

**DETERMINANTS OF MEDIUM ENTERPRISE GROWTH IN
KEFFI, NASARAWA STATE**

BY

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NSU/ADM/MBA/BUS/393/15/16**

MBA BUSINESS ADMINISTRATION

**DEPARTMENT OF BUSINESS ADMINISTRATION
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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF
POSTGRADUATES STUDIES FACULTY OF ADMINISTRATION,
NASARAWA STATE UNIVERSITY, KEFFI IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF
BUSINESS ADMINISTRATION (MBA)**

**DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF ADMINISTRATION
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OCTOBER, 2019

DECLARATION

I hereby declare that this research has been written by me and it is the report of my research work. It has not been presented in any previous application for Masters of Business Administration (MBA). All quotations are indicated and sources of information specifically acknowledged by means of references.

ONYEKWELU Emilia Eberechukwu
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Date

CERTIFICATION

This Project entitled the **Determinants of Medium Enterprises Growth in Keffi Metropolis**, meets the regulation governing the award of Masters of Business Administration, of the School of Postgraduate Studies, Nasarawa State University, Keffi and is approved for its contribution to the knowledge and literary presentation.

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DEDICATION

This project is dedicated to God Almighty for his great mercies and protection
throughout my days in school.

ACKNOWLEDGMENTS

I sincerely show my gratitude to God Almighty who in his infinite Mercy granted me the great opportunity, and guidance throughout the period of my studies as well making this work a reality.

I am greatly indebted to my project supervisor, my mentor, Dr. M. A Malwoli, who with his parental advice, guidance brought me this far. My profound gratitude also goes to the Head of Department, Prof. B. E Barde for his time and encouragement which help to groom me as a wonderful

ABSTRACT

Medium Enterprises (MEs) have over the years been adjudged as the bedrock of major economics due to their enormous contributions in the areas of employment generation, poverty alleviation and improvement of standard of living but yet, many of such enterprises barely survive the first five years after start-up. This propelled this study which aimed at examining the determinant of MEs survival in Nasarawa State, Nigeria with specific objectives of assessing the effect of finance, customer focus, goodwill/trust and empathy on MEs growth. The study adopted a descriptive survey method with the aid of questionnaires as instrument of data collection from purposely sampled respondents totalling one hundred and twenty – five (125). Descriptive statistics was employed to describe the data while correlation matrix was used to determine the existing relationship among the variables under study. Simple regression analysis with the aid of statistical software E-view was used to test the five hypotheses of the study. The study found that finance has a positive and significant effect on MEs growth while customer focus has a positive but insignificant effect on growth. Quality Assurance has a positive and significant effect on MEs growth. Goodwill showed a negative but insignificant effect whereas Empathy showed a positive and insignificant effect. In line with the above findings, the study recommended that efforts should be put in place by relevant stakeholders to ensure easy access to loans and grants by MEs and also, MEs should create and maintain more customer groups rather than focusing on just one. MEs should also keep itself abreast with its level of goodwill through marketing research and device means of maintaining and strengthening it. Lastly the study recommended that staff of MEs should be trained and equipped with better skills and ways of handling and solving customers' grievances.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Medium Enterprises as defined by the National Council of industry, refer to business enterprises whose total costs excluding land is not more than two hundred million naira (200,000,000.00) only. A lot has been said and written about MEs in Nigeria. Medium Enterprises (MEs), by number, contributes to the world business stage. Although precise, up-to-date data are difficult to obtain, estimates suggest that more than 45% of enterprises across the world are MEs, accounting for approximately 30% of private sector employment (Ayyagari, Demirguc-Kunt & Maksimovic, 2011). Japan has the highest proportion of MEs among the industrialized countries, accounting for more than 99% of total enterprises (EIU, 2010). India, according to its Ministry of Micro, Small and Medium Enterprises, had 13 million SMEs in 2008, equivalent to 80% of all the country's businesses of which MEs accounts for one third of the population (Ghatak, 2010). In South Africa, it is estimated that 91% of the formal business entities are SMEs (Abor and Quartey, 2010). Estimated data for the 27 countries in the European Union (the EU-27) for 2012 also illustrate the importance of SMEs and they account for 99.8% of all enterprises, employ 67% of all workers and contribute 58% of gross value added (GVA) – defined as the value of their outputs less the value of intermediate consumption and an important factor in GDP. The contribution made by MEs does vary widely between countries and regions. Nevertheless, although they play particularly key roles in high-income countries, MEs are also important to low-income countries, making significant contributions to both GDP and employment (Dalberg, 2011). They are also major

contributors to innovation in economies, partly through collaboration with the larger corporate sector.

The Nigerian economy since the early seventies has been dependent on oil products. As a result of the enormous revenue generation from the oil sector, very little attention has been paid to proper development of the industrial sector. The reason for the lackluster performance of the industrial sector is mostly associated with the poor attention paid to the promotion and development of the small and medium scale subsector, which is accepted worldwide to be the engine of economic growth and the basic foundation for the industrialization process of any nation that desires to experience solid development. This is more so because entrepreneurship development is a critical aspect of skill development and keystone for economic revival and growth (Osim, 2010).

It is on the basis of this premise that Ojo (2009) argued that one of the responses to the challenges of development in developing countries particularly in Nigeria is the encouragement of entrepreneurial development scheme. In Nigeria, despite the abundant natural resources, the country still finds it very difficult to discover her developmental bearing since independence. Quality and adequate infrastructural provision has remained a nightmare, the real sector among others have witnesses downward performance while unemployment rate is on the increase.

Most of the poor and unemployed Nigerians in order to better their lots have resorted to the establishment of their own businesses. Even the touted sectors (banks and companies) known to be the largest employers of labour are on the down-turn following the consolidation crisis and fraudulent practices of the high and mighty in the banking sector. The companies of course are folding up as a result of erratic power supply, insecurity and persistent increase in interest rate

which has led to high cost of production and undermines profit making potentials of companies operating in Nigeria.

As a result of banking sector practices and continuous folding up of companies, a lot of Nigerians are today thrown into unemployment which inevitably detriment the economic situation of the country (Oni and Daniya, 2012). Enterprise success or breakthrough cannot be achieved without the direct intervention of the government and financial institutions (Emmanuel and Daniya, 2012). In recognition of the enormous potential roles of MEs, various special measures, schemes and programmes have been designed and policies enunciated and executed by government to encourage their (MEs) development and hence make them more vibrant in Nigeria (Onugu, 2005).

It has however been worrisome that despite the incentives, policies, programmes and support aimed at revamping the MEs, they have performed rather below expectation in Nigeria. Other challenges and problems, which frustrate MEs in Nigeria and make some of them to either die within their first two years of existence or perform below standard even after surviving in their early years abound. The key ones include inadequate infrastructural facilities (road, water, electricity etc.) insecurity of lives and property, inconsistent monetary, fiscal and industrial policies, limited access to markets, multiple taxation and levies, lack of modern technology for processing and preserving products, policy reversals, capacity limitations, data inadequacies, harsh operating environment, fragile ownership base and fragile capital base among others (Onugu, 2005).

The Nigerian national economy is characterized by mirage of problems which has constituted a sleepless night to developmental oriented governance. The most

disturbing thing in the country is the menace of unemployment, poverty and poor standard of living.

While small business is being acknowledged for its development contribution, it still faces many obstacles that limit their long term growth, survival and development. Research on small-business development has shown that the rate of failure in developing countries is higher than in the developed world (Okpara& Wynn 2007) In Nigeria, Arinaitwe (2002) in Okpara& Wynn (2007) stress that *“scholars have indicated that starting a business is a risky venture and warn that the chances of small-business owners making it past the five-year mark are very slim”*. Following on from the foregoing Okpara and Wynn (2007) stated that the obstacles facing ME include a lack of financial resources, lack of management experience, poor location, laws and regulations, general economic conditions, as well as critical factors such as poor infrastructure, corruption, low demand for products and services, and poverty. The big firms dominate every opportunity for obtaining loans and raw materials. They attract employees by offering better wages and benefits, and secure most of government procurement and contracts.

Similarly, Gbandi and Amissah (2014) agreed with the above assertion that SMEs in Nigeria have underperformed despite the fact that they (SMEs) constitute more than 90% of Nigeria businesses, their contribution to the nation's GDP could be attributed to amongst others; unfriendly business environment, poor funding, low management skills and lack of access to modern technology. Furthermore, it is an established fact that medium enterprises face financial challenges. Asaolu, Oladoyin and Oladele (2005) have deduced that the financial challenges mar the developmental role of medium enterprises.

The medium scale industries survey conducted in 2005 by the Central Bank of Nigeria (CBN) provides some evidence that apart from the acute shortage of technology, managerial skills, poor management, adverse environment, and change in policy, capital is a source of great concern to the entrepreneur in the sector. The Medium Enterprises owners do not have sufficient finance to carry out their due businesses due to low saving culture of people in Nigeria.

Successive governments in Nigeria have in the last three decades shown much interest in ensuring adequate financing for MEs by establishing various schemes and specialized financial institutions to provide appropriate financing to the sub-sector but the growth of the sector to seem not to justify government efforts in this direction.

1.2 Statement of the Problem

Most MEs in Nigeria die within their first five years of existence, a smaller percentage goes into extinction between the sixth and tenth year while only about five to ten percent survive, thrive and grow to maturity. Many factors have been identified contributing to this premature death of MEs. Key among them include: insufficient capital, irregular power supply, infrastructural inadequacies (water, roads etc.), lack of focus, inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper book keeping, lack of proper records or lack of any records at all, inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right caliber of staff, cut-throat competition.

However, there are still rooms for improvement in Nigeria; hence medium enterprise sector is acknowledged to have huge potential for employment generation and wealth creation in any economy. The problem therefore is to find out how finance, goodwill, quality assurance, customer focus and empathy affect ME growth.

1.3 Research Questions

- i. How does finance affect Medium Enterprises growth in Nasarawa State?
- ii. How does customer focus influence Medium Enterprises growth in Nasarawa State?
- iii. How does quality assurance support Medium Enterprises growth in Nasarawa State?
- iv. How does goodwill support Medium Enterprises in Nasarawa State?
- v. What is the effect of empathy on Medium Enterprises growth in Nasarawa State?

1.4 Research Objectives

The following research objectives guided the study:

- i. To examine how finance affects Medium Enterprises growth in Nasarawa State.
- ii. To determine how customer focus influence Medium Enterprises growth in Nasarawa State.
- iii. To determine how quality assurance supports Medium Enterprises growth in Nasarawa State.

- iv. To determine how goodwill supports Medium Enterprises growth in Nasarawa State
- v. To determine the effect of empathy on Medium Enterprises growth in Nasarawa State.

1.5 Research Hypothesis

The research work will be examining the following hypothesis:

H₀₁: Finance has no significant effect on ME growth in Nasarawa State.

H₀₂: Customer focus has no significant effect on ME growth in Nasarawa State.

H₀₃: Quality Assurance has no significant effect on ME growth in Nasarawa State.

H₀₄: Goodwill has no significant effect on ME growth in Nasarawa State

H₀₅: Empathy has no significant effect on ME growth in Nasarawa State.

1.6 Significance of the Study

This study is important in a number of ways: First, the study ventured into a field critical to the development of Medium Enterprise. In particular, this study focused on the growth and development of entrepreneurs operating medium enterprises, whose small and medium enterprises has been underestimated both at the local and national level, resulting in little effort being directed at developing and exploiting the inherent potential. The findings of this survey can be used to inform financial institutions on suitable products for these businesses, with a special emphasis of improving the entrepreneurs' welfare through their businesses. The study is useful to the government in policy making regarding the financing of the Medium

Enterprises through micro finances and other financial institutions. The policy makers will obtain knowledge on the best mechanisms that should be adopted to finance the Medium enterprises. This study is therefore to act as a guide in designing appropriate policies that will guide MFIs in financing the Medium Enterprises. It can also be of significant to researchers as it provides basis upon which further studies can be carried out on broad subject's microcredit financing of Medium Enterprises and it can also provide reference to scholars.

1.7 Scope of the Study

We conducted within the framework of assessing the determinants of ME growth in Nasarawa State. Over the years, literatures have not significantly being able to distinguish or separate small enterprises from medium enterprises as both are used conjointly and interchangeably. Though this study focuses on the medium enterprises it also uses both concepts interchangeably. We carried out the study specifically in Nasarawa State. It is a case study approach of major Urban Areas in Nasarawa State, thus Keffi. Hence the result will not be generalized but its findings will be placed in the relevant context of MEs in Nasarawa State.

The main limitations of this study were constraints of resources, access and time but these have not affected the findings. Despite the economic and social benefits of MEs to the Nigerian economy, unlike the developed countries, small businesses are still not thriving in Nasarawa State. Hence, there is currently not enough literature material on the determinants of ME growth in Nasarawa State. Furthermore, it is very challenging to access certain information that may be useful for the research and also the researcher has to combine academic work with the regular profession.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of Medium Enterprises (MEs)

OCED (2005) viewed Small and medium-sized enterprises (SMEs) as non-subsidiary, independent firms which employ less than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as the United States considers SMEs to include firms with fewer than 500 employees in the European Union. However, some countries set the limit at 200 employees, while small firms are generally those with fewer than 50 employees, while micro-enterprises have at most 10, or in some cases 5 workers.

Financial assets are also used to define SMEs. In the European Union, a new definition came into force on 1 January 2005 applying to all Community acts and funding programmes as well as in the field of State aid where SMEs can be granted higher intensity of national and regional aid than large companies. The new definition provides for an increase in the financial ceilings: the turnover of medium-sized enterprises (50-249 employees) should not exceed EUR 50 million; that of small enterprises (10-49 employees) should not exceed EUR 10 million while that of micro firms (less than 10 employees) should not exceed EUR 2 million. Alternatively, balance sheets for medium, small and micro enterprises should not exceed EUR 43 million, EUR 10 million and EUR 2 million, respectively

In Nigeria, the Central Bank of Nigeria (2010), defines small and medium enterprises in Nigeria according to asset base and number of staff employed. The

criteria are an asset base that is between N5 million to N500 million, and a staff strength that is between 11 and 100 employees. Medium enterprises (MEs) usually employ over 200 employees and capital assets of about 2 million. SMEs are generally small units specialising production for well-defined markets with low capital formation.

Chukwemeke (2004), defines small scale business as one whose total asset in capital, equipment, plant and working capital are less than N250,000 and employing fewer than 50 full time workers. Ogundele (2007) defines SMEs as one who has a minimum of 5 employees with minimum capital outlay of not less than N5, 000.00

2.1.2 Concept Finance

There are different views on finance; the procurement view, custodian function view and decision making view. Finance means “the provision of money at the time it is wanted”, according to Paish (2001). This definition of finance function highlights the procurement view. Finance function is a broader one. It includes the financing decision, investment decision, and dividend decisions. Thus, “the term finance may be defined as the management of the flow of money through an organization, whether it will be a corporation, school, bank or governmental agency” Hampton (1976). This definition of finance emphasizes the custodian function of money. Another broader approach to the function of finance is concerned with the financial decision-making. In this view, finance function is related to procurement of funds as well as their effective utilization. In the words of Howard and Upton, “Finance may be defined as that administrative area or set of administrative function in an organization which relate with arrangement of cash and credit so that the organization may have the means to carry out its objectives as

satisfactorily as possible”. Thus the function of finance is financial decision making by harmonizing individual motives and enterprising goals.

2.1.2.1 Sources of finance

Internal source of funding

Equity capital can be raised either internally or externally. Internal equity is funds obtained from the current owner–manager(s), family, and friends or from the retained earnings within the firm. External equity, however, is capital acquired from external channels other than the existing partners and their relatives. Ou and Haynes (2006) determined two situations when MEs pursue financing from equity capital sources in order to meet expansion needs. The first case is when MEs face financial distress coupled with a lack of alternative sources of finance. The second case is when cash outflows exceed the cash inflows generated from regular sources.

Debt financing: Capital structure decisions, relate to the use of either equity or debt or both. In order to keep full ownership and control of their businesses, MEs owner–managers may prefer to seek debt financing rather than external equity. Wu et al. (2008) have identified three significant differences between debt financing for MEs and that of Large Enterprises. First, unlike managers of Large Enterprises who usually have the choice of broader range of debt financing resources, MEs tend to be more attached to commercial lenders, especially institutional lenders, as a source of short-term debt financing that can be renewed for long-term debt. Second, as information asymmetry problems are more acute in MEs than in Large Enterprises, long-term lending relationships are important for MEs in order to deal with the resultant agency problems along with signalling, monitoring and bonding

(the provision of guarantee or collateral). Third, in concentrated owner–managed MEs, and contrary to what the agency theory suggests, it is not clear whether debt can lower the agency costs that result from information asymmetry arising due to different motives of owners and managers.

Trade Credit: Trade credit is an important mechanism for financing inter-firm trade. It is defined as the credit granted by a selling firm to finance another firm's purchase of the seller's goods. Firm is look like borrower and lender. Trade credit could also help to reduce the asymmetric information (Berlin, 2003). Financial economists have proposed explanations. Those explanations view trade credit as a method of monitoring and enforcing loan contracts to relatively risky MEs, diverting goods is harder than diverting money (Berlin, 2003).

Microfinance: Schreiner (2001) defined microfinance as formal schemes designed to improve the well-being of the poor through better access to saving services and loans. The impact studies of microfinance on poverty are organized around two complementary issues: the effectiveness of microfinance programs to reach their target audience (outreach) and to fight against poverty. On the first point, it has been repeatedly shown that if the beneficiaries of microcredit programs are indeed part of the poor and excluded from traditional financial systems populations, they do not belong mostly to the most vulnerable populations that are for example the owner managers of Small Enterprises and Medium Enterprises which also benefit their impact (Labie, Lelart&Montalieu, 2010). COBAC (2002) distinguishes three categories of MFIs, Category one are institutions that collect savings and deposits and lend them on exclusively to their members. This category includes associations, cooperatives and credit unions. Category two are institutions that

collect savings and deposits and lend them on to third parties. This category groups limited liability companies that function more like mini banks. The third category is made of lending institutions that do not collect savings and deposits. They include micro credit and project finance institutions.

Informal finance: Informal finance is defined as contracts or agreements conducted without reference or recourse to the legal system to exchange cash in the present for promises of cash in the future (Schreiner, 2001). The virtues of informal finance (slashed transaction costs, supply of not just loans but also savings and implicit insurance, services sensitive to constraints faced by women, substitution of confidence in character for physical collateral, socially enforced and/or self-enforced contracts, and sequences of repeated transactions) are favorable Medium Enterprises.

The informal arrangements in Africa financing have changed over time to adapt to the current context of the country. Servet (1995) distinguishes tontines depending on the composition, the duration, the nature of relationships between members, the type of use of the funds collected and the nature of commitments. He suggests a typology of tontines. There are tontines with associative character that operate on the principle of mutual benefit. There are also tontines in which members are attracted by the financial return; contributions here can reach large sums. We find in this type of tontine business men and women who are owner-managers of MEs. In general, members are well known, allowed to regain confidence in the group and reduce the asymmetry of information amongst members. Finally, professional tontines bring together people working in the same company or industry. Small Enterprises and Medium Enterprises can equally receive funding from public

administration and leasing, or through venture capital (Abdulsaleh& Worthington, 2013)

2.1.3 Customer Focus

The concept of customer focus or customer centricity has been discussed widely in the marketing literature. For example, Deshpandé, Farley, and Webster (1993) define a customer orientation (which has also been referred to as customer focus) as the “set of beliefs that puts the customer’s interest first, while not excluding those of all other stakeholders such as owners, managers, and employees in order to develop a long-term profitable enterprise.” Furthermore, Shah and colleagues (2006) suggest that “the true essence of the customer-centricity paradigm lies not in how to sell products but rather on creating value for the customer and, in the process, creating value for the firm.”

Customer Orientation has been widely used in most strategic human resources management literature (Hennig-Thurau&Thurau, 2003) as well as in many customer satisfaction studies (Dunn & Dahl, 2012; Oakley & Carolina, 2012). The concept refers mainly to the marketing principle that addresses the significance of considering customer needs and wishes throughout the organization (Ruizalba, Bermúdez-González, Rodríguez-Molina & Blanca, 2014). Customer orientation is ordinarily the principle of readiness to meet and respond promptly to customers’ needs and wants (Awwad&Agti, 2011). In fact, it is the total packages of external customers’ welfare in an organization. When a customer orientation approach is taken, there is likelihood of higher performance and quality delivery services by employees (Brady & Cronin, 2001).The earliest advances on the topic examined the overall customer orientation of entire organizations, usually referred to as

market orientation (Ruizalba, Bermúdez-González, Rodríguez-Molina and Blanca, 2014).

According to Appian-Adu and Singh (1998), the customer orientation is basically a business philosophy or a strategy which roots on the marketing concept. As a cornerstone of marketing department, the marketing concept, which was introduced in the 1950s, represents an organization's management philosophy or purpose that coordinates all corporate functions to satisfy customers' needs and wants (Felton, 1959; McNamara, 1972; Slater & Narver, 1998). Based on the marketing concept, Kohli and Jaworski (1990) concluded three core pillars of marketing concept (customer focus, coordinated marketing, and profitability) and proposed the definition of market orientation. From the perspective of organizational behavior, Kohli and Jaworski (1990) conceptualized market orientation (MO) as the organization-wide generation, dissemination of and responsiveness to market intelligence pertaining to current and future customer needs and wants. This is consistent with three core pillars of marketing concept that not only focus on customers' needs and preferences, also stress the commitment to market intelligence in order to make profits.

At the same time, Narver and Slater (1990) defined the market orientation from an organization culture perspective. As an important component of market orientation, Narver and Slater (1990) defined customer orientation as the sufficient understanding of target buyers to be able to continuously create superior value for them. A customer orientation suggests that a firm requires a long-term focus on customers' needs and preferences (Cano, Carrillat, Jaramillo, 2004; Narver & Slater, 1990).

Most scholars stressed that satisfying customers is essential to the success of a business (Drucker, 1954; Levitt, 1960; McKitterick, 1957). A customer-focus is to acknowledge and meet the customers' needs and wants (Kohli&Jaworski, 1990). Shapiro (1988) proposed that a firm disseminates the information of customers throughout the organization and processes of decision-making to satisfy customer needs and wants. To serve customer needs sufficiently, firms seek to improve the value of products and services they provided, and continually access to customers for new market information. Ruekert (1992) defined customer orientation as 'the degree to which the

Academic researchers and scholars have hence, defined the concept of customer orientation as 'the set of behaviors and beliefs that places a priority on customers' interests and continuously creates superior customer value' (Awwad&Agti, 2011). Most customer-oriented firms would 'stay close to the customers', as a means of identifying, understanding and monitoring their needs. Thus, understanding the needs of customers requires strong market sensing and customer-relating capabilities (Kirca, Jayachandran& Bearden, 2005). Customer-oriented firms foster direct customer contact, rely on focus groups and customer surveys to collect information about customer desires and perceptions of current products and services, and use customer-supplied information to design and deliver products and services. Furthermore, customer-oriented firms attempt to develop close relationships with customers to gain greater insights of their needs (Kirca, Jayachandran& Bearden, 2005). Moreover, for a company to be customer oriented, their employees too must be customer oriented (Neill & Richard, 2012; Stock and Watson, 2003). The definition of employee customer orientation usually

falls into one of two perspectives: one focuses on the attitudes and beliefs of the employees, and the other focuses on actual behavior (Stock & Watson, 2003).

By considering the attitudinal and belief perspective, Brady and Cronin,(2001), described customer orientation as an employee's tendency or predisposition to meet customers' needs in the job context. Other researchers also present customer orientation as a belief (Kirca, Jayachandran& Bearden, 2005) or value (Wieseke, Ullrich, Christ & Van Dick, 2007) held by an employee concerning the importance of satisfying customer needs.

2.1.4 Quality Assurance

Seppanen, Blomqvist and Sundqvist (2007) suggest that there are over 70 definitions of quality assurance in the literature and even in studies that use similar theoretical approaches, the definitions of quality assurance have not been necessarily similar (Rousseau, Sitkin, Burt & Camerer 1998; Raimondo 2000). In economics, Gambetta's (1988) widely cited definition posits that trust is "a particular level of the subjective probability with which an agent assesses that another agent or a group of agents will perform a particular action, both before he can monitor such action (or independently of his capacity ever to be able to monitor it) in a context in which it affects action". Gambetta (1988) therefore regards trust as a rational decision. Such rational choice approaches can be interpreted as being a cultural with a lack of attention to the norms that may be underpinning how different people see the same situation.

Zucker (1986) proposes that trust is "a set of expectations shared by all those involved in an exchange". She maintains that expectations are preconscious in

nature in that they are taken for granted as part of the world known in common, until they are violated.

Mollering (2006) and Rousseau, Sitkin, Burt and Camerer (1998) in their definition of quality assurance emphasise uncertainty, risks and vulnerability. Mollering (2006) defines quality assurance as “a reflexive process of building on reason, routine and reflexivity, suspending irreducible social vulnerability and uncertainty as if they were favorably resolved, and maintaining a state of favourable expectation towards the actions and intentions of more or less specific others”. Rousseau, Sitkin, Burt and Camerer(1998) corroborate that quality assurance is “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the behaviour of another”.

2.1.4.1 Types of quality assurance

There are mainly two types of trust, namely: personal trust and institutional trust (e.g. Lyon and Porter 2010).

Personal quality assurance

Personal quality assurance results indirectly or by imputation from the outcomes of prior exchanges(Zucker, 1986). It is formed based on the initial knowledge of the exchange partner and may depend on the characteristics of a group such as ethnic, kinship, social bonds and also from emotional bonds between friends, family members and other social groups (Welter &Smallbone, 2006). Social embeddedness facilitates the dissemination of information about actors in a social context (Granovetter, 1985). This information is referred to as reputation and relates to historic information about an actor’s honesty, reliability or dependability. A good reputation serves as an incentive for fulfillment of obligations (Glaeser, Laibson, Scheinkman&Soutter, 2000). Gulati, Nohira&Zaheer (2000) corroborates

that reputation takes time to build but can also be destroyed quickly. As a result, social embeddedness creates strong disincentives for opportunistic behavior. Personal quality assurance may also emanate from organizations and from long standing bilateral business relationships involving partners or friends who assume that the partner will not abuse the trust reposed in him/her even though there may not be any explicit rules governing the relationship. These relationships are therefore governed by norms, values and codes of conduct. Personal quality assurance becomes important in environments where formal sanctioning mechanisms are absent or fail and also where social groups such as ethnic minorities are excluded from mainstream societies in their host countries (Welter & Smallbone, 2006).

Institutional quality assurance

Institutionalists conceptualize trust as a phenomenon within and among institutions as well as the quality assurance individuals have in those institutions. Institutional quality assurance may develop from both formal and informal institutions. However, there is a disagreement on whether formal institutions can be trusted or not. Scholars such as Møllering (2006) indicate that inter-firm relationships benefit from reliable institutions only if they trust those institutions. Others, such as Levi (1998) argue that quality assurance in institutions is not possible since trust exists only between people. Institutions impact on trustworthy behaviour due to the incentives that may be available and the sanctions they impose on trustees' mutual expectations in an exchange relationship. Long lasting social relations between exchange partners can create benevolence between trustor and trustees. The incentives and the motivations for trustors to exhibit trustworthy behaviour are derived from the embeddedness of trustors and trustees who make references to

institutional contexts (Zucker, 1986; Mollering, 2006). In this way, institutional quality assurance allows arms-length exchanges with new partners such as business consultants due to the presence of legal safeguards and sanctions that may be applied should the relationship fail (Welter & Smallbone, 2006). Therefore institutional trust is important for the efficient operation of the economy because the presence of a high level of institutional agents facilitate transactions with limited information about partners in an exchange.

2.1.5 GOODWILL

Goodwill is one the intangibles which always been a constant problem of Business Men ever since its existence was first acknowledged in the 1880s. many authors have since then defined the concept of goodwill (Dicksee & Tillyard, 1906, Seed, 1937, Gynther, 1969, Fess and Niswonger, 1981). It is interesting to observe that the divergent opinions with regard to the definition of goodwill over time are also true about the accounting treatment of goodwill worldwide today.

Defining goodwill is a process which has spread over a long period of time, from the late 1800`s until today, and has not yet found closure. the stretch over time and the continuity of this process was best explained by Hughes (1982), as cited by Bloom (2008): “...there was no one Truth and never will be. The origin of goodwill can be revealed through history, but its nature is a matter of personal interpretation.”

In 2010 the International Accounting Standard Board issued the International Financial Reporting Standard 3 Business Combinations and replaced IAS 22. IFRS 3 defined goodwill as: “future economic benefits arising from assets that are not capable of being individually identified and separately recognized”. The definition

confirms that the value of the business as a whole is bigger than the sum of the accountable and identifiable net asset

2.1.6 Empathy (Customer Relation)

Empathy is the dimension of a business relationship that enables the two parties to see the situation from the other's perspective. It is defined as seeking to understand somebody else's desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense. Empathy may be concerned with liking someone or some organization. In the initial stages of a relationship it is important that the seller empathizes with the buyer but, as the relationship develops, empathy from both parties becomes increasingly important. Liking the other on the behalf of each party develops a close interpersonal and business relationship and gives a more positive outlook to each party.

Keen, (2007) defined empathy as the ability to recognize others' feelings, the causes of these feelings, and to be able to participate in the emotional experience of an individual without becoming part of it. Gagan (1983) indicates that empathy is the ability to perceive one's feelings on one hand, while transmitting them on the other. The origin of the word empathy dates back to the 1880s, when German psychologist Theodore Lipps coined the term "einfuhlung" (literally, "in-feeling") to describe the emotional appreciation of another's feelings. Empathy has further been described as the process of understanding a person's subjective experience by vicariously sharing that experience while maintaining an observant stance.

2.2 Empirical Review

2.2.1 Determinants of ME Growth

Chittithaworn, Islam, Keawchana, and Yusuf (2011) in their work determine the Factors Affecting Business Success of Small and Medium Scale Enterprises (SMEs) in Thailand. In their study management and know-how, customer and market, MEs characteristic, the way of doing business and cooperation, product and services, resources and finance, strategy and external environment are used as a variable that influences business success of MEs in Thailand. Data use for the study was collected through Survey questionnaire, and ordinary least square was used to measure or test the hypotheses under study. The result of the study revealed that MEs characteristic, customer and markets, the way of doing business and cooperation, resources and finance, and external environment has a positive and significant effect on the business success of MEs in Thailand. Fatoki (2011) evaluate the Impact of Social, Financial, and Human Capital on the Performance of MEs in South African. Questionnaire were used as the method of data collection, and three hundred and thirty-two questionnaire was self-administered, but only one hundred and twenty-two was returned, and ordinary least square method were used to test the hypotheses under study. The result of the research work revealed that there is a positive relationship between human, social, financial capital and the performance of MEs.

Hassim, Nizam, Talib and Bakar (2011) investigated the Effects of Entrepreneurial Orientation on Firms Organizational Innovation and Market Orientation towards Firm Business Performance in Malaysia. The researchers use entrepreneurial orientation, market orientation, and innovativeness as the factors that affect or

influenced the firm business performance. Data was collected through questionnaire from MEs in Malaysia, according to Business Directory, there are sixteen thousand nine hundred and twenty (16,920) MEs in Malaysia, and nine hundred questionnaire was administered through mail to the MEs firm, and also only three hundred and ninety-eight responses were received which was for the study. And the hypotheses were analyzed through multiple regressions. The findings of the study indicate that entrepreneurial orientation and innovativeness has a positive effect on firm business performance while market orientation exhibits an adverse effect on firm performance. The external environmental factors have a moderating effect on the correlation or relationship between market orientation and firm performance.

In a research conducted by Islam, Khan, Obaidullah and Alam (2011) to assess the Effect of Entrepreneur and Firm Characteristics on the Success of SMEs in Bangladesh. The business success of MEs was influenced by the characteristics of entrepreneurs and characteristic of the firm. Primary method was used through a questionnaire to collect data, and also the data collected was analyzed by SPSS. The finding of the study indicates that characteristics of entrepreneurs are the significant factor for business success of MEs, while firm characteristics are also indicated not to be a significant factor in the business success of MEs in Bangladesh. In a similar research, carried out by Jasra, Khan, Hunjra, Rehman and Azam (2011) examine the Determinants of Business Success of Small and Medium Enterprises in Pakistan. Financial resources, marketing strategy, technological resources, government support, information access, business access, business plan and entrepreneur skills are used as the variables that influenced business success.

Data was collected for the study through Survey questionnaire, and regression method was used through SPSS software to test the hypotheses variable under study. The result of the study signifies that there is a significant and positive relationship between business success and its determinants. The findings also indicate that financial resources are essential factors in the success of the business perceived by small and medium enterprises.

Okpara (2011) investigate the factors constraining the growth and survival of SMEs in Nigeria: implication for poverty. The research makes use of financial, lack of management, corruption, and infrastructure as variables that affect or influenced the performance of MEs. A questionnaire was used to collect data from two hundred and eleven small business owners and managers located in the cities of Aba, Onitsha, Abuja, and Lagos in Nigeria. The was analyzed descriptively, and multiple regression analysis was used through SPSS, and the result shows that financial constraints, lack of management, corruption, and infrastructure constraints are negatively correlated with small business performance, and also the result of the research work indicate that the most constraints that hinders small business growth and survival in Nigeria are mostly lack of financial support, corruption, poor management, lack experience and training, insufficient profits, poor infrastructure and low demand for product and services.

Moorthy, Tan, sChoo, Wei, Ping and Leong (2012) carried out research to assess the Factors Affecting the Performance of SMEs in Malaysia. Effective entrepreneurship, appropriate human resource, use of marketing information, and application of information technology are utilized by the researchers as the factors that affect or influenced the performance of MEs. In their study a total of three

hundred set of questionnaire was presented via email to the randomly MEs selected in the manufacturing industry all over Malaysia to collect data for the study and the variables were tested through multiple regression analysis, and also the findings of their study indicates that there is an adverse relationship between ineffective entrepreneur as well as inappropriate human resources management and the performance of MEs. And also the result indicates that there is a positive relationship between the use of marketing information, application of information technology and the performance of MEs. In short, the study discovered that the use of marketing information can influence or affect the performance of MEs at the highest.

Olugbenga (2012) conducted a study to assess the Policy Support and Performance of SMEs in South West Nigeria. In the study performance of MEs, was influenced or affected by technology, infrastructure, and finance. Primary data was employed to get access to information from one hundred and forty-four bakery firms from South-West Nigeria, and also primary data were sourced using interview and questionnaire administration, and also regression analysis was used to estimate the model. The result of the study revealed that technological and financial support impacted positively on the performance of the MEs and while infrastructural facilities are negatively related or correlated with the performance of MEs in Nigeria.

Ahmad, Ahmad, Kahut, and Murtaza(2012) investigate the New Determination of Factors Affecting the Growth of Small and Medium-Sized Enterprises in Pakistan. Access to finance, public and private partnership, lack of training and education, stress, lack of motivation, lack of political stability, bureaucracy, lack of

management, access to public infrastructure, and inflation, was used by the factors that influenced growth of MEs. Questionnaire gathered data for the research, and Pearson correlation analysis was used to analyze the data through SPSS. The finding of the study shows that access to finance, public and private partnership, lack of training and education, stress, lack of motivation, lack of political stability, bureaucracy, lack of management, access to public infrastructure and inflation are positive associated with the growth of MEs. Lack of training and education shows the highest correlation with growth of MEs and bureaucracy demonstrates the second highly correlation with growth of MEs followed by access to finance, public and private partnership, stress on employees, lack of political stability, lack of management, access to public infrastructure and inflation all have positive association with growth of MEs, while lack of motivation was reveal as the least but positive correlation with growth of MEs.

Akinruwa, Awolusi and Ibojo(2013) conduct a study to investigate the Determinants of Small and Medium Scales Enterprises Performance in Ekiti State, Nigeria: A Business Survey Approach in Nigeria. The researcher makes use of funding, political, education, infrastructure, Government policy, rawmaterial, entrepreneur competencies, customer patronage, technology and distribution channels as factors that influenced MEs performance. Survey questionnaire was used to collect data, and also the data gathered was analyzed through SPSS whereby regression analysis was also employed to provide an accurate result of the study. The result of the study indicates that funds, managerial skills, government policy, education, infrastructure, and entrepreneur competencies are significantly related to the performance of MEs at 5% level of significant. By ranking funds,

were considered most important follow by education, government policy, management skills, and infrastructure. While political, raw-material, customer patronage, technology, and distribution channel do not have positive and significant relationship with MEs performance.

Egbuna and Agali (2013) identify the effect of planning on the performance of small and medium enterprises in South Western Nigeria, using economic instability, source of finance and planning as factors that influenced performance of MEs. A structured questionnaire was used as a method of data collection from MEs under study, and descriptive statistic such as table, charts, frequency and percentage was used to analyze the data collected. The result shows that economic instability and access to sources of finance are the major challenges or obstacle facing MEs, and proper planning can increase the productivity and profitability of MEs in Nigeria, and the result further indicates that planning has a significant effect on performance of MEs.

Hove and Tarisai (2013) carried out a study to assess the Internal Factors Affecting the Successful Growth and Survival of Small and Micro Agri-Business Firms in Alice Communal Area in South African, the researcher make use of business plan, marketing strategy, mission/vision, SWOT analysis, and finance are the factors affecting or influencing the survival of small and micro agri-business firm. The researcher makes use of a quantitative method for data collection. Ultimately, all the quantitative data collected was coded into epi-info software for graphs and descriptive statistic to ensure reliability and generalized the result. The result of the research shows that the most significant internal factors that have impacted on the successful growth/survival of small and micro agric business firm in Alice

communal area are: marketing strategy, business plan, mission/vision, SWOT analysis and finance.

Laukkanen, Nagy, Hirvonen, Reijonen and Pasanen (2013) conducted research to investigate the Effect of Strategic Orientation on Business Performance in Small and Medium Scale Enterprises (SMEs): A Multi-group Analysis Comparing Hungary and Finland”. Learning orientation, entrepreneurial orientation, market orientation, brand orientation, with brand performance and market performance that are mediator are the factors that influenced or affect business performance in SMEs. In the study a data set of one thousand one hundred and twenty effective responses was collected from two European countries like Hungary , and it represent a post socialist rapidly growing market, and also Finland with a stable, highly develop and competitive economy. Confirmatory Factor Analysis (CFA) was used to test the measurement invariance, subsequently follow by SEM, and that is used to test the hypotheses under study. The result of the finding indicates that entrepreneurial orientation (EO), market orientation (MO), and brand orientation (BO) has a positive and significant effect on business performance or growth in Small and Medium Scale Enterprises (SMEs) in both Hungary and Finland through brand and market performance. About learning orientation (LO), a positive yet somewhat weak effect on growth was identified only in the Hungary samples. And also the moderation analysis shows that country moderates the hypothesized paths from SOs to business performance or growth.

Mahmood and Hanafi (2013) conducted a research to assess the Entrepreneurial Orientation and Business Performance of Women-Owned Small and Medium Enterprises in Malaysia: Competitive advantage as a Mediator. Entrepreneurial

orientation and competitive advantage were the variables that influence business performance. The data used was collected through mail survey questionnaire completed by women owner/managers and it was selected randomly from a sampling frame of registered SMEs, and the data was analyzed through regression analysis in order to actualize the result of the study. Finally, the result of the study revealed that there is a significant correlation relationship between entrepreneurial orientation and business performance and while the competitive advantage was found to partially or slightly mediate the entrepreneurial orientation and business performance relationship.

Martey, Annin, Attah, Wiredu, Etwire, and Al-Hassan (2013) conducted a research to examine the Performance and Constraints of Small Scale Enterprises (SSE) in Accra Metropolitan Area of Ghana. The researchers make use of age, gender, marital status, education, experience, employees, ownership status, initial capital and annual cost are used to influence performance. Survey questionnaire and the interview were used as a method of data collection in the study, and SPSS and econometric views (E-views) was used to analyze the data collected. The result of the study indicates that the age of entrepreneurs is one of the most influential determinants of performance of SMEs. The findings further indicate that the performance of entrepreneurs of married entrepreneurs is lower than those that have not get married by 819. The number of years of formal education attained by the entrepreneur is positively associated with the performance of small-scale enterprises. The result also indicates the years of experience influence the profit of small scale enterprises positively, and the performance of small-scale enterprises is significantly affected positively by the number of employees engaged in the

business. The result shows that initial capital invested in the business significantly affects performance negatively. Finally, the annual cost incurred by small scale enterprises significantly affects the revenue of the business positively.

Mbugua (2013) identify the Factors Affecting the Growth of Micro and Small Enterprises (MSE): A Case of Tailoring and Dressmaking Enterprises in Eldoret Kenya. The researcher makes use of business management, level of marketing, availability of finance, and also the characteristic of the entrepreneurs as the variable or factors that influenced the growth of micro and small enterprises. Questionnaire that includes both structured and unstructured questions was the main source for data collection, and it was supported by interviews and observation checklist. Base on the one hundred and fourty-eight sample enterprises, only one hundred and thirty were returned completed and satisfactory. Chi-square and regression analysis were used to analyze the data. The finding indicates that there is a significant relationship between marketing and the growth of the enterprises. In the same line or vein, the result shows that there is a positive relationship or correlation between the availability of finance and growth of the enterprises. But the result indicate that the characteristics of entrepreneurs are divided into three part such as number of years in self-employment, motive of going into self-employment and marital status of the owner-managers, and also the finding further spelt out that there was no significant relationship between the number of years an entrepreneur was in self-employment and the growth of the enterprises, and also the study identifies that there was a positive and significant relationship between motive of going to self-employment as a variable of entrepreneurial attributes and

the growth of the enterprises. Finally, the study found an inverse relationship between marital status and growth of enterprises.

Mohammed and Nzelibe (2013) conducted a study to investigate the Assessment of the Performance of SMEs as a Catalyst for Employment Generation and Wealth Creation in Nigeria. In the study financing, perceived political environment, and lack of management skills was used as the factors that influenced the performance of SMEs. Data used for the research work was collected through questionnaires, and a sample of one hundred and fifty SMEs was used from a population of two hundred and forty SMEs in Nasarawa States, Nigeria. Regression analysis model was employed to test or analyzed the hypotheses of the study. The finding of the study signifies that there are other major obstacles other than financing that hinders the development and growth of SMEs in Nigeria, and it shows that there is an association or connection between the perceived political environment and performance of SMEs, and lack of management skills affect and influenced the performance of small and medium enterprises in Nigeria.

Nabintu (2013) investigate the Factors Affecting the Performance of Small and Micro Enterprises Traders at City Park Hawkers Market in Nairobi County, Kenya. In his study performance of SMEs, was influenced by access to business information, access to finance, technological input in the payment system, and availability of management experience. Questionnaire was the Method use in collecting data for the study, and multiple regression analysis was used to determine the relationship between the variables under study. The study makes use of signaling theory, pecking order theory and balance scorecard. The finding of the study narrates that there is a positive correlation or relationship between financial

performance of SMEs and access to information, access to finance, technological input payment system and availability of managerial experience of magnitude 0.132, 0.066, 0.238, and 0.362 respectively. However, the positive relationship were very low as they fall below a threshold of 0.5 which might be due to the ordinal nature of the data collected since the magnitude of the respective factors could not be established.

Ofoegbu, Akanbi and Joseph (2013) examine the Effect of Contextual Factors on the Performance of SMEs in Nigeria, a study of Ilorin metropolis. In their study performance of SMEs is influenced by capital, availability of raw material, electricity (power), enabling environment, available market for sales products, states of the economy, competition, and government policy and action. Questionnaire is used as the method of collecting data, and one hundred and forty respondents were selected randomly from the entire SMEs in the state metropolis. Simple linear regression method were used, and the result of the research revealed that there is a significant relationship between capital, availability of raw material, availability of power supply, enable environment, availability of market, state of the economy, business competition and SMEs performance, while the result also shows that there is an inverse relationship between Government policy with SMEs performance.

Shehu, Aminu, Mat, Nasiru, Johnson, Tsagem, and Mai (2013) carried out a study to investigate the Mediating Effect between Some Determinants of SMEs Performance in Nigeria. The research uses Owner/manager knowledge, competitive intensity, complexity of marketing, technical competence, firm size, and advisory services as the factors that influence or affects SMEs performance in

Nigeria. The study make use of structure questionnaire survey that consist a sample of two hundred and seventy-eight manufacturing SMEs operating or functioning in Kano State, Nigeria, and a total of one hundred and ninety-eight questionnaire were filled correctly and return which represent 71% of the response rate, and also a Structural Equation Modeling (SEM) was used to test the hypotheses under study. The result of the study indicates that there is a positive and strong relationship between advisory services, complexity of marketing decision, owner/manager knowledge and SMEs performance, and also the result shows that there is no positive relationship between firm size, technical competence services, and SMEs performance. The study result also shows that advisory services mediate the relationship between owner-manager knowledge and the complexity of marketing decision. In another study conducted by Uddin and Bose (2013) determine the Factors Affecting the Success of SMEs in Bangladesh: Evidence from Khulna City. Success of SMEs was influenced or affected by business plan, channel of distribution, management skills, use of technology, government support, access to capital, personnel (HR), customer management, and improved product/services. The data used were collected from SMEs owners of the Khulna city, which is the divisional city of Bangladesh and a total of 195 respondents, were interviewed for the study. Two factors were identified, first using the rotated components matrix, and later using regression statistic were employed to measure the data. The result shows that business plan, channel of distribution, management skills, and government support has a high and positive correlation with the success factors of SMEs whereas personnel and product/services have a bit of negative correlation and finally the rest three variables such as technology, customer management, and access to capital has a slight positive correlation.

Similarly in a study conducted by Mata and Aliyu (2014) assess the Relationship between Some Determinant of SMEs Performance in Nigeria: A Qualitative Approach. The researchers make use of market orientation and entrepreneurial orientation as the factors that influenced SMEs performance. The study makes use of a qualitative interview with one owner/manager of manufacturing SMEs in Kano, and Nvivo trial version was used as the method of data analysis. The result of the study indicated that there is a positive relationship between the constructs, meaning that both market and entrepreneurial orientation correlate with SMEs performance. Questionnaire was used to collect data from two hundred and thirty sample of SMEs under study, and the data collected was analyzed by SPSS and also logistic regression analysis was employed to measure the determinants of SMEs whereby internal and external factors which involve risk taking, communication/business skills, ability to make decision, management skills, finance, government policies, corruption, marketing information communication technology, and infrastructure all influence performance of SMEs. The result shows that risk-taking, communication/business skills, ability to make a decision has no significant effect on the performance of SMEs. Finance, government policy, market of the product shows an adverse impact on the performance of SMEs. While corruption, information communication technology (ICT) shows a positive relationship with the performance of SMEs, and the last result indicate that infrastructure affect the performance of SMEs in Nigeria.

In a study conducted by Muzenda (2014) investigate the Conceptual Model of the Determinants of Performance of Tourism Sector of SMEs in South African. Entrepreneur attributes, firm characteristics, and external environment are used in

the study as the factors that influenced or affect SMEs performance. A structured questionnaire was used as the method of data collection from a total of one hundred and fifty-one respondents that were selected randomly, and the data collected was analyzed using SPSS. The Cronbach's alpha shows 0.826 and the Keiser-Meyer-Olkin show shows 0.707 which indicate the data used is reliable and adequate. Base on the Cramer's V coefficients obtained from the Chi-square test. The finding indicates or shows that there is a significant association between entrepreneur attributes, firm characteristic, external environment, and SMEs performance. Ojokuku, Sajuyigbe and Ogunwoye (2014) evaluate the Human Resource Management Practices (HRMP) and Small Size Business Performance: Evidence from Osun State, South Western Nigeria. The researchers make use of compensation, recruitment, training, performance appraisal, and firm size, ownership type, financial resource and legal regulation are the factors that influenced business performance. A survey of seventeen one small scale businesses in three urbanized local governments in the study area was conducted. Questionnaire was the method used collect data for the study, and also the data gathered was analyzed by multiple regression analysis. The result of the study shows that HRM practices have a significant impact on business performance at one percent level of significance. The finding also shows that compensation and performance appraisal has a significant impact on business performance while recruitment does not have a significant impact on business performance. It was also indicated that training has an inverse relationship with the business performance. The finding at the same time narrates that financial resources and firm size were the factors that significantly influence the adoption of HRM practice by small scale business in Nigeria.

Okeyo, Gathungu, and K'Obonyo(2014) determine the Effect of Business Development Services on Performances of SMEs in Kenya. The researchers make use of market access, procurement services, and infrastructure facilities as the variables that affect or influenced the performance of SMEs. Cross-sectional survey were employed in the study, and primary data were also used to collect data from one hundred and fifty enterprises in Nairobi Kenya, and linear regression analysis was used to analyzed the data obtained. The findings show that market access does not have any relationship with the performance of SMEs, but while procurement services and infrastructure has a significant and positive relationship influence on the performance of the enterprises. Thaimuta and Moronge (2014) examine the Factors Affecting the Performance of MatatuParatransit Venture in Small and Medium Enterprises (SMEs) in Nairobi County, Kenya. Management skills, entrepreneurial skills, training, and government policies that affect the performance of matatuparatransit sector in Nairobi County, and the data use for the study was collected through questionnaire. Multiple regression was used to analyze the data, and it was performed through SPSS software, and resource base view theory, entrepreneurship theory, economic theory of entrepreneurship, and empowerment theory was use as a supporting theory to the study. The finding states that management skills, entrepreneurial skills, training and the role of government policies influence or affect the performance of matatuparatransit sector in Nairobi County Kenya.

Okeyo, Gathungu, and K'Obonyo (2014) investigate the Impact of Strategic Human Resource Management (SHRM) on the Tangible Performance: Evidence from Nigerian SMEs. Strategic human resources management (SHRM), work

knowledge, individual fit and job fit, incentive for individual employee contribution, and incentive for achieving firm goal are used by the researcher as the variable that influenced tangible performance. The study makes use of Cross-Sectional approach or technique to collect data from a sample of two hundred and fifty SMEs in Lagos, Nigeria, and it was carried out through questionnaire. Multiple regression analysis was used to test or investigate the variables under study. The result of the study found that there is a significant relationship between, work knowledge, individual fit and job fit, the incentive for individual employee contribution and incentive for achieving the firm goal with the tangible firm performance.

2.2.2 Finance

The unavailability of financial resource has been adduces as one of the key limitations of SMEs in the findings of (Evbuomwan, Ikpi, Okoruwa and Akinyosoye, 2012). On the other hand, Azende (2011) empirically evaluated the performance of SME Equity Investment Scheme (SMEEIS) in Nasarawa and Nasarawa States of Nigeria. The research for a period of 16 years (1993 to 2008), used secondary data consisting of the total credit to SMEs as a percentage of total banks credit. The paired sample t-test was to be applied to check the importance of bank loans pre and post the introduction of SMEEIS. The result obtained showed lack of significance change in the disbursed loans to SMEs before and after the SMEEIS introduction. Safiriyu and Njogo (2012) also deployed two research instruments: a questionnaires and interview (primary data) in studying the influence of SMEs in the employment generation programme in Lagos State, Nigeria. Two different statistical techniques (simple percentage and chi-square)

were, used in analyzing the data. The finding was that SMEs is important for sustainable development. A significant connection also subsists between the promotion of SMEs and enhancement in employment generation.

Oyedokun, (2015) evaluated the interrelationship between Small and Medium Scale Enterprise performance in connection to the miniaturized scale money financing available to them. The emphasis was on small scale account establishment and entrepreneurial firms in south-western Nigeria. An aggregate of 153 enlisted little and medium and scale entrepreneurial firms were utilized for the investigation taking after the information screening and assessment. A purposive arbitrary testing strategy was received for the study. The information gathered was broken down utilizing Pearson's correlation. The discoveries uncovered that a critical and positive relationship exists between advances gotten from smaller scale fund banks (MFBs) and the execution of little and medium scale entrepreneurial firms.

Gulani and Usman (2012) examined the challenges Small and Medium Scale Enterprises (SMEs) face in financing new or existing organizations, the number of inhabitants in the study comprises of all SMEs working in Gombe State. Be that as it may, the study embraced purposive and straightforward arbitrary testing procedures to draw the specimen from the populace. SMEs were then haphazardly drawn from three (3) nearby government territories; using questionnaires and broke down utilizing chi-square strategy. The aftereffect of the examination uncovered that: there exists no critical distinction in the challenges SMEs face when getting to fund from different sources, while a noteworthy contrast in the level of consciousness of MFIs by SMEs. Friday (2012) evaluated the effect of Microfinance on Small and Medium Enterprises (SMEs) in Nigeria utilizing study

plan. The discoveries of the study uncover that huge number of the SMEs profited from the MFIs advances despite the fact that lone few of them were sufficiently proficient to secure the required sum required. Strikingly, dominant part of the SMEs recognizes positive commitments of MFIs advances towards advancing their piece of the overall industry, item development accomplishing market fabulousness and the general monetary organization upper hand.

Akinola (2013) evaluated entrepreneurship in Nigeria-Funding and Financing Strategies, utilizing longitudinal descriptive design data-set, they discovered an optimistic attitude towards funding in Nigeria, their study therefore established appropriate strategies to obtain funds from sources of finance by both small and medium enterprises. Ovat (2013) investigated the Liquidity Constraints and Entrepreneurial Financing in Nigeria, utilizing a descriptive approach and a sample of undergraduate students who were evaluated via questionnaire sources, the study discovered that costs required are subject to the level of modernity of the undertaking being referred to.

Kounouwewa and Chao (2011) directed a study on financing imperative determinants in 16 African nations including Nigeria. The outcomes showed that the sizes of firm and possession structure are variables in charge of little and medium ventures development. These elements additionally restrict their entrance to capital and thus money related imperatives. They reason that there must be proficient money related establishments to handle issues of financing imperatives in enterprise and MSMEs. Still of financing, Somoye (2013) investigated the influence of financing on enterprise development in Nigeria utilizing endogenous growth framework. The outcomes demonstrated that the standardized long-run co-

coordinating condition upheld by the short-run flow shows that money, loan fee, genuine total national output, unemployment and modern efficiency are critical to business enterprise in Nigeria. The outcomes likewise demonstrate a uni-directional Granger causal relationship and recommend that entrance to fund by business enterprise has critical association with monetary development in Nigeria.

Akingunola (2011) evaluated the financing options specifically available to SMEs in Nigeria. He also checked on the impact of such on the level of investment by deploying the Spearman's Rho correlation test. The finding shows that with a R value of 0.643, a positive and significant connection can be implied, between the financing of SMEs and economic growth in Nigeria. This is, done through investment and the 10% which confidence level. The relevance of small and medium scale enterprises as a means of generating employment, and reduction of poverty in the country in Nigeria was examined by Aremu and Adeyemi (2011). After a deep review of the literature, the authors concluded that the SME sector is primarily responsible for reduction in poverty, creation of jobs, and creation of wealth, income disparities reduction and income re-distribution.

Mba and Emeti (2014) examined Issues, Challenges and Prospects of Small and Medium Scale Enterprises (SMEs) in Port-Harcourt City, Nigeria. The study was informed by the high rate of unemployment in the society and the poor performance of SMEs in employment generation. Specifically the study investigated the extent to which poor financing, inadequate social infrastructures, lack of managerial skills and multiple taxation constitute major challenges in the performance of SMEs between October 2012 and November 2013, it assumes that government intervention through the provision of financial assistance, social

infrastructures and favourable taxation policies will reverse the trend. The paper adopted a descriptive research design using 120 randomly selected registered operators of SMEs in Port-Harcourt City. Data collected were analyzed using descriptive statistics while formulated hypotheses were tested using z-test. Results from the data analysis indicated that poor financing, inadequate social infrastructures, lack of managerial skills and multiple taxation were major challenges confronting SMEs in Port-Harcourt City. In order to ameliorate the situation, the study recommends the following: provision of soft loans to SMEs operators, government guaranteeing of long-term loans to SMEs operators, establishment of SMEs funding agency, public/private sector partnership in infrastructural provision, capacity building for SMEs operators and provision of tax incentives for SMEs operators.

Gulani and Usman, (2012), evaluated the challenges Small and Medium Scale Enterprises (SMEs) face in financing new or existing businesses in Gombe State. Adopting purposive and simple random sampling techniques, information were elicited from a sample of Sixty five (65) respondents which was analyzed using chi-square method. The result of the analysis revealed that: There is no significant difference in the difficulties MEs face when accessing finance from various sources, there is a significant difference in the level of awareness of MFIs by MEs. The research however, recommends that government policy of initiating various intervention funds for entrepreneurial development should be encouraged; SMEs in the state should be sensitized on the activities of Micro Finance Institutions (MFIs). Ekot (2010) adopted the survey design focused on small business ownership and management in Uyo metropolis. It examined the problems confronting this class of business as well as the prospects awaiting future investors. With the help of

personal interview and structured questionnaire administered to 100 randomly selected small business owners in the study area, data were collected and analysed using simple percentage. The study observed that paucity of funds and interest by the young and educated people to take to small businesses and poor government and institutional support are some of the problems facing small businesses in Uyo metropolis and AkwaIbom State generally. Among the recommendations made is that government should step up support to small businesses and create greater awareness for more people to take to small businesses in AkwaIbom State.

2.2.3 Customer Focus

Some literatures theoretically and empirically focus on the relationship between customer orientation and firm performance. Appian-Adu and Singh (1998) studied the CO-performance relationship of small- and medium-sized enterprises (SMEs) in the UK and found that a customer orientation has a positive effect on SMEs' performance. Asikhia (2010) found a significant and positive CO-performance relationship in the Nigerian SMEs. Compared to competitor orientation, Zhou, Brown, Dev and Agarwal (2007) concluded that a customer orientation performed better in munificent markets that have favorable local business environment and available resources.

While some researchers have different opinions, Gatignon and Xuereb (1997) advanced that the influence of customer orientation on the innovation performance will decreases when market uncertainty decreases. Voss and Voss (2000) found a negative relationship between a customer orientation and performance in nonprofit theater industry.

Sousa (2003) highlights that customer focus practices in the manufacturing industry are highly dependent on the organizational strategy in place. Customer

focus practices are categorized as customer relationships, customer involvement in new product design, collection of information on customer needs, and dissemination of information collected on customer needs within the organization and responsiveness to that information. Research by Sin and Tse (2005) and Akroush and Dahiyat (2011) found key customer focus dimension include customer-centric marketing, key customer lifetime value identification, and interactive co-creation marketing.

2.2.4 Quality Assurance

Research on the role of trust in international business and SME growth, though in its nascent stage, is surrounded by disagreements. Even though some studies had previously found that trust improves performance in international business (Zhang, Cavusgil & Roath, 2003; Child & Rodrigues, 2007; Ali & Larimo, 2011), others (e.g. Kenny & Fahy, 2011) found a positive but insignificant relation between trust and international performance. In contrast other researchers (e.g. Lyles, Sulaiman, Barden & Kechik, 1999) found a negative relation between trust and performance. Child and Rodrigues (2007) investigated the experiences of 32 British SMEs many of which had entered and a few cases that were attempting to enter Brazil. The study found that in order to penetrate the Brazilian market, quality assurance-based relationships were of paramount importance in the process. Similarly, in their critical review of the literature on empirical research on trust performance in international business, Ali and Larimo (2011) analysed 29 empirical studies that examined trust in strategic alliances. They focused on studies that exclusively focused on trust between organisations. Their review suggests that there is a positive link between trust and performance.

Kenny and Fahy (2011) focused on high technology SMEs' network capability. Among others, they hypothesised that there is a positive relation between trust and international performance. However they found that the relationship, though positive, was not significant at the 95 percent confidence level. In view of the apparent inconclusiveness in the findings, there is a need for further research on the role of trust in international business. Child and Rodrigues (2007) emphasise that the study of quality assurance in firms engaged in international business is a relatively recent phenomenon and "its role in the internationalisation of SMEs deserves further investigation", more so because the few studies that examine the role of quality assurance in SME internationalisation mostly do not focus on the micro processes through which quality assurance is developed, used, violated and repaired in such networks.

2.2.5 Goodwill

Goodwill is an intangible asset associated with the purchase of one company by another. Specially, goodwill is recorded in a situation in which the purchase price is higher than the sum of the fair value of all identifiable tangible and intangible assets purchased in the acquisition and liabilities assumed in the process. The value of the company's brand name, solid customer base, good customer relations, and any patents or proprietary technology represent some examples of goodwill. Goodwill is a premium paid over fair value during transaction and cannot be bought or sold independently. (Dicksee & Tillyard, 1906, Seed, 1937, Gynther, 1969, Fess and Niswonger, 1981). It is interesting to observe that the divergent opinions with regard to the definition of goodwill over time are also true about the accounting treatment of goodwill worldwide today. In 1983, the international

Standard Committee issue IAS 22 Accounting for Business Combinations, where goodwill is defined as “the future benefits from unidentifiable assets”.

2.2.6 Empathy (Customer Relation)

The customer's attitude towards any form of relationship between him/her and the supplier is important. So if the customer perceives the importance of relationships strongly, then he/she develops a stronger relationship with the supplier (Ward, Frew, and Caldow, 1997). With respect to the firms, the importance of relationship marketing motives of investment in customer relationship building include access to privileged information on customer needs and wants, mutual rewards, cost reduction and increase in profitability, (Ndubisi, 2004).

Reichheld (1993) reported that a 5 per cent increase in customer retention typically increased the company's profit by 60 per cent by the fifth year. It has been argued that long term relationships where both parties over time learn how to interact best with each other lead to decreasing relationship costs for the customer as well as for the supplier or service provider. Efficiency is gained, and value is created on both sides of the customer equation. Webster (1992) reported that “there has been a shift from a transaction to a relationship focus”.

Ndubisi (2003) argued that the only real sustainable business growth strategy is through a mutual symbiotic relationship with customers, which enables a business to understand their needs more clearly and to create and deliver superior value. Verhoef (2003) reported that a relationship is important for firms since establishing and maintaining relationships with customers will foster customer retention, customer share development and increased profit. Relationship marketing, therefore, has become increasingly important as a business strategy (Verhoef,

2003). A relationship orientation implies that the focus of marketing is on retaining customers by maintaining and strengthening win-win relationships over time (Payne & Frow, 1997). This approach implies that relationships are more likely to develop in situations where the customer has more frequent contact with the service provider, where the service is continuously delivered over an extended time period and where the customer perceives the relationship to be important (Bove & Johnson, 2000). Several studies on services marketing have suggested that in order to acquire and maintain a competitive edge, service organizations should develop long-term relationships with their customers (Berry, 1995).

2.2.7 ME Growth

Generally, the term “business growth” is used to refer to various things, such as increase in total sales volume, increase in production capacity, increase in employment, increase in production volume, increase in the use of raw material and power. These factors indicate growth, but do not provide a specific meaning of growth. Business growth is typically defined and measured using absolute or relative changes in sales, assets, employment, productivity, profits and profit margins. Delmar, Davidson and Gartner (2003) posited that various scholars use growth indicators such as assets, market share, physical output and profits to measure business performance. Yet they argued these indicators are usually not used as sales and employment, because their applicability is limited; thus, market share and physical output vary within different industries and are therefore difficult to compare; total assets value depends on industrial capital intensity and is sensitive to change over time; and, lastly, profits are simply appropriate in measuring size over a long period of time.

Furthermore, Delmar, Davidsson and Gartner(2003) claimed sales and employment are two important indicators when measuring firm growth. Employment is often used, because it is comparatively easy to access and measure as well as because it lies within interest for policy makers (Barkham, Gudgin, Hart, Hanvey,1996). Sales are also commonly used to measure firm growth, though sales are susceptible to inflation and exchange rates. Besides, it can be difficult to compare sales figures in unlike industries. Therefore, Delmar et al. (2003) concluded that researcher should use multiple growth indicators when studying firm growth.

In the last decade or so, different authors argue that SMEs differ from larger enterprises, because they do have dissimilar growth possibilities. They intimated that large firms witness expansion during recessions/recoveries, whilst SMEs often seems to grow in booms. According to Huynh and Petrunia (2010), firms with a growth objective tend to have higher debt levels than firms that have lower growth inclination. The desire for business growth is the only medium through which SMEs can become larger organisations; business growth is closely linked to employment creation (Davidsson, Achtenhagen and Naldi, 2010). With regards to the factors influencing SME growth, Levratto, Tessier and Zouikri (2010) identified factors such as the firm's resources, human capital (age, experience), environmental and market characteristics as key influences on SME growth.

2.3 Theoretical Review

The theories adopted for this research are the bank capital channel model and Keynesian growth theory.

2.3.1 Keynesian Growth Theory

In relation to the entrepreneurial financing, the Keynesian propositions stressed that demand management policies and strategies can and ought to be utilized to enhance macroeconomic execution and supportability. That is, macroeconomic approaches ought to include setting financial and monetary variables in every day and age at the qualities which are thought important to accomplish the government's targets (Abata, et al., 2012). Albeit Keynesian hypothesis is of the perspective that the private part is innately temperamental, it is liable to visit and quantitatively critical aggravations in the segments of total interest. It is the errand of counter repetitive or adjustment strategies to counterbalance this private division unsettling influences thus keep genuine yield near its business sector clearing harmony time way (Olawunmi&Ayinla, 2007).

In this way, in view of the Keynesian financial development model, financing entrepreneurs ought to be a piece of macroeconomic strategies of government in which both the monetary and fiscal approaches ought to perceive to accomplish the wanted levels of monetary development and improvement of Nigeria. In perspective of this, Zeller and Sharma (1998) contended that microfinance can help in the change or foundation of family endeavour, possibly having the effect between mitigating neediness and financially secure life. Then again, Burger (1989) showed that microfinance has a tendency to settle instead of expansion of salary and tend to save as opposed to making occupations. In any case, Buckley (1997) arrived at the conclusion that there was little proof to propose that any huge and maintained effect of microfinance administrations on customers as far as

entrepreneurial advancement, expanded salary streams or level of job. The core ideas are that change to access to microfinance and business sector for the needy individuals was not adequate unless the change or change is joined by changes in innovation as well as procedure.

2.3.2 Bank Capital Channel Model

The lending behaviors of bankers to entrepreneurs are greatly highlighted by this model as it concerns capital adequacy requirement. The model looks at interest rate volatility as a determining factor to their financial treatment, particularly when their credit offer is shrieked down by the strength of their capital-base. The implication is that, often, as interest rates increases, the funding cost of banks' external funding also increase, thereby reducing profit tendencies. When this happens the bankers are forced to reduce their credit issue, especially when there is capital-base constraint.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study adopted the descriptive survey, using questionnaire to collect required data. Specifically, closed ended questionnaire were used to collect primary data, in order to streamline responses for easy analysis. Purposive sampling technique was used in selecting the respondent who are business outlets. A descriptive research is appropriate because the research objectives included the description of the influence of business environment on business.

3.2 Population and Sampling Techniques

The population of the study consists of business people in Nasarawa State, Nigeria. As the number of business outlets is not clearly documented, we use other criteria for sample selection. We selected businesses with total workforce of five and above that are located in Keffi metropolis. We decided on purposive sampling method which enables us to do prequalification checks before questionnaire was deployed. This provided a good experiential learning for the researcher and minimized the number of wasted questionnaires. Although we felt any normal standard distribution sample of 30 was adequate, but we made our study robust by deploying 125 questionnaires.

#

Table 3.1 population frame list

Nasarawa State

Business Community	xx
Modern market	2,800
Wadata	2,007
Wurukuru	3,670
Railway	1,700
Total Population	10,177

Source: national population commission of nigeria [web], national bureau of statistics

Table 3.2 Sample of the study

Nasarawa State

Business Community	Sample
Modern market	40
Wadata	30
Wurukuru	30
Railway	25
Total Population	125

3.3 Method of Data Collection

The study will make an extensive use of both primary and secondary sources of information from business people. Secondary data are existing data that has been written which are used as exploratory research to characterize the problem. Data collected from the secondary sources are used to build a framework against which primary data are being tested. The primary sources of data will include information that was gathered from questionnaire that were administered to the respondents and structured interviews that was conducted with ME owners.

The questionnaire was structured in such the way that respondent can answer the closed ended questions using likert scale in order to elicit feedback from respondents about their experience in terms of the determinant of ME growth.

Response categories mainly ranged from strongly disagree =1, disagree =3, undecided =3, agree =4, to strongly agree =5, in a five point likert scale. We conducted further interviews to clarify any further points and learn more about the experience of the business operation and management of such in Nasarawa State.

3.4 Instrument Validity and Reliability

The instrument for data collection (questionnaire) was validated through expert judgment. This was done to establish both face and construct validity. A draft of questionnaire was given to three lecturers in the Faculty of Administration who are experts in research to scrutinize, analyze and criticize. We did this to ensure that the items were relevant to the research questions and hypotheses developed for the study. These provided a clear link between theory and practice of the observed experience of businesses in Nasarawa State.

3.5 Techniques of Data Analysis

The data collected for this study were analyzed using descriptive statistics and regression analysis. The regression models are specified below:

$$\text{MEG} = \alpha + \beta_{\text{FIN}} + \mu \dots\dots\dots (1)$$

$$\text{MEG} = \alpha + \beta_{\text{CSF}} + \mu \dots\dots\dots (2)$$

$$\text{MEG} = \alpha + \beta_{\text{QA}} + \mu \dots\dots\dots (3)$$

$$\text{MEG} = \alpha + \beta_{\text{GW}} + \mu \dots\dots\dots (4)$$

$$\text{MEG} = \alpha + \beta_{\text{EMP}} + \mu \dots\dots\dots (5)$$

Where, MEG = Medium enterprises growth

FIN = Finance

CSF = Customer Focus

QA = Quality Assurance

GW = Goodwill/Trust

EMP = Empathy

3.6 Justification of Method Used

The data collected for this study are primary data using scaled instrument to make it parametric. There are four independent variables which thus makes the study a multivariate. For a multivariate variable with single explanatory variable the only available option is to run a simple regression analysis. Thus, the various model for each of the objectives were formulated in their simple form.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Data Presentation

One hundred and sixty copies of the questionnaire were distributed so as to account for unreturned, incorrectly filled and invalid questionnaires. This was to allow for the sample size of one hundred and fifty (150) to be fully attained. However, one hundred and thirty-four (134) were returned and correctly filled. The responses are analysed as follows in the sections below;

4.1.1 Descriptive Statistics of Variables

Table 4.1: Descriptive Statistics for the Variables

Stats	FIN	CSF	QA	GWT	EMP	MEG
Mean	3.12	3.23	3.24	3.33	3.64	3.24
Sd	0.5489	0.7883	0.9983	0.6424	0.6766	0.9983
Min	2	2	2	2	2	2
Max	4	5	5	4	5	5
p50	3	3	3	3	4	3
Skewness	0.1360	-0.0644	0.5812	-0.1206	-0.9401	0.5812
Kurtosis	1.9256	1.5569	2.0479	1.7140	3.4739	2.0479
N	134	134	134	134	134	134

Source: Researcher's Computation, 2019

Table 4.1 above shows the descriptive statistics for all the variables used in this study. The average value for finance (FIN) 3.12 and the median (p50) value was 3. The minimum and maximum value was 2 and 4 respectively. These values do not indicate presence of outliers as there is no much difference between the maximum and the minimum values. The standard deviation was found to be 0.54 from the

mean value. For consumer focus (CSF), the mean value is 3.12, the median is 3, the minimum and maximum are 2 and 5 respectively, and the standard deviation is 0.78. There is no presence of outliers. Finally, for quality assurance (QA), the mean value is 3.24, median 3, minimum and maximum 2 and 5 respectively and standard deviation is 0.99 with no indication of outliers. For goodwill/trust (GW), the mean value is 3.33, median 3, minimum and maximum are 2 and 4 respectively and standard deviation 0.64. There is no indication of outliers. For empathy (EMP), the mean value is 3.64, median 4, minimum and maximum are 2 and 5 respectively and standard deviation 0.67. There is no indication of outliers. Finally, for Medium enterprises growth (MEG), the mean value is 3.24, median 3, minimum and maximum 2 and 5 respectively and standard deviation is 0.99 with no indication of outliers.

The skewness statistics which was used to show the direction of the normal distribution curve showed that, FIN, CSF, GWT, EMP and MEG all had a negative distribution and they all tailed to the left-hand side of the normal distribution curve. Their skewness values gave -0.13, -0.06, -0.12, -0.94 and -0.58 respectively.

4.1.2 Correlation Matrix for Independent variables of the study

The following describes the correlations exhibited between the variables of the study as analyzed and expressed in table 4.2.

Table 4.2: Correlation Analysis

	FIN	CSF	QA	GWT	EMP
FIN	1				
CSF	0.3831	1			
QA	0.3314	0.2587	1		
GWT	0.4096	0.4645	0.3364	1	
EMP	-0.2631	-0.3295	0.1654	-0.4067	1

Source: Researcher's Computation, 2019

Correlation table 4.2 shows a positive relationship between Finance (FIN) and Customer focus (CSF) with a coefficient of 0.38; Finance (FIN) and Quality Assurance (QA) with a coefficient of 0.33; Finance (FIN) and Goodwill/trust (GWT) with a coefficient of 0.41; and also between Customer focus (CSF) and Goodwill/Trust (GWT) with a coefficient of 0.46. In contrast, the table shows negative relationships between Finance (FIN) and Empathy (EMP) with a coefficient of -0.26; Customer focus (CSF) and Empathy (EMP) with a coefficient of -0.33 and a negative relationship also between Goodwill/trust (GWT) and Empathy (EMP) with a coefficient of -0.41.

However, none of the variables show close correlation, that is correlation of coefficients close to 1. This implies that all the variables stand alone and are not repetitions of one another. This also indicates there is no problem of multicollinearity of the data analysed.

4.2 Data Analysis

From a pooled OLS regression analysis using STATA statistical software, the hypotheses of the study have been tested and results extracted as follows;

4.2.1 Finance and ME Growth

Ho₁ Finance has no significant effect on ME Growth.

Table 4.3: Regression for Hypothesis One

Dependent variable	Independent Variable	Coefficient	p-value	f-stats	p-value	R ²
MEG	FIN	0.1552	0.000	9.43	0.000	0.0596

Source: Researcher's Computation 2019

The statistical decision rule of p- value states that the Null hypothesis should be accepted if P- value is greater than alpha value (for example, level of significant which is 0.05) otherwise it should be rejected while the Alternative hypothesis is adopted.

The analysis shows a positive and significant effect of Finance (FIN) on ME Growth (MEG) with a coefficient value of 0.1552, p-value < 0.05 at 0.000, disagreeing with the null hypotheses one of the study. This result implies that FIN positively affects MEG. In other words, the greater the FIN the likelier the growth of MEs are. The results indicate that low FIN is less effective in attaining higher ME Growth.

Furthermore, the F-stat is 9.43 with a p-value of 0.000 which shows that the model is in good fit. The R^2 value of 0.0596 shows that the model explains about 6% of the dependent variable, the remaining 94% may be explained by other factors.

4.2.2 Consumer focus and ME Growth

Ho₂ Consumer focus has no significant effect on ME Growth.

Table 4.4: Regression for Hypothesis Two

Dependent variable	Independent Variable	Coefficient	p-value	f-stats	p-value	R^2
MEG	CSF	0.6858	0.171	9.43	0.000	0.0596

Source: Researcher's Computation 2019

The statistical decision rule of p- value states that the Null hypothesis should be accepted if P- value is greater than alpha value (for example, . level of significant

which is 0.05) otherwise it should be rejected while the Alternative hypothesis is adopted.

The study found a positive but insignificant effect of consumer focus (CSF) on ME Growth (MEG) with a coefficient value of 0.6858, p-value > 0.05 at 0.171, agreeing with the null hypotheses of the study that there is no significant effect of consumer focus on ME Growth. This result implies that CSF positively affects MEG but insignificantly.

Furthermore, the F-stat is 9.43 with a p-value of 0.000 which shows that the model is in good fit. The R^2 value of 0.0596 shows that the model explains about 6% of the dependent variable, the remaining 94% may be explained by other factors.

4.2.3 Quality Assurance and ME Growth

Ho₃ Quality Assurance has no significant effect on ME Growth.

Table 4.7: Regression for Hypothesis Four

Dependent variable	Independent Variable	Coefficient	p-value	f-stats	p-value	R^2
MEG	QA	0.3218	0.000	9.43	0.000	0.0596

Source: Researcher's Computation 2019

The statistical decision rule of p- value states that the Null hypothesis should be accepted if P- value is greater than alpha value (for example. level of significant which is 0.05) otherwise it should be rejected while the Alternative hypothesis is adopted.

The analysis shows a positive and significant effect of Quality Assurance (QA) on ME Growth (MEG) with a coefficient value of 0.3218, p-value < 0.05 at 0.000, disagreeing with the null hypotheses one of the study. This result implies that QA positively affects MEG. In other words, the greater the QA the likelier the growth of MEs are. The results indicate that low QA is less effective in attaining higher ME Growth.

Furthermore, the F-stat is 9.43 with a p-value of 0.000 which shows that the model is in good fit. The R^2 value of 0.0596 shows that the model explains about 6% of the dependent variable, the remaining 94% may be explained by other factors.

4.2.4 Goodwill and ME Growth

Table 4.6: Regression for Hypothesis Three

Ho₄ Goodwill has no significant effect on ME Growth.

Dependent variable	Independent Variable	Coefficient	p-value	f-stats	p-value	R^2
MEG	GWT	-0.0631	0.181	9.43	0.000	0.0596

Source: Researcher's Computation 2019

The statistical decision rule of p- value states that the Null hypothesis should be accepted if P- value is greater than alpha value (for example, . level of significant which is 0.05) otherwise it should be rejected while the Alternative hypothesis is adopted.

The study found a negative but non-significant effect of Goodwill/Trust (GWT) on ME Growth (MEG) with a coefficient value of -0.0631, and p-value > 0.05 at

0.181, agreeing with the null hypotheses of the study which states that there is no significant effect of goodwill/trust on ME Growth. This result implies that GWT negatively affects MEG but insignificantly.

Furthermore, the F-stat is 9.43 with a p-value of 0.000 which shows that the model is in good fit. The R^2 value of 0.0596 shows that the model explains about 6% of the dependent variable, the remaining 94% may be explained by other factors.

4.2.5 Empathy and ME Growth

Ho₅ Empathy has no significant effect on ME Growth.

Table 4.7: Regression for Hypothesis Four

Dependent variable	Independent Variable	Coefficient	p-value	f-stats	p-value	R^2
MEG	EMP	0.0741	0.171	9.43	0.000	0.0596

Source: Researcher's Computation 2019

The statistical decision rule of p- value states that the Null hypothesis should be accepted if P- value is greater than alpha value (for example, . level of significant which is 0.05) otherwise it should be rejected while the Alternative hypothesis is adopted.

The study found a positive and non-significant effect of Empathy (EMP) on ME Growth (MEG) with a coefficient value of -0.0741, and p-value > 0.05 at 0.171, agreeing with the null hypotheses of the study which states that there is no significant effect of goodwill on ME Growth. This result implies that EMP positively affects MEG but insignificantly.

Furthermore, the F-stat is 9.43 with a p-value of 0.000 which shows that the model is in good fit. The R^2 value of 0.0596 shows that the model explains about 6% of the dependent variable, the remaining 94% may be explained by other factors.

4.3 Discussion of Findings

The study found a positive and significant effect of Finance (FIN) on ME Growth (MEG), disagreeing with the null hypotheses one of the study, implying that FIN positively affects MEG and significantly. In other words, the greater the FIN, the greater the MEG also indicating that low FIN is less effective in attaining higher MEG. This finding is in line with that of Somoye (2013), Akingunola (2011) and Kounouwewa and Chao (2011).

The study found a positive but insignificant effect of costumer focus (CSF) on ME Growth (MEG) agreeing with the null hypotheses of the study that there is no significant effect of CSF on MEG. This result implies that CSF positively affects MEG but the effect is insignificant. In other words, the greater the CSF the greater the MEG are, but insignificantly. The results indicate that high CSF is more effective in attaining higher MEG but insignificantly. This finding is in line with that of Voss and Voss (2000) and in contrast with the study of Appian-Adu and Singh (1998).

The study also found a positive and significant effect of Quality Assurance (QA) on ME Growth (MEG), disagreeing with the null hypotheses one of the study, implying that QA positively affects MEG and significantly. In other words, the greater the QA, the greater the MEG also indicating that low QA is less effective in

attaining higher MEG. This study is in line with that of Child and Rodrigues (2007).

The study found a negative but non-significant effect of goodwill/Trust (GWT) on ME Growth (MEG), agreeing with the null hypotheses three of the study, that there is no significant effect of goodwill on ME Growth. This result implies that GWT may negatively affect MEG but not significantly. In other words, the greater the GWT, the lower the MEG may not necessarily be the case. The results indicate that GWT is insignificant in affecting MEG even though the effect would have been negative if it were to be significant. This finding is in line with that of Lyles, Sulaiman, Barden and Kechik, (1999) and in contrast with that of Ali and Larimo (2011), Kenny and Fahy (2011) and Child and Rodrigues (2007).

The study found a positive but non-significant effect of empathy (EMP) on ME Growth (MEG), agreeing with the null hypotheses three of the study, that there is no significant effect of Empathy on ME Growth. This result implies that EMP may positively affect MEG but not significantly. In other words, the greater the EMP, the lower the MEG may not necessarily be the case. The results indicate that EMP is insignificant in affecting MEG even though the effect would have been negative if it were to be significant. This finding is in line with that of Ndubisi (2003), Verhoef (2003), Berry, (1995) and Reichheld (1993).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION

Under this chapter, the researcher summarizes the work in a unique and concise form to make the research work meaningful. The chapter draws conclusion on the objectives of the research study and ascertains the extent to which the objectives have been achieved

Suggestion /Recommendation and the conclusion will therefore be drawn to solve the subsequent challenges in the future if properly followed and implemented.

5.1 Summary

The study sought to assess the determinants of Medium Enterprises growth in Nasarawa State, Nigeria. The study also looked at the statement of problems, where most MEs in Nigeria die within their first five years of existence, a small percentage goes into extinction between the sixth and tenth years while only about five to ten percent survive, thrive and grow to maturity. These challenges as observed are traced to insufficient capital, irregular power supply, infrastructural inadequacies (water, roads etc.), lack of focus, inadequate market research, lack of succession plan, lack of proper records, lack of business strategies, etc.

The problem was further broken into specific questions, objectives and hypotheses which aimed at proffering solution to the said problem. Finally, the chapter also

discussed the significance of the study where it was mentioned that the research work though was carried out on the growth and development of entrepreneurs operating Medium Enterprises, whose small and medium enterprises has been underestimated both at the local and international level resulting in little effort being directed at developing and exploiting the inherent potential

Chapter two of the study reviewed copious and relevant literatures related to the subject of the study. The chapter discussed the concept of Finance and sources of finance, the concept of Customer Focus, the concept of Quality Assurance and types of quality assurance, the concept of Goodwill, and the concept of Empathy. The chapter also generally review the determinant of ME growth local and international. Several empirical studies local and international related to the field were also reviewed to guide the study. The study also reviewed relevant theories and underpinned the work with the Keynesian Growth Theory and Bank Capital Channel Model.

Chapter three is the segment of research methodology. This chapter present the study of methodology adopted in carrying out the study. The study adopted the descriptive survey utilizing questionnaire as the main tool of collecting data from a purposively selected sample of respondents totalling 134, in Nasarawa State. The study adopted the simple regression analysis to test the hypotheses of which the models were specified.

Chapter four of the study presented the data collected from the respondents and analysed them using the descriptive statistics and also the correlation matrix. The study employed the simple regression to test the formulated hypotheses. The results showed that finance has a positive and significant effect on MEs growth.

Customer focus also showed a positive but insignificant effect on MEs growth. The results also showed that Quality Assurance has a positive and significant effect on MEs growth. Goodwill/Trust showed a negative and insignificant effect on MEs growth. Lastly, Empathy showed a positive but insignificant effect on MEs growth.

Chapter five treated the summary, Conclusion and Recommendation.

5.2 Conclusion

- i. Based on the findings in chapter four of the study, we conclude that finance has a positive and significant effect on MEs growth in Nasarawa State. This implies that, the higher the available finances to MEs the more their chances of growth. MEs with higher finances tend to grow and survive.
- ii. Also, from the second finding, the study concludes that customers focus has positive but insignificant effect on MEs growth in Nasarawa State. This implies that the effect of customer's focus is little and not effective.
- iii. On the third finding, the present study concludes that quality assurance has a positive and significant effect on MEs growth in Nasarawa State, opining that the higher the level of quality assurance the MEs offer, the more their chances of growth. MEs with higher quality assurance will have greater tendency to grow and survive compare to those without.
- iv. The fourth finding led the study to the conclusion that goodwill/trust has a negative effect though not significant on MEs growth. This implies that goodwill/trust could lead to a negative and significant effect on MEs growth if not properly checked as though a wrong by an ME with high level of goodwill/trust could destroy its image.

- v. The last hypothesis led to the conclusion that empathy has positive but insignificant effect on MEs growth in Nasarawa State. This means that the more MEs relate with customers the more chances of growth even though not significant.

5.3 Recommendation

From the findings of the study, the following recommendations were put forward:

- i. Government and other financial institutions should make available easy access to finance for MEs in forms of interest-free loans and loans without collaterals.
- ii. MEs should clearly define more customer groups of which they aim to serve better and achieve a cumulative results coming from each groups.
- iii. MEs, including those in Nasarawa State should ensure that the quality of their product offerings are impeccable at all times so as to ensure a maximum standard that would breed the highest levels of quality assurance for the business and in turn lead to growth.
- iv. MEs should urgently embark on market research in order to ascertain the level of goodwill/trust it enjoys among its customers and adopt customer centeredness strategies in order to averse the negative effect of goodwill/trust.
- v. MEs should train their staff on the best and most appropriate way of handling and solving issues related to customers' grievances.

5.4 Suggestion for Future Research

For the singular fact that this study was conducted in Nasarawa State makes the result of this finding difficult to generalize. It is on this note that a future research is recommended using a different geographical location.

Also, a future study should be carried out on determinants of large scale businesses survival in Nigeria.

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Appendix 1

Questionnaire

Department of Business Administration

Faculty of Administration

Nasarawa State University

Keffi.

28th May, 2019

Dear Respondent,

Research Questionnaire

I am writing a Dissertation on “Determinants of Medium Enterprise Growth in Nasarawa State” in partial fulfilment of the requirement for the award of Master of Business Administration, of Nasarawa State University, Keffi.

The main objective of this research is to find out the effects of finance, customer focus, goodwill/trust and empathy on growth of medium enterprise. Please, kindly answer the attached questions. The outcome of the research will depend to a great extent on how frank and honest you answer the questions. Your responses will be treated in absolute confidence as only aggregate results will be used.

Thank you for your cooperation.

Yours Faithfully,

ONYEKWELU Emilia Eberechukwu

NSU/ADM/MBA/BUS/393/15/16

Choose from the suggested list below your level of agreement to the following statements which seek to identify the determinant of SMEs in Keffi Metropolis. Please tick ☐ the appropriate that indicates your opinion.

KEY:

<i>Strongly agree</i>	5
<i>Agree</i>	4
<i>Undecided</i>	3
<i>Disagree</i>	2
<i>Strongly disagree</i>	1

S/N	Statements	5	4	3	2	1
Finance						
A01	Financial institution provides you with loan facilities.					
A02	Easy access to loan facilities.					
A03	Loans are provided at lower interest rate.					
A04	Loans are usually timely.					
A05	Easy access to trade credit.					
A06	You frequently get trade credit from suppliers.					
Customers Focus						
B07	Target groups are clearly defined					
B08	Easy access to target groups					
B09	Products are designed for different target groups.					
B10	Prices differs from one customer group to another.					
B11	Products are manufactured based on identified customer needs.					
Quality Assurance						
C12	Do customers still use the unsatisfying product					
C13	Are you going to support SMEs					
C14	Customers buy product that are of high quality					
C15	Customers often switch from your product					
C16	Product are highly satisfying					
Goodwill						
D17	Customers are loyal to your products.					
D18	Customers buy products despite increase in prices.					
D19	Company's new products are patronized.					
D20	You have a wide scope of customers.					
D21	Customers hardly switch from your products.					
Empathy						
E22	SMEs consider customer wishes and needs.					
E23	SMEs show clear understanding of Customers specific needs.					
E24	SMEs advises customer on what will be the most proper service for their specific needs.					
E25	SMEs respect customers.					
E26	Friendliness and courtesy of SMEs towards customer.					
Growth						
F27	Increase in sales has been recorded in recent times.					
F28	Customer base have increased in recent times.					
F29	Profit has increased in recent times.					
F30	SMEs have in recent times employed more labour					
F31	Acquisition of new assets by SMEs					