitioners who are desirous of

gaining competitive advantage and enhancing organizational performance in the market-place. We also suggest that policy makers and implementers involved in SBE development in Nigeria emphasize marketing training particularly marketing research and integrated marketing communication.

Unavoidably, this study and its findings are not free of limitations and they also present some research challenges. The first limitation relates to the context of the study (Lagos, Nigeria). While some of the findings may possibly be readily generalized for Nigeria and other sub–Saharan African countries, this logical extension and relevance of the findings cannot be readily ascertioned and neither can they be made for other economies (Honig & Karlsson, 2004; Osuagwu, 2006).

Further replications of this study on country specific basis in other developing economies in Africa is welcome to further improve our understanding of the practical context of SBE marketing practices.

Another limitation of the study is its cross sectional nature which does not allow for close investigation of between and among relationships that may exist in research variables (Gounaris & Avlonitis, 2011). It is hereby suggested that longitudinal research methodology be used in future research to reveal possible trends in marketing practices of Nigerian SBEs and isolate areas begging for sustained and long-term institutional interventions (Osuagwu, 2006).

A further limitation of the study is that measures of the variables studied were perceptual in nature. This makes the data subjective and the limitations of such perceptual measures characterize the results of the study. However, this phenomenon is characteristic of behavioural studies (Ogundele, 2000; Gray & Wert–Gray, 2000). Extant literature is also replete with studies that found strong correlation between objective measures of performance and their subjective assessments (Dess & Robinson, 1984; Pearce et al., 1987; Slater & Narver, 1994; among others).

Relatedly, quota sampling (though with some stratification) was used while actual respondents were not randomly selected from a "true population" of SBEs in the study area. This may jeopardize external validation of the research findings. However, achieving external validity is known to be difficult with single studies (Derbaix & Pham, 1991; Hansen, 2002). The lack of industry figures and population frame for SBEs is common in developing economies and particularly worrisome in Nigeria due to tax related reasons. Extant literature suggests the use of quota sampling in such situations (Folarin, 1999; Saunders *et al.,* 2007; Otokiti, 2010).

We suggest further, that future research should attempt to assess the relative importance attached to the different dimensions of marketing practices by SBEs in different contextual circumstances in their bid to deliver customer satisfaction. It is most likely that different aspects of SBE marketing practices bear differing weights as revealed in this study too.

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Appendix 1
Key to Research Variables

Marketing Practices Variables
    A1 = Level of technical product quality.
    A2 = Range of product
    A3 = Distribution coverage
    A4 = Marketing research
    A5 = Customer services

A6 = Degree of importance attached to advertising
A7 = Degree of importance attached to personal selling
A8 = Degree of importance attached to sales promotion
A9 = Degree of importance attached to pricing-related issues
A10 = Degree of importance attached to distribution channel relations
A11 = The customer friendly nature of firm's procedures.
A12 = Use of mega-marketing – high level contacts and networking with clients.

Organizational Performance Variables

B1 = Customers/clients satisfaction
B2 = Achievement of marketing management goals.
B3 = Focusing on the effectiveness of marketing mix elements rather than on the competitors.
B4 = Satisfaction with level of customers' retention.