

## INFLUENCE OF COMPETITIVE ORIENTATION STRATEGY ON PERFORMANCE OF SMALL-SCALE ENTERPRISES IN NASARAWA STATE, NIGERIA

By

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### Abstract

*The study determined the Influence of Competitive Orientation strategy on Performance of Small-Scale Enterprises in Nasarawa State, Nigeria” the study was guided by four specific objectives, four research questions were formulated and four null hypotheses were raised. The population of the study was 631 proprietors of registered Small Scale Enterprises in Nasarawa state. The study used the entire population for data collection. Fifty (50) items structured questionnaire was employed for data collection. Two experts validated the instrument and it was pilot tested in Makurdi, Benue state using 40 proprietors of registered Small Scale Enterprises. The instrument yields a Cronbach’s alpha reliability coefficient of 0.83. Five research assistants assisted the researcher in the data collection using direct delivery approach. The data collected were analyzed using Statistics Package of Social Science (SPSS), 25. The research questions were answered using mean score and standard deviation while Simple Logistic Regression was employed to test the null hypotheses at 0.05 level of significance. The study revealed that competitive orientation strategy significantly influences the financial, operational, market-based, employee and adaptability performances of small scale enterprise in Nasarawa state. It was concluded that effective adoption of Competition Strategies would help to boost the performance of Small-Scale Enterprises in Nasarawa state. Based on the findings, the study recommended among others that proprietors of small scale enterprises in Nasarawa state should integrate effective competition strategies that would enable them to compete with other Small-Scale Enterprises across the globe.*

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**Keywords:** Competition, Orientation, Strategies, Performance,

### Introduction

The concept of Small scale enterprise (SSEs) varies depending on the three indicators guides and the country (Visser, 2013). The first indicator was based on the number of employees (10 to 50). The second definition is based on the degree of legal formality while the third definition was based on amounts of capital employed (Sulayman, 2014). The author stressed that in developed countries such as Britain, the United States, and various European countries define small-scale enterprises in terms of turnover and number of employees. Developing countries such as Nigeria define small businesses in terms of work force, management structure, and capital investment limit (Lucky &



Olusegun, 2012). Generally, SSEs is considered as a business entity that require little capital to start with quick decision and with not more than 50 employees.

The contributions of SSEs as the driving force of economy development and growth cannot be overemphasized. Mohammed (2020) opined that SSEs are global instrument of economic growth and development of both developed and developing countries. The author maintained that the enormous importance of SSEs cut across agriculture, manufacturing, commerce, and industry services. Equally, Ahmed, Adamu, Audu and Edemenang (2022) reported that SSEs is the global building block for industrialization, internally generated revenue and self-reliance. The authors maintained that, SSEs contribute over 55% of gross domestic product (GDP) and over 65% of total employment in developed economies and it also plays a significant role by contributing 60% of GDP and over 70% of total employment in developing economies. The report by SMEDAN (2020) indicates Nigeria's SSEs contribute nearly 50% of the country's GDP and account for over 80% of employment in the country. No doubt, the sector is considered as the pivot to Nigeria's growth including reducing poverty levels.

Despite the importance of SSEs, studies have shown that there is high mortality rate in the sector. The study conducted by Nigerian Economic Summit Group (2020) reported that, about 70 percent of small enterprises in Nigeria go out of business within the first three years of operation. Adamu, Anas and Bala (2020) reported that less than 5% of SSEs in Nigeria do survive beyond 5 years of its operation. Empirical evidences have attributed the mortality rate of SSEs to many factors. For instance, study conducted by Akande (2011) attributed the high mortality rate of small businesses in Nigeria to inadequate managerial, leadership, and marketing skill needed for owner's competitive business ventures. The author stressed most of proprietors of SSEs in Nigeria lack requisite competitive scale for growth and development. Similarly, Muhammad, Adamu and Umar (2022) reported that SSEs failed due to inability of integrating effective competitive strategy.

The study conducted Suleiman, Mohammed and Owoicho (2022) reported that the underlying constraints that affect SSEs include inability of adopting effective competitive strategy for competing with international business terrain. Similarly, Recia (2016) opined that, the globalization of marketing environment made it difficult for any firm that lack effective competitive strategy to gain competitive advantage for survival. The study of Mohammed (2020) also reported that the performance of SSEs in Nigeria is relatively low due to lack of combination of competitive strategies. This was also supported by the to the work of Adamu (2020) which revealed that competitive strategy (CPS) has effect on performance of Small scale enterprise s in North Central Nigeria.

To address this problem, Adamu, Anas and Bala (2020) reported that, proprietors and management of SSEs need to learn the storms of competition that is needed in today's market forces and structure. The authors maintained that the performance of Small-Scale Enterprises is effected by inability of management to adopt appropriate strategy to gain national and international competitive advantages. Competitive strategy can be defined as the ability of business organization intends to create and maintain a competitive advantage with respect to competitors. According to Mohammed, Bala and Umar (2022), competitive strategy is business policies and procedures organization identify and execute to gain advantage in the market environment. Mohammed (2020) opined that



policies and procedures of business organizations are essential for components for business performance and success. Mohammed further maintained that, effective competitive strategy of business firms will greatly influence its performance operations. This therefore suggested that success, sustainability and performance of business organizations depends marketing strategies adopted. Nwaeze, Nwadike, Ufomadu and Nwankpa (2020) argued that for small business entrepreneurs to stay afloat in business they must get their competitive strategies right. Thus, the citations show that competitive strategy is a viable tool for business performance in a global competitive business environment.

The importance of competitive strategy on success and performance of business firms have been documented by scholars, for example, the study conducted by Owomoyela, Oyeniya and Ola (2013) maintained that organization's competitive marketing strategy helps in building, defending and maintaining the competitive advantage of business. The authors argued that utilization of competitive strategies enhances the level of profit of business organization in Kaduna state. Similarly, Muhammad, Adamu and Umar(2022) reported that competitive strategies have a significant positive effect on firm performance. Similarly, Siti Nur (2014) reported the performance of business organization is subject to adoption of effective marketing strategy. Prinka, Sarita and Pankaj (2019) noted that in the globalization of market, business organizations must internationalization of their activities and events as a way to remain competitive in the market and initiate a competitive market environment that will make it stronger. These therefore suggested marketing strategy is the pivot for business performance, it against this background that the researcher determined the influence of competitive orientation strategy on performance of small-scale enterprise in Nasarawa state.

### **Statement of the Problem**

The high rate of small-scale enterprises failure in Nigeria has become a matter of concern to government, shareholders and stakeholders in business organizations. Empirical studies have revealed that SSEs often have problem of ensuring continuous survival in the global market. In Nigeria, 80% of small businesses fail within the first 5 years (Anas, Adamu & Bala, 2020). Research has documented that 70% of SSEs fail in their first three years of operations in Nigeria Mohammed (2020). Similarly, the study conducted by Nigerian Economic Summit Group 2020 emphasized that about 70 percent of small enterprises in Nigeria go out of business within the first three years of operation. The situation is not different with that of Nasarawa state. A study conducted by Isa, Odili and Daniel (2022) indicated that the performance of SSEs is low and there is high rate of business failure in the Nasarawa state. The author attributed to problem to lack of competitive orientation strategy required by small and medium scale entrepreneurs in the state. Empirical study from Adamu (2020) reported that performance of SSEs relied on creativity, business diversification, and effective strategies. Mohammed (2020) maintained that, every business that adopt unique strategies that distinguish it from other firms will greatly influence its performance operations. These therefore suggest that the growth and development of every business depends on strategies adopted. It is based on this, that the researchers determined the influence of competitive orientation strategy on performance of small-scale enterprises in Nasarawa state, Nigeria, Specifically, the study

determined the extent to which competitive orientation influence the: (i) financial performance; (ii) operational performance; (iii) market-based performance; and (iv) adaptability performance of small scale enterprise in Nasarawa state.

### **Research Hypotheses**

The following hypotheses were raised and tested at 0.05 level of significant.

- i. Competitive orientation has no significant influence on financial performance of small scale enterprise in Nasarawa state.
- ii. Competitive orientation has no significant influence on operational performance of small scale enterprise in Nasarawa state.
- iii. Competitive orientation has no significant influence on market-based performance of small scale enterprise in Nasarawa state.
- iv. Competitive orientation has no significant influence on adaptability performance of small scale enterprise in Nasarawa state.

### **Research Methodology**

For the purpose of this study, Correlational design was employed. According to Adamu and Kabir (2019) descriptive survey research is devoted to the gathering of information about prevailing conditions or situations for the purpose of description and interpretation. The design was considered appropriate because it enabled the researchers to use questionnaire and elicit data from the sample of the study which were used to answer the research questions and hypotheses raised in the study. The population of this study was 631 made up of 482 proprietors and 239 managers of registered Small Scale Business in Nasarawa State. The study adopted Total Population Sample (TPS) Technique were the entire population of 631 management staff of four hundred and thirteen (481) SMEs that registered with SMEDAN in Nasarawa State was used for the study.

The instrument for the data collection was 40 items structured questionnaire titled “Competitors’ Orientation Strategies” (ICOS). The instrument was adopted from previous study as agreed by Creswell (2012) who suggests that a researcher can adopt instrument from the prior studies relevant to the current research and as the easiest approach. Based on these, the instrument was adopted from previous studies of Abdullahi, Kunya, Bustani and Usman, (2019) titled impact of competitive aggressiveness on performance of Small and Eedium Construction Firms in Nigeria and Recia (2016) titled the impact of market orientation and innovation on SME performance in Kosovo.

The instrument was structured 4-point ratingscale (Strongly Agreed 4 points, Agreed, 3 points; Disagreed, 2 points and Strongly Disagreed, 1 point). In order to ensure that the instrument, measures correctly the subject matter of this study, the questionnaire items was given to two (2) experts from Federal University Lafia and Abubakar Tafawa Balewa University Bauchi for content and construct validity. The experts vetted the instrument for the purpose of determining its face validity. Their observations, suggestions and corrections were used to arrive at the final questionnaire items. The validated instrument was pilot tested. The data collected from pilot study were entered into Statistical Package of Social Science (SPSS, 25) for reliability test. Cronbach’s

alpha was used in the actual study to determine the internal consistency of the instrument. A reliability coefficient of 0.83 was obtained. The instrument was adjudged to be reliable.

Five researcher assistants assisted the researchers in the data collection. Face-to-face method in the data collection. The method entailed handing copy of questionnaire to the respondent and being physically present as they complete it. This face to face approach facilitate the data collection and enabled the researchers to retrieve number of completed questionnaire (Adamu & Kabir, 2019). The exercise lasted for 5 weeks. Data collected were entered into Statistical Package for Social Science (SPSS) version 25. The package was used to run Simple Logistic Regression to test all the null hypotheses at 0.05 level of significance using Statistical Packages of Social Sciences (SPSS) 25. In the analysis, when the p-value is found to be less or equal to the alpha value ( $p < 0.05$ ), the hypothesis was rejected and when the p-value is found to be greater than the alpha value ( $p > 0.05$ ), the hypothesis was retained. The SPSS output as presented in Table 1 to 4.

### Results of the Study

The results of hypotheses are as presented in Tables 1 to 4.

#### Research Hypothesis One

Competitive orientation has no significant influence on financial performance of small scale enterprise in Nasarawa state.

The finding of null hypothesis one presented in Table 1 revealed the Standardized Coefficients Beta value of .912 with  $t=51.571$ . The  $R=-.912$  with R-square of .831 and Adjusted R Square .831. The R-Square of .831 suggested that Competitive Orientation strategy (COS) has 83.1% influence on Financial Performance of Small scale enterprise (FPSSE) in Nasarawa state. The  $p=.000 < 0.05$  level of significance further suggested that the influence of COS on FPSSE was significant. The hypothesis was rejected.

**Table 1: Linear Regression analysis on influence of competitive orientation strategy on financial performance of small scale enterprise in Nasarawa state.**

Std. Coeff, Beta	T	R	R <sup>2</sup>	Adj. R <sup>2</sup>	p-value	Decision
.912	51.571	.912 <sup>a</sup>	.831	.831	.000	H <sub>01</sub> rejected

a. Dependent Variable: FPSSE

b. Predictors: (Constant), COS

c. Source Fieldwork, 2023

#### Research Hypothesis Two

Competitive orientation has no significant influence on operational performance of small scale enterprise in Nasarawa state.

The result of test of hypothesis two in Table 2 disclosed .928 for Standardized Coefficients Beta with t-value of 57.854. The R-value stood at .928 with R-Square of .861 and Adjusted R Square

of .861. The  $R=.861$  indicated that COS has 86.1% influence on Operational Performance in Small Scale Enterprise (OPSSE). The  $p$ -value obtained was less than the level of significance ( $.000<0.05$ ), the result indicated that the influence of COS on OPSSE in Nasarawa state was significance. The hypothesis was not retained.

**Table 2: Linear Regression Result on the Influence of Competitive orientation strategy on employees' performance of small scale enterprise in Nasarawa state**

Std. Coeff, Beta	T	R	$R^2$	Adj. $R^2$	$p$ -value	Decision
.928	57.854	.928 <sup>a</sup>	.861	.861	.000	H <sub>02</sub> Rejected

a. Dependent Variable: OPSSE

b. Predictors: (Constant), COS

c. Source Fieldwork, 2023

### Research Hypothesis Three

Competitive orientation has no significant influence on market-based performance of small scale enterprise in Nasarawa state.

The regression analysis used to test null hypothesis three documented in Table 3 disclosed the Standardized Coefficients Beta value of. .914 with the t-value of 52.264. The  $R=.914$  and  $R$ -square=.835 with Adjusted  $R$ -vare of .835. The obtained .835  $R$ -square suggested that COS has 83.5% influence on Market-Based Performance of Small Scale Enterprise (MBPSSE).The  $p=.000<0.05$  further indicated that the influence of COS on MBPSSE in Nasarawa state was significant. The hypothesis was rejected.

**Table 3: Linear Regression Result on the Influence of Competitive orientation strategy on performance review of small scale enterprise in Nasarawa state**

Std. Coeff, Beta	T	R	$R^2$	Adj. $R^2$	$p$ -value	Decision
.914	52.264	.914 <sup>a</sup>	.835	.835	.000	H <sub>03</sub> Rejected

a. Dependent Variable: MBPSSE

b. Predictors: (Constant), COS

c. Source Fieldwork, 2023

### Research Hypothesis Four

Competitive orientation has no significant influence on adaptability performance of small scale enterprise in Nasarawa state.

The test of research hypothesis five documented in Table 4 disclosed the Standardized Coefficients Beta of .870 with  $t=41.036$ . The  $R$ -value stood at .870 with  $R$ -square was .758 and Adjusted  $R$ -Square of .757. The  $R=.758$  suggested that COS has 75.7% influence on Adaptability performance of Small Scale Enterprise (APSSE) in Nasarawa state. This can also be seen in the  $p$ -value of  $.0000<0.05$  obtained which suggested that COS has significant influence on APSSE in Nasarawa state. The hypothesis was therefore rejected.



**Table 4: Linear Regression Result on the Influence of Competitive orientation strategy on adaptability performance of small scale enterprise in Nasarawa state**

Std. Coeff, Beta	T	R	R <sup>2</sup>	Adj. R <sup>2</sup>	p-value	Decision
.870	41.036	.870 <sup>a</sup>	.758	.757	.000	H0 <sub>5</sub> Rejected

a. Dependent Variable: APSSE

b. Predictors: (Constant), COS

c. Source Fieldwork, 2023

### Discussion of the Findings

The result of research question one disclosed that competitive orientation strategy has influence the financial performance of small scale enterprise in Nasarawa state. The test of corresponding null hypothesis further shows that the influence of competitive orientation strategy on financial performance of small and medium scale business was significant. The outcome of the result agrees with that Nigerian Economic Summit Group (2020) which reported that significant numbers of small enterprises in Nigeria do face financial problem which led them to go out of business within the first three years of operation as a result of ineffective competitive orientation strategy. Similarly, Mohammed (2020) reported that the financial performance of SSEs is low and there is high rate of business failure in the Nasarawa state as a result of adopting wrong competitive orientation. Mohammed (2020) and Adamu (2020) also disclosed that SSEs financial performance relied on competitive orientation strategy, business diversification and business location among others.

The finding of research question two and test of null hypothesis two shows that competitive orientation strategy has significant influence operational performance of small scale enterprise in Nasarawa state. The finding is similar with the outcome of the study conducted by Recia (2016) which shows that, the rising globalization, rapid technological development due to stronger competitive pressure, rapid changes in the market and more demanding customers, irregular regulations, impulsive tax, has made it much more difficult for SSEs in developing countries to gain competitive advantage of operational performance review. To address this problem, Adamu, Anas and Bala (2020) reported that, proprietors and management of SSEs need to learn the storms of competition that is needed in today's market forces and structure to improve their operational performance. Mohammed (2020) maintained that, every business that adoption of unique strategies that distinguish it from other firms will greatly influence its performance operations.

The aftermath of research question three shows that competitive orientation strategy has influence the market-base performance of small scale enterprise in Nasarawa state. This was also applicable with the test of corresponding null hypothesis four which indicated the influence was significant. The result of the study was found to be in line with that of Abdullahi, Kunya, Bustani and Usman (2019) which revealed that competitive aggressiveness allows a firm to act forcefully to secure or improve its position in a field of rivals. The result also reveals a significant and positive correlation between competitive aggressiveness and firm performances. Another similar study was conducted by Bylon and Kraa (2019) which shows that market orientation variable of customer orientation positively and significantly predict performance and that competitor orientation positively predicts the sales of business enterprises. Also the study conducted by Similarly,

Abdullahi, Kunya, Bustani and Usman (2019) find out that a significant and positive correlation exist between competitive aggressiveness and firm performances.

The outcome of research question four which was further affirmed by the test of corresponding null hypothesis indicated that competitive orientation strategy has significant influence on adaptability performance of small scale enterprise in Nasarawa state. Similar result was reported by Mohammed, Adamu and Umar (2022) which reported that market orientation variable of customer orientation positively and significantly predicts adaptability and market performance of business organizations. Another study conducted by Mamman and Abuga (2020) reported that competitor orientation significantly affects SSEs in Yobe State. Another study conducted by Adamu (2020) reported that customer relationship marketing strategies and technology based marketing strategies have a positive insignificant influence on the performance of SSEs while promotional strategies had a negative insignificant.

### **Conclusion and Recommendation**

The outcome of the study disclosed that Competition orientation strategies have positive and significant influence on the performance of Small Scale Enterprises in Nasarawa State. The outcome therefore suggested that effective competition orientation strategies will help to improve the success and sustainability of Small Scale Business in Nasarawa State. It is therefore concluded that effective adoption of Competition Strategies will go a long way to boost the performance of Small Scale Business in Nasarawa state, consequently, the general complain of the rate of Small-Scale Businesses failure in Nasarawa state will be eliminated or reduced drastically. Based on the result, it was recommended that proprietors of small scale enterprises in Nasarawa state should integrate effective competition strategies that will enable them to compete with other small scale markets across the globe.

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