

**IMPACT OF PRICING STRATEGIES ON THE PERFORMANCE OF
SMEs IN NIGERIA: A CASE STUDY OF DYNOEXCEL CORPORATE
SERVICES LIMITED, ABUJA**

BY

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**A PROJECT SUBMITTED TO THE SCHOOL OF POSTGRADUATE
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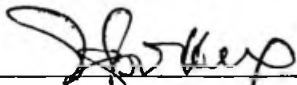
DECLARATION

I hereby declare that this work is the record of original research carried out by me in the Department of Business Administration, Nasarawa State University, Keffi, for the award of a Postgraduate Diploma in Business Administration.

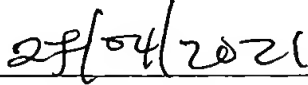
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CERTIFICATION

This dissertation "Impact of Pricing Strategies on the Performance of SMES In Nigeria: A Case Study of Dynoexcel Corporate Services Limited, Abuja" meets the regulations governing the award of Postgraduate Diploma in Business Administration Degree in the School of Postgraduate Studies, Nasarawa State University, Keffi and is approved for its contribution to knowledge.



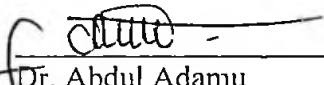
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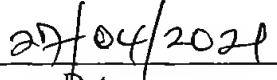
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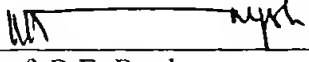
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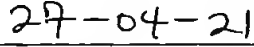
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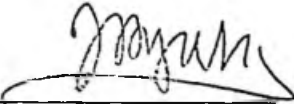
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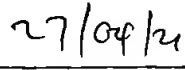
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DEDICATION

This work is dedicated to Almighty God and my family.

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I wish to thank my supervisor, Dr. Anthony Igbokwe who ensured that this work is carried out to meet the required standard.

My gratitude also goes to my wife, Mrs. Emilia Emeka-Nwamadi for all the support during my study and in the course of writing this project.

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Abstract

This study examines pricing as it affects the growth of small and medium scale enterprises in Nigeria. Relevant literature were reviewed in order to get a better understanding of what pricing is all about. Data collection was done mainly through questionnaires, interview and text books whilst the results from the questionnaires were presented and analyzed in tabular form. The findings of the study recommends that SMEs in Nigeria use the appropriate pricing strategy in pricing their products and services and should make such decisions looking at the dynamic nature of the environment. SMEs in Nigeria need to improve in their pricing systems and seek further ways by which they could grow. Finally the study makes suggestions for further research.

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CHAPTER ONE

INTRODUCTION

1 Background to the study

Pricing is one of the most important marketing mix decision and the only element that produces revenue, the others represent costs. Being the only marketing mix variable that generate revenue, pricing is not a single concept, but a multi-dimensional one with different meaning and implications for the manufacturer, the middle men and the customer. Price can have many names such as fee or rent, but should not be confused with a company's cost. Price is what is given in a commercial exchange in return for good or service. That is, the sum of value that customers exchange in return for a good or service. That is, the sum of value that customers exchange for the benefit of having or using a product or service. It is the only marketing mix element that a firm can control. This is so, because pricing decisions affect many aspects of a firm activities.

Pricing strategies for a company's products or services encompass three main ways to improve profits. These are that a business owner can cut cost and sell more, or find more profit with a better pricing strategy. When costs are already at their lowest and sales are hard to find, adopting a better pricing strategy is the key option to stay viable. Merely raising price is not always the answer, especially in a poor economy. Too many small scale enterprises have been lost because they priced themselves out of the marketplace. This study examined the pricing and the growth of a small and medium enterprise in Nigeria. One strategy does not fit all, so adopting a pricing strategy is a learning curve when studying the needs and behaviour of customers and clients.

Pricing strategy is one of great importance because its affects both revenue and buyer behaviour. The whole pricing environment is therefore considered, first from the view of the company and it must not be forgotten that there are other external influences on pricing, not just a firms competitors but also from government and legislation. Once the factors have been taken into account, various pricing strategies are reviewed and some attention is given to how best to implement those strategies, how pricing levels can be adjusted and how such tactics affect buyer behaviour and

company revenue. Prices are perhaps the easiest element of the marketing program to adjust product feature, channels, and even communication take more time. Price also communicates to the market the company's intended value position of its product or brand.

A well designed and marketed product can command a price premium and reap big profit for a business. A viable pricing strategy will achieve increase profit, increase market share, high return on investment [ROI], maintain price stability, and prevent competition, etc. These in turn will result in growth of the business enterprise. Where the pricing strategy of a business enterprise is faulty or not viable, it affects the growth of the business enterprise as a whole.

1.2 Statement of the problem

Price is the most important and only tool in the marketing mix elements that generates revenue for any business organization. It is the reward a business gets in return for exchange for goods or services to the consumer or market. Just as price is important to the growth of an enterprise, consumer buying behaviour is very important to the business in their pricing decisions, and these behaviours tends to have inverse relationship with price changes. In spite of the importance of pricing in the growth of a business, many businesses or firms have not recognized adequately and adopted effective pricing strategies for their businesses, the effect is low sales and adverse effect in growth of the business [Enterprise].

The literature on pricing and growth is indeed deep and extensive. The empirical studies have also help to throw light into this discussion. However some gaps remain open in the field of study. The research will expand the scope of the study of pricing and growth of SMEs particularly in the Administrative and Support industry in Nigeria.

1.3 Research Question

Based on the statement of the problem above, the following questions were formulated:

- i. What are the effects of pricing strategies on the growth of SMEs
- ii. What are the various pricing methods that aids the growth of SMEs
- iii. What are the effects of commodity prices on SMEs

1.4 Objective of the study

The purpose of this research is to determine what casual links exist between pricing system and the growth of SMEs in Nigeria. The key objectives therefore are:

- i. To determine the effect of pricing strategies on SMEs growth
- ii. To examine also the various method that aid the growth SMEs
- iii. To examine also the relationship between pricing and growth of SMEs

1.5 Statement of Hypothesis

To empirically answer the research question raised and address the objective, the following hypothesis were formulated in null form.

Hypothesis 1

Ho: There is no significant relationship between pricing and SME performance.

Hypothesis 2

H1: Pricing strategies has a significant relationship with growth of SMEs.

6. Significance of the Study

The significances of this study cannot be over emphasized considering the importance of pricing strategies in the growth and survival of an enterprise as a result of the dynamic nature of the business environment. It is paramount to note that price produces the company's revenue for continuity. The study is also significant to public and private enterprises in facilitating the understanding of customers buying behaviour and the pricing decision of an enterprise.

The study will also be useful in;

- i. Promoting knowledge and contributing to learning in academic research, student, lecturers, owners of SMEs and the public.
- ii. Sharpening the focus of business owners, the marketing and pricing department of an enterprise in adopting the proper pricing strategy for the enterprise growth and development.
- iii. It will be useful to entrepreneurs and young graduates to know how effective pricing strategy aid the growth of small enterprises for better development.

1.7. Scope and Limitation and of the study

This study shall consider the concept of pricing strategy in general, its importance and how its aid in the growth of small scale enterprise. It becomes necessary to restrict the present study to Dynoexcel Corporate Services limited, Abuja. This is informed by the fact that company under study can provide relevant information which will be required to undertake its application to the other small scale enterprises. This study covers a period between 2014 to 2016.

CHAPTER TWO

LITERATURE REVIEW

Introduction

Small and medium enterprises (SMEs) are engines of job creation and growth in emerging markets and are central to the larger equation of development.

These dynamic, fast-moving firms make a special contribution to local economies. It can be measured in many ways – levels of new business formation; job creation and retention; increased productivity, innovation, and value-added; or links with global value chains.

2.1 The Concept of SME

The significance of SME for the growth, productivity and competitiveness of economies is universally recognized. They provide employment and income to a majority of the population as well as primary source of new jobs. They are also breeding and nurturing grounds for domestic entrepreneurial capacities, technical skills, technological innovations and managerial competence for private sector development.

According to the literature, the definition varies in different economies but the underlying concept is the same. In country such as USA, Britain and Canada small scale business is defined in terms of annual turnover and the number of paid employees. In Britain for example small scale business is conceived as that industry with annual turnover of 2 million pound or less with fewer than 200 paid employees. In the case of Japan, it is conceptualized as type of industry, paid up capital and number of employee. Consequently, small medium scale enterprises are defined as those manufacturing with 100 million yen paid up capital and 300 employees. Those in wholes trade with 300million paid up capital up capital with capital with 100 employees while those in retail trade with 100 million paid up capital with 50 employees.

In the case of Nigeria, there has been several years of missteps in the area of effectively managing SMEs and the growth of the economy. These include:

- i. Lack of strong commitment to SME development by all tiers of government – the introduction of Federal government’s Structural adjustment program (SAP) in the 1980s effectively devalued the Naira and caused most SMEs to collapse as they lacked working capital required to finance constant importation of raw materials.
- ii. Weak stakeholder buy-in (public and private sector institutions) – Due to the import dependent economy and frequent government policy changes that are not favourable to SMEs, most stakeholder do not see any need to support the sector. They feel that their investments may be lost in the uncertain economic environment.
- iii. Weak institutional synergy – Several institutions and programs have been set up by the government to provide favourable conditions for SME growth. Institutions like Nigerian Bank of Commerce and Industry (NCBI), Nigerian Industrial Development Bank (NIDB), Nigerian Export-Import Bank (NEXIM), Nigeria Export Promotion Council (NEPC). Unfortunately, these institutions do not provide a common ground for SMEs and sometimes their policies are at variance with each other.
- iv. Ineffective funding of the SME development process – There is lack of capital or inadequate capital to buy stocks and equipment. Securing loans from the banks and financial institutions take time and many banks require the satisfaction of many conditionalities before loans are granted. SMEs find it difficult to secure such loan facilities.
- v. Weak capacity among operators – Most SMEs use obsolete business methods and equipment as means of maintaining stocks and inventory. Some are not scientific in nature and cannot be assessed easily. There is also the lack of credit control, as money could be brought in and taken out easily for personal and not for business purposes.

- vi. Inadequate or wrong categorization of SME businesses – The third national development plan defined SMEs as a manufacturing establishment employing less than 10 people and investment in equipment not exceeding N6000. While the Small scale industry development plan of 1980 define SMEs as any manufacturing or service industry with capital not exceeding N150,000 in manufacturing and equipment alone.

The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) is the body tasked with the development of the SME space in the country. The body has come up a new policy, the National Policy on MSME that will address some of the foregoing inadequacies. In this policy, SMEDAN has broken down the SME space into micro, small and medium enterprise with dual criteria of employment and asset as shown in the following classifications in the table below.

S/N	SIZE CATEGORY	EMPLOYMENT	ASSET (Naira, Million) (Excluding land and buildings)
1	Micro Enterprises	Less than 10	Less 10
2	Small Enterprises	10 – 49	10 – less than 100
3	Medium Enterprises	50 – 199	100 – less than 1,000

Mcnamara [1972] argues that we cannot explain SMEs other than to say they are companies with metrics usually number of employee or annual turnover that fall below certain threshold. It is the indicators, numbers of employee and or rate of turnover that tend to define the context within which different countries and economies situate their understanding of small and medium scale enterprises. This is to say that, even though SMEs is definable with more or less the same indicators. The indicators are not the same in all countries all the time. For instance, the employee requirements in Britain is 200, with 2 million pound turnover, the same cannot be said of Japan with 100 million yen as paid up capital and 300 paid employee. While in Nigeria, the employee definition is given precedence in the new policy, given that inflationary trends frequently compromise the asset-based definition. However, affirmed that the number of employee may not be a good

indicator, especially where the company is labour intensive. This is true in country like India, where labour intensive is a policy approach to industrialization.

In countries where the number of employee is an indicator, the number of employee required differs from one country to another. In country Uganda, the figure of employee for SMEs is between 5- 50,[Ngobo, 1995]. In India it is 30 -100, while in the US, is less than 500 (Stoner et. Al. 1996). In Kenya, 10 or fewer people are called micro business while 11 – 50 are referred to small enterprises and 51-100 are called medium enterprises .In the United States of America, small business administration is defined as one that is independently owned and operated, is not dominant in its field and meet up employment or sales standard develop by the agency. This show the same trend with other countries like Nigeria and Japan except that the exchange value differs in the financial criteria.

In a more general and comprehensive term, Ochegele [1999], chronicled a general criteria for defining small and medium scale enterprise in different countries. This includes number of employees; annual turnover , local operations, sales volumes, financial strength, managers and owner autonomy, relatively small market compared to their industries and capital usually supplied by individual shareholders etc. There are so many small scale business units in Nigeria which qualifies within this context most of them are in the commercial sector. However, a common trend in Nigeria is the gradual classification of service providers, hotels, fast food and restaurants, as small and medium scale enterprises.

As a result of this definitional differences and lack of universal definition, the European Union in 2003 adopted a universally accepted definition of small and medium scale enterprises and micro business as companies with less than 250 employees, with respect to financial criteria, revenue must not exceed 50 million euro [measured as turn over] or 43 million euro [measured as balance sheet]. In addition, the European commission specifies terms of ownership stating SMEs must be independent with less than 27% being owned by outside interest [European Commission, 2007]. In a report on enterprises association, McNamara [1972]

conceive of SMEs as enterprises employing 10-99 full time employees or with a fixed capital investment of US\$1000-500000.

Small and medium scale enterprises are currently not transactional company, Multinational Corporation, publicly owned enterprises or large facility of any kind. However, they can depend on business and ownership structure to become a large business unit. While it can be argued that 80% of the financing of SMEs come from owners, friends and families, business form can take different form including private ownership, limited partnership, contract and sub-contracts, cooperatives or associations. Small and medium scale enterprises have a narrow context within which its operation is carried out. However, where it is effectively operated, it has capacity to sprout the economic growth and national development of different location.

2.2 Factors affecting the growth of SMEs

- i. Legal and regulatory framework – OECD Small businesses, job creation and growth (1996) Regulatory burdens remain a major obstacle for SMEs as these firms tend to be poorly equipped to deal with the problems arising from regulations. Due to its “fixed-cost” nature, the cost burden of regulation is larger for small firms than for larger firms: i.e. administrative cost entailed in compliance have a disproportionate effect on small firm. Some of these regulatory burden include: Taxation costs, sometimes multiple taxation cost are involved. Cost of paperwork and operational requirement of regulation.
- ii. Access to Finance – Kingston Smith LLP (2012) The attitude of SMEs towards banks ranges from disappointment to contempt. Not only do banks not provide the capital required, they seem to know very little about SMEs need. This limits the expansion of the firm as it has to grow organically relying on its cash flow. Many new products in the pipeline have to go to the back burner and the product line is restricted.

- iii. Human resources capabilities – BIS analysis paper No. 2 (2013) Firms which employ skilled workers and provide training are less likely to go out of business. This means that firms with higher qualified workers are less likely to close than those with lower qualified workers. Most SMEs do not provide training to their employees therefore the employee have poor basic skills which leads to poor customer service and low productivity. This has a detrimental impact on the performance of the business.
- iv. Characteristics of Entrepreneurs – BIS analysis paper No. 2 (2013) Success of a firm depends on the firm's absorptive capacity – its ability to absorb and use different types of knowledge and resources to address the issues encountered. Many of the activities required to deal positively with running SMEs are not present in large number of SME employers. People management skills are lacking. Most SMEs do not plan relying on opportunistic rather than a strategic approach to doing business.
- v. Managerial Skills – BIS analysis paper No. 2 (2013) Leadership and managerial skills are important as the way a business is managed has a strong effect on its performance. However, there is evidence of entrepreneurial leadership and managerial gap among SME owners.
- vi. Marketing skills – Global Journal of management and business research marketing, Vol. 13 (2013) One of the major problems facing SMEs is the lack of understanding and the application of marketing concept. Most SME owners equate “marketing” to “selling” and this is reflected in their various dysfunctional business behaviour against customer satisfaction and good business. They lack the knowledge and skills of basic marketing ingredients – marketing research, market segmentation, and marketing planning and control.
- vii. Technological Capacities – Kingston Smith LLP (2012) Strong engagement with technology both web and social media can be used as interactive tools to connect to customers, gauge their needs and even talk

to them in real time using live chat. Technology can be used to dynamically analyse customer profiles, levels of interest, and buying intentions, or evening training their customers to use a product.

However, most of these technological tools are beyond the reach of SMEs as these tools may not be affordable and may also need several dedicated employees to manage. This may prove too costly for the SME and therefore may hinder their growth.

2.3 PRICING and PRICING STRATEGY

According to Rosenberg [1977], pricing is the act of translating into quantitative terms, the value of the product to customers at a point in time, the quantitative term referring to the units of exchange. Kotler [2009] define price as the amount of money charged for a product, signifying the value of that product or service, because a product or service can only be valued by the price tag given to it.

Price is what is given in a commercial exchange in return for a good or service. That is, the sum of value that customers exchange for the benefit of having or using a product or service.

Price is not just a number on a tag. Price comes in many forms and performs many functions. Rent, tuition, fares, fees, rates, tolls, retainers, wages and commissions all may be in some ways be the price you pay for some goods and service. It is also made up of many components.

If you buy a new car, the sticker price may be adjusted by rebates and dealer incentives.

Traditionally, price has been the major determinant of a buyer's choice. And this is still the case with large segments of buyers across the globe. Although, price factors have become quite in the last few decades, price still remain an important factor in the determining sales and profitability.

Price is the only marketing mix element that produces revenue, and perhaps the easiest elements of the marketing program to adjust. A business enterprises needs to adopt an effective pricing strategy together with a well- designed and marketing product to reap big profits.

2.3.1 APPROACHES TO PRICING

Kotler [2009] explains the following as the approaches to pricing:

A. Cost – Based Price approach: the price approach tries to determine the price that would yield the target rate of return on investment (ROI). It is the process of determining the selling price of a product by calculating the cost of producing a unit of the product and adding a mark -up i.e. an addition is made to some suitable cost based. This additional mark -up may come as a result of change in the cost of inputs as a result of inflation, government policy, clearing of raw materials etc. In cost based-pricing approach, business enterprises set price based purely on production costs and the desired profit without considering the demand.

B. Demand – Based pricing approach: This is sometimes referred to as perceived value pricing in that this price is based on customer perceived value for a product or service. Perceived value here is the central element in an enterprise pricing decision. In this approach, the consumers' research helps to ascertain the acceptable price range then you can determine profit and loss requirements within that range.

C. Competition – based approach: This approach set prices based on the competitors in the market or business. Depending on customer loyalty, or brand difference, you might be selling at above or below market price.

This approach is one of the most popular price – setting approaches. Firms simply check out its competitions price and then set price of its own product at about the same level, plus or minus a few percent. It is an easy way to make a pricing decision without having to conduct any thorough market research. It also seem relatively safe

by setting a price close to the rival's and adjusting with it, a firm does not risk losing its market share to the competition.

Competition – based pricing approach consist of two types namely; go in rate approach and sealed bid approach.

2.3.2 Pricing Strategies

According to Paul and Sarah [2010] there are many ways in which the price of products can be determined, the following are the foremost strategies that business are likely to be used.

i) Competition – based pricing: Paul and Sarah (2010) This strategy set the price of a product or service based upon price of the similar competitor products. Competitive pricing is based on three types of competitive product;

a. Products that have lasting distinctiveness from competitor's product. Here we can assume the product has low price elasticity. If the product has low gross elasticity, the demand of the product will raise.

b. Product that have distinctiveness from competitors product assuming the product features are medium distinctiveness

c. product that have little distinctiveness from competitors product, assuming that the product has high price elasticity, the product has some gross elasticity, no expectation that demand of the product will rise.

ii) Cost – plus pricing: Paul and Sarah (2010) Is a pricing strategy where the firm calculates the cost of producing the product and add on a percentage (profit) to that price to give the selling price. This strategy although simple has two flaws, its take no account of demand and there is no way of determining if potential customers will purchase the product at the calculated price. This appears in two forms, full cost and direct cost pricing. Full cost pricing takes into consideration both variable and fixed cost and add a percentage as makeup. Direct cost pricing take into consideration the

variable cost and add up a percentage markup. The latter is only used in periods of high competition as this method usually leads to loss in a long -run

iii) Creaming or skimming: Paul and Sarah (2010) In most skimming, goods are sold at higher price so that fewer sales are needed to break even. Selling a product at a high price, sacrificing high sales to gain high profit is therefore “skimming” the market. Skimming is usually employed to reimburse the cost of investment of the original research into the product. Commonly used in electronic market when a new range such as DVD player, are first dispatched into the market at a high price. This strategy is often used to target early adopters of a product or service.

Early adopters generally have relatively lower price sensitivity. This can be attributed to their need for the product outweighing their need to economize. A greater understanding of the product is value, or simply having a higher disposable income. This strategy is employed only for a limited duration to recover most of the investment made to build the product. To gain further market share a seller or business enterprise must use other tactics such as economy or penetration.

This method can have some setback as it could leave the product as at high price against the competition.

iv) Penetration pricing: Paul and Sarah (2010) This strategy includes setting the price of a company’s product or service at a low rate with the goals of attracting customers and gain market share. The price will be raised later once this market share is gained.

Three conditions must be present for this pricing strategy to succeed.

- a. The market must be price sensitive
- b. The price differential must be high otherwise the consumer will not see the marketer offering anything.
- c. The supplier must have some technical or material advantage which allows him a gross profit margin equal to the rest of the industry despite its lower price i.e. no one must have technological advantage over the others.

v) Market – oriented pricing: Paul and Sarah (2010) Is setting a price based upon analysis and research compiled from the target market. This means that marketers or

business enterprises will set prices depending on the result from the research conducted about its target market. For instance if the competitors are pricing their products at a lower price, then it's up to them to either price their goods at an above price or below depending on what the company wants to achieve.

vi) Dynamic pricing: Paul and Sarah (2010) Is a flexible pricing mechanism made possible by advances in information technology and employed mostly by internet based companies. By responding to market fluctuation or large amount of data gathered from customers, ranging from where they live to what they buy, to how much they have spent on past purchases.

Dynamic pricing allows online companies to adjust the price of identical good to correspond to a customer's willingness to pay. The airline industry often use dynamic pricing successfully. In fact, it employs this technique so artfully that most of the passengers on any given air plan have different ticket price for the same flight.

vii) Marginal – cost pricing: Paul and Sarah (2010) In business, the practice of setting the price of a product to equal the extra cost of producing an extra unit of output. By this policy, a producer charges, for each product unit sold, only the addition to total cost resulting from materials and direct labor. Businesses often set prices close to marginal cost during periods of poor sales. If, for example, an item has a marginal cost of N100.00 and a normal selling price is N200.00, the firm selling the item might wish to lower the price to N120.00 if demand has waned. The business would choose this approach because the incremental profit of N20 from the transaction is better than no sale at all.

viii) Psychological pricing: Paul and Sarah (2010) This is pricing designed to have a positive psychological impact. For example, selling a product at N395 or N399, rather than N400. There are certain price points where people are willing to buy a product. If the price of a product is N100 and the company prices it as N99, then it is called psychological pricing. In most of the consumers mind \$99 is psychologically 'less' than N100. A minor distinction in pricing can make a big difference in sales. The company that succeeds in finding psychological price points can improve sales and maximize revenue.

ix) Target pricing: Paul and Sarah (2010) Pricing method whereby the selling price of a product is calculated to produce a particular rate of return on investment for a specific volume of production. The target pricing method is used most often by public utilities, like electric and gas companies, and companies whose capital investment is high, like automobile manufacturers.

Target pricing is not useful for companies whose capital investment is low because, according to this formula, the selling price will be understated. Also the target pricing method is not keyed to the demand for the product, and if the entire volume is not sold, a company might sustain an overall budgetary loss on the product.

x) Premium pricing: Paul and Sarah (2010) Is the practice of keeping the price of the product or service artificially high in order to encourage favourable perception among buyers, based solely on the price. This practice is intended to exploit the tendency for buyer to assume that expensive items enjoy an exceptional reputation, are more reliable or desirable or represent exceptional quality and distinction.

xi) Freemium: Paul and Sarah (2010) Is a business model that works by offering a product or services free of charge (typically digital offering such as software, content games, web service, etc) while charging premium for advanced features functionality or related products and services. The word "freemium" is a portmanteau combining the two aspects of the business model "free" and "premium". It has become a highly popular model with notable success.

xii) Pay what you want: Paul and Sarah (2010) Is a pricing system where buyers pay any described amount for a given commodity sometimes including zero. In some cases, a minimum (floor) price may be set and /or a suggested price may be indicated as guidance for the buyer. The buyer can also select an amount higher than the standard price for the commodity. Giving buyer the freedom to pay what they want may seem to not make much sense for a seller but some situation it can be very successful. While most uses of pay what you want have been at the margins of the economy or for special promotions there are emerging effort to expand its utility to broader and more regular use.

xiii) Price discrimination: Paul and Sarah (2010) Is the practice of setting price for the same product in different segments to the market. For example this can be for different classes such as ages or different opening times.

xiv) Value – based pricing: Paul and Sarah (2010) Is pricing a product based on the value the product has for customer and not on its cost of production or any other factors. This pricing strategy is frequently used where the value to the customer is many times the cost of producing the item or service. For instance the cost of producing software CD is about the same independent of the software on it, but the price varies with the perceived value the customers are expected to have. The perceived value will depend on the alternatives open to the customer. In business these alternatives are using competitors' software, using a manual work around, or not doing an activity. In order to employ value-based pricing you have to know your customer's business, his business cost, and his perceived alternatives.

Value based pricing has many effects on the business and consumer of the product. Value based pricing is a fundamental business activity and is the process of developing product strategies and pricing them properly to establish the product within the market. This is a key concept for a relatively new product within the market, because without the correct price, there would be no sale. Having an overly high price for an average product would have negative effects on the business as the consumer would not buy the product. Having a low price on a luxury product would also have a negative impact on the business as in the long run the business would not be profitable. This can be seen as a positive for the consumer as they are not needing to pay extreme prices for the luxury product.

xv) Discounting promotion pricing: Paul and Sarah (2010) This is used when discounts play an important part in the buying decision. The technique sets fewer prices or below the market price but provides just about the market but provides higher discounts to customers. In this way, the quality to pick becomes credible and buyers have the personal satisfaction of obtaining a discount. Another advantage of this strategy is that some buyers may not negotiate the full discount available to them. The company thereby achieves a higher than average net price of its products.

xvi) **Geographical pricing:** Paul and Sarah (2010) Is the practice of modifying a basic list price based on geographical location of the buyer. It is intended to reflect the cost of shipping to different location.

2.3.3 Pricing and growth of SMEs

Herrick & Kindle Berger (1983) view growth as the provisions of inputs that lead to greater outputs and improvements in the quality of life of a people. Jhingan (1985) refers to it as a quantitative and sustained increase in a firm output or income accompanied by expansion in its labour force, consumption, capital and volume of trade and welfare. According to Chambers, 21th century Dictionary (1996:593) growth is the increase in size, weight and complexity of a living organism that takes place as it develops to maturity. It went further to say that it is the process or rate of growing. Which is to say that growth in any society or field be it man or organization is the development from lower or simpler to a higher or complex form of evolution. SMEs constitute for a massive 99;9% of the enterprises worldwide (Agarwal and Ashwani 2008). SMEs contribute substantially to the economic and industry development in most countries. It becomes crucial to put in place a policy mechanism that will facilitate their growth. According to business dictionary.com, it is the process of improving some measure of an enterprise's success. Business growth can be achieved either by boosting the top line or revenue of the business with greater product sales or services income, or by increasing the bottom line or profitability of the operation by minimizing cost. In the same vain IJIER (2014:36] sees growth of SMEs as a measured by increase in customer base, number of employees, business profitability and rate of change. While ask.com views it as the improvement of some part of the success of an enterprise. Business growth takes place in raising revenue as well as cutting overhead.

From the definition it is clear that SMEs growth is when a business begins to sell more products or service income, the business brings in more money from raising profitability, it also grows. Judging from this, it is both areas, and successful business have success in both areas, and success in one area lead to another.

The pricing and growth of SMEs depends on so many varieties of factors. First it is often said that most SMEs have inadequate knowledge of their competitors and their products. So there is the need for them to scan their environment regularly to learn what their competitors are doing. So they will be able to meet up with customers demand. Studying the environment brings into play the role of price/ pricing. Pricing plays a vital part in a marketing mix because it generates the turnover for business which is the yardstick for judging business growth. Some cost need to be taken in consideration while pricing a product or service. These are the cost incurred from research development, labour, and promotion. A business can implement several pricing strategy as stated earlier, but must rely on the objective of the business to achieve before deciding which strategy to adopt.

Supply and demand is the model of determining a price in the business market. Supply is how much the market can offer, while demand is the quantity of your product or services the customer request. They are arguably the most critical. If there is less demand for your product you cannot price it high. If there is more demand for your product you can charge a high price. This is when a marketing mix is required to meet the needs of consumers. Market mix are the price, place, promotion and products. When marketing a products, firms need to create a successful mix of;

- The right product

- Sold at the right price
- In the right place and
- Using the most suitable promotion

The price: Of all the aspect of the marketing mix, it is the one which create sales revenue. The price of an item is clearly an important determinant of the value of sales made. In theory, price is the really determined by the discovery of what customer perceive is the value of the item on sales. Researching consumers' opinion about pricing is important as it indicates how they value what they are looking for as well as what they want to pay. An organization's pricing policy will vary according to time and circumstance. Frankly speaking, the value of water in the Lake Area will be considerable different from the value of water in the Desert.

The place: It is connected with various method of transporting and storing goods and then making them available for customer. Getting the right product to the right place at the right time involve the distribution system. The choice distribution method will depend on a variety of circumstances. It will be more convenient for some manufacturers to sell to the wholesalers who then sell directly retailers or customers.

The promotion: It is the business of communicating with customers. It will provide information that will assist them in making a decision to purchase a product or services. The cost associated with promotion or advertising goods and services often represent' a sizeable proportion of the overall cost of producing an item. However, successful promotion increases sales so that advertising and other cost are spread over a larger output. Through some have seen it as a sign of a response to a problem such as competitive activity, but it enable an organization to develop and build up a succession of messages and be extremely cost effective.

The product: It must have the right features. That is to say it must look good and work well. The function of the product must address the need of the customers as

identified through market research. The product range and how it is used is a function of the marketing mix.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter provides description of sample and data collection procedures. It provides guidelines which direct the researcher toward solving the research design, population of the study, research sample methods of data collection, techniques of data analysis, justification of method used and summary.

3.2 Research Design

The study employs the survey research design. A survey research design studies a group of people or items by collecting and analyzing data from a few people or items considered to be representative of the entire group. The research gathering instrument used for the study is questionnaire. Questionnaire will be administered and result analyzed to determine the effective pricing as a strategy for growth in small and medium enterprise.

3.3 Population of the Study and Research Sample

A research population refers to all members of the study target or the total number of common characteristics that may lead to obtaining the relevant information for the purpose of the research. The target population for this study is employees working with Dynoexcel Corporate Services Limited, Abuja made up of 26 workers including the managing director. The total population is 26 employees and sample size n , was calculated using Taro Yamane formula for calculating sample size which includes:

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

n = the sample size

N = the total population

e = the acceptable sampling error. (0.05) significance is assumed.

$$26/1+26(0.05)^2$$

$$= 24.413 \text{ approximately } 24$$

Therefore sample size is 24.

3.4 Method of Data Collection

Questionnaire was the instrument used in the data collection and distribution was by self (by hand), out of the 24 questionnaire administered only 21 were returned which was then used as the sample size. The respondents were required to read each statement carefully and indicated opinion. The questionnaire was divided into two parts; 'A' contained personal questions, while part 'B' were questions related to the study.

3.5 Procedures for Data Analysis and Mode Specification

Quantitative analysis was used for the purpose of the study because quantitative analysis result provides support for anticipated direction of the association between independent and dependent variables.

Therefore two techniques were used in analyzing the data for this study such as tabular form in the presentation of the responses while testing of hypothesis was done using chi square method.

The formula is given thus:

$$X^2 = \sum_n \frac{(f_0 - F_e)^2}{f_e}$$

Where, f_0 = observed frequency

F_e = expected frequency

n = number of element

X^2 = chi -square calculated

= significant level (5%)

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

Introduction

This chapter present the finding and result of the study. The data collected through the questionnaire were statistically analyzed. The findings of the analysis are presented. The data used in accordance with number of questionnaire administered for selected group of the population in Dynoexcel Excel Corporate Services Limited, Abuja.

4.2 Historical Background of the Case Study

Dynoexcel Excel Corporate Services Limited is a small scale business, in the Administrative and Support Services industry, that specializes in recruitment and outsourcing services. The company was established in January 2014 and located in Wuse, Abuja. Mrs. Oge is the sole owner of the business. She recognized the market opportunity for providing recruitment and outsourcing services that made her to start the company.

The capital used to start-up the company was from the owner's personal savings and contribution of family members. The start - up capital was N3.5million. This money was used to pay rent for the office space, acquire computers, printers, projector, furniture, power generator and stationaries that would be used. The computers would be used for data entry, conduct applicants tests, emails, document processing like proposals, quotations, letters etc and other related jobs. The computers cost N1.5million , while the printer cost N100,000, office rent was N400,000 per annum, projector cost N85,000, power generator cost N55,000, furniture and fittings cost N250,000, website design and hosting cost N150,000, employees' salaries N50,000, monthly and power supply from the utility company was between N15,000 and N25,000 depending on the consumption monthly. Stationaries like application forms, flyers to create awareness were done at an initial cost of N150,000.

The main functions carried out include receiving of resume, collating filled application forms, sorting resume into different categories, interviewing applicants, sending proposals and quotations to clients, matching clients selection criteria with sorted resume and entering relevant information into the company's database.

For a complete recruitment process the business or firm needs administrative assistants that carry out the job of resume collection and sorting, entering applicants details into the company's database. Marketing staff are also needed to create awareness of service, sell the service to customers, and also produce quotations and proposals to customers. A web designer is also required to manage the company's website and create digital information of the company's information for online customers.

At the early stage of the business the company focuses on the recruitment side of the business but as it gradually experience growth it increased its focus to include the outsourcing business also. The business also experienced low sales of its services at the beginning due to the fact that customers were not aware of its existence but as awareness increased sales increased. The company revenues are in the form of a small consultation fee paid upfront by the customer before the commencement of the service and then the company receives full payment on the execution of the contract which is dependent on the customer's request criteria.

The company employed 3 employees when it started operation but today it has over twenty employees as a result of increase in its market. The owner is the Managing Director of the company, she has a manager, administrative assistants, marketing officers, cleaner and security man.

The company works from 8am - 6pm.

4.3 Results and Discussion

The 21 questionnaire collected were circled and presented in tables as follows:

Table 4.1 What is your sex

Sex	Response	Percentage (%)
Male	21	100
Female	0	0
Total	21	100

Source: Field work 2016

The table above shows that 21 respondents representing 100% of the workers are male.

Table 4.2; what is your educational background?

Variables	Response	Percentage (%)
Primary certificate	5	23.8
NCE/ND	-	-
Secondary	13	61.9
B.Sc./HND and above	3	4.3
Total	21	100

From the table above majority of the workers representing 61.9% of the respondents are secondary school holders, 5 respondents are primary school certificate representing 23.8% 3 respondents are NCE/ND holders.

Table 4.3: what is your age bracket?

Variable	Response	Percentage (%)
18-25	4	19.05

25-35 years	10	47.62
36-45	7	33.33
45 years above	0	0
Total	21	100

Source: field work 2016

Table 4.3 shows that the majority of the workers in the establishment are between the age 25-35 years and represents 47.62% of the total population. And 18 -25 years represents 19.05 of the total population.

Table 4.4; how long have you been in this company?

Variable	Response	Percentage (%)
1 – 2 Years	8	38
2 – 3 Years	13	63
4 Years & above	0	0
Total	21	100

Source: Field work 2016

Table 4.4 shows that those respondents that have worked in the company between 2-3 years constitute the majority, which is about 62% of the respondents, while those that have worked between 1-2 years represents 38% of the population.

Table 4.5; have you worked in an establishments similar to this before?

Variable	Response	Percentage (%)
Yes	12	57.14
No	9	42.86
Total	21	100

Source: Field work 2014

12 respondents representing 57.14% of the population have prior experience of the work while 9 respondents representing 42.86% of the population said no to the question.

Table 4.6: If yes, have your experience helped this establishment in anyway?

Variable	Response	Percentage (%)
Yes	12	57.14
No	9	42.86
Total	21	100

Source: Field work 2016

The table above shows that 57.14% of the respondents have experience in the field of work and that has contributed to the smooth and effective running of the establishment. While 9 respondents representing 42.86% of the population do not have prior experience.

Table 4.7% if no, have you had any experience working in the company?

Variable	Response	Percentage (%)
Yes	12	57.14
No	9	42.86
Total	21	100

Source: Field work 2016

The table above shows that 9 respondents representing 42.82% of the population does not have prior experience when they join the company and are acquiring it by working there.

Table 4.8: how would you rate your experience?

Variable	Response	Percentage (%)
Very High	12	57.14
Moderate	7	33.33
Low	2	9.52
Total	21	100

Source: Field work 2016

Table 4.8 shows that majority of the respondents consisting 57.14% have high experience of the job, 7 respondents have moderate experience of the job while 2 respondents have little experience of the job.

Table 4.9: Do you have plan to leave the establishment soon?

variable	response	percentage
Yes	0	0
No	21	100
Total	21	100

Source: Field work 2016

Table 4.9 shows that twenty one respondents representing 100% of the workers in the company are not planning on leaving the company any time soon

Table 4.10: are you familiar with the term small and medium scale enterprise?

variable	response	percentage
Yes	21	100
No	0	0
Total	21	100

Source: Field work 2016

Table 4.10 shows that 100% of the respondents representing the total population know what small medium scale enterprise is.

Table 4.11: To what extend do understand it?

Variable	Response	Percentage (%)
Very Well	15	71.43
Not too well	5	23.81
No Answer	1	4.76
Total	21	100

Source: Field work 2016

Table 4.11 shows that 15 respondents representing 71.43 of the population understand very well what small and medium scale enterprise is, 5 representing 23.81 do not know it too well, while 1 respondent did not respond to the question.

Table 4.12: Do u agree that this establishment is a small scale enterprise?

variable	response	percentage
Yes	16	76.2
No	0	0
No answer	5	23.81
Total	21	100

Source: Field work 2016

Table 4.12 shows that the 16 respondents representing 76.2% of the respondents agreed that the establishment is a small scale enterprise, while 5 respondents representing 23.81% of the respondents did not answer the question.

Table 4.13; what are the yardsticks for qualifying a business as small scale enterprise?

1. Number of enterprise
2. It capital base
3. Rate of return

Variable	Response	Percentage (%)
1 and 2	3	14.29
1 and 3	0	0
2 and 3	0	0
All of the above	18	85.71
Total	21	100

Source: Field work 2016

Table 4.13 above, shows that the entire respondent agree that the number of workers, capital base and the rate of return of enterprises are used to qualify it as small scale enterprise.

Table 4.14: Among the following, which will you say is the source of funding a small scale business?

- i. Personal savings
- ii. Borrowing from friends and family
- iii. Borrowing from banks

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3. Rate of return

Variable	Response	Percentage (%)
1 and 2	3	14.29
1 and 3	0	0
2 and 3	0	0
All of the above	18	85.71
Total	21	100

Source: Field work 2016

Table 4.13 above, shows that the entire respondent agree that the number of workers, capital base and the rate of return of enterprises are used to qualify it as small scale enterprise.

Table 4.14: Among the following, which will you say is the source of funding a small scale business?

- i. Personal savings
- ii. Borrowing from friends and family
- iii. Borrowing from banks

Variable	Response	Percentage (%)
i and ii	3	14.29
i and iii	0	0
ii and iii	0	0
All of the above	18	85.71
Total	21	100

Source: Field work 2016

Table 4.14 above, shows that 85 of the respondents agreed that borrowing from friends and family, personal savings and borrowing from banks are the major source of funding small scale businesses, 3 respondents believe it is from friends and personal savings.

Table 4.15: Will u agree that the major source of working capital of small scale enterprises are from plough back profit?

Variable	Response	Percentage (%)
Yes	19	90.5
No	2	9.5
Total	21	100

Source: Field work 2016

Table 4.15 shows that 19 respondents representing 90.5 of the population agree that the bulk of the working capital of small scale enterprises is from plough back profit.

Table 4.16: Is it true that more sales leads to more profit for the enterprises?

Variable	Response	Percentage
Yes	21	100
No	0	0
Total	21	100

Source: field work 2016

Table 4.16 shows that all the 21 respondents agreed that the more sales for the business the more profit it will realize.

Table 4.17: Which of the following will you agree influences the rate of sales made in an enterprise?

- i. Price
- ii. Quality
- iii. Promotion

Variable	Response	Percentage (%)
i and ii	0	0
i and iii	0	0
ii and iii	0	0
All of the above	21	100
Total	21	100

Source: Field work 2016

Table 4.17 above, shows that 21 respondents representing the total population agreed that price, quality and promotion are influencing factors that determine the rate of the sales in an enterprise.

Table 4.18: Among the factors mentioned in question 17 which one is the most important factor that leads to targeted sales?

Variable	Response	Percentage (%)
Price	15	71.54
Quality	2	9.52
Promotion	4	19.95
Total	21	100

Source: Field work 2016

Table 4.18 above, shows that 15 respondents representing 71.54% of the population say that price is the most important factor that influence sales, 2 respondents representing 9.52% of the respondents representing 19.95% of the respondents believe its promotion that boost targeted sales.

Table 4.19: Is there anything like effective pricing strategy?

Variable	Response	Percentage (%)
Yes	21	100
No	0	0
Total	21	100

Source: Field work 2016

Table 4.19 above show that 21 respondents representing all the respondents agreed that effective pricing exist.

Table 4.20: When you can say pricing strategy is effective?

When its leads to;

- i. Break even
- ii. Increase profit
- iii. Expansion

Variable	Response	Percentage (%)
i and ii	17	81
i and iii	0	0
ii and iii	2	9.5
All of the above	2	9.5
Total	21	100

Source: Field work 2016

Table 4.20 above, shows that majority of the respondents constituting 81% of the population agree that effective pricing strategy leads to break even, increase profit. 2 respondents representing 9.5% each agree that effective pricing strategy leads to increased profit and expansion respectively.

Table 4.2: Would you say the enterprise is growing?

Variable	Response	Percentage (%)
Yes	20	95.2
No	1	4.76
Total	21	100

Source: Field work 2016

Table 4.21 above shows that 20 respondents representing 95.2% of the population agreed that and enterprise experiencing break even, increased profit and expansion is said to growing, while i respondent representing 4.75% thinks otherwise.

Table 4.22: Are there features mentioned in the table 4.20 found in your establishment?

Variable	Response	Percentage (%)
Yes	21	100
No	0	0
Total	21	100

Source: Field work 2016

Table 4.22 above, show that all respondents (21) indicated that all the features noted in the table 4.20 is found in the establishment.

Table 4.23: Would you say that you're experiencing growth?

Variable	Response	Percentage (%)
Yes	21	100

No	0	0
Total	21	100

Source: Field work 2016

100% of the respondents in the establishment is shown in table 4.21 indicated that the establishment is experiencing growth.

Table 4.24: How many branches does the establishment have presently?

Variable	Response	Percentage (%)
5	0	0
4	0	0
2	0	0
No branches	21	100
Total	21	100

Source: Field work 2016

Table 4.24 above shows that the establishment currently does not have a branch.

4.3.1 Test for Hypothesis 1

Ho: Effective pricing methods does not significantly aid the growth of SMEs.

H1: Effective pricing methods aids the growth of SMEs.

To test the above hypothesis, the following question was asked:

Dose effective pricing methods aid the growth of small scale enterprise? And the table shows that observed response from the questionnaire distributed.

Table 4.25

Variable	Pricing strategy	SME growth	Total
yes	10	7	17
no	3	1	4
total	13	8	21

Source: Field work 2016

Expected frequencies

Since the expected value is not obtained directly from the empirical data, the researcher therefore, has to calculate for it.

Thus:

$$F_e = \frac{\text{row total} \times \text{column total}}{\text{Grand total}}$$

$$i) \quad F_{e1} = \frac{17 \times 13}{21} = 10.5$$

$$F_{e2} = \frac{17 \times 8}{21} = 6.5$$

$$F_{e3} = \frac{4 \times 13}{21} = 2.5$$

$$F_{e4} = \frac{4 \times 8}{21} = 1.5$$

Having gotten both the observed and expected frequency, we shall go straight to test chi-square formula at 95% confidence level (i.e. significance level, $\alpha = 5\% = 0.05$)

$$X^2_{CN} = \sum \frac{(f_0 - f_e)^2}{f_e}$$

Where, f_0 = observed frequency

F_e = expected frequency

n = number of element

X^2 = chi -square calculated

Thus we have

$I=1, 2, \dots, n$	F_0	F_e	$f_0 - f_e$	$(f_0 - f_e)^2$	$\frac{(f_0 - f_e)^2}{f_e}$
1	10	10.5	0.5	0.25	0.0235
2	3	6.5	-3.5	12.25	1.8546
3	7	2.5	4.5	20.25	8.1
4	1	1.5	-0.5	0.25	0.1662
Total					10.1751

$$X^2_{cal} = 10.1751$$

$$\text{Degree of freedom, } d = (c-1)(r-1)$$

Where, c = number of columns

r = number of row

$$\text{Hence, } d = (2-1)(2-1) = 1 \times 1 = 1$$

Now $X^2_{table} = X^2_{da}$

Where X^2 table = chi-square table

α = level of significant = 0.05

D= degree of freedom=1

: . From the statistical table (chi-square table)

X^2 table = $X^2 = 3.841$

Decision Rule:

If, X^2 cal. > X^2 table, we reject null hypothesis from our computations, we have X^2 cal = 10.1751 > X^2 table, 3.841.

Therefore we reject the null hypothesis and accept the alternative hypothesis which state that effective pricing strategy significantly aids the growth of small scale enterprise.

Test for Hypothesis 2

Ho: pricing strategies has no significant relationship with growth of SMEs.

H1: pricing strategies has a significant relationship with growth of SMEs.

To test the above hypothesis, the following question was asked:

Does growth SMEs have a significant relationship with effective pricing strategy?

And table below shows that observed response from the questionnaire distributed.

Table 4.26

Variable	Pricing strategy	SMEs growth	Total
Yes	8	7	15
No	3	3	6
Total	11	10	21

Source: Field work 2016

Expected Frequencies

Since the expected value is not obtained directly from the empirical data, the researcher therefore, has to calculate for it.

Thus:

$$F_e = \frac{\text{row total} \times \text{column total}}{\text{Grand total}}$$

$$i) \quad F_{e1} = \frac{15 \times 11}{21} = 7.9$$

$$F_{e2} = \frac{15 \times 10}{21} = 7.1$$

$$F_{e3} = \frac{6 \times 11}{21} = 3.1$$

$$F_{e4} = \frac{6 \times 10}{21} = 2.9$$

Having gotten both the deserved and expected frequencies, we shall go straight to the chi - square formula at 95% confidence level (i.e Significant level, =5%= 0.05)

$$X^2_{CN} = \sum \frac{(f_0 - f_e)^2}{f_e}$$

Where, f_0 = observed frequency

F_e = expected frequency

n = number of element

X^2 = chi -square calculated

Thus we have;

I=1, 2,...n	F_0	F_e	$f_0 - f_e$	$(f_0 - f_e)^2$	$\frac{(f_0 - f_e)^2}{f_e}$
1	8	7.9	0.1	0.01	0.0013
2	3	7.1	-4.1	16.81	2.3676
3	7	3.1	3.9	15.21	4.9064
4	3	2.9	0.1	0.01	0.0034
Total					7.2787

$$\therefore X^2_{cal} = 7.2787$$

Degree of freedom, $d = (c-1)(r-1)$

Where, c = number of columns

r = number of row

$$\text{Hence, } d = (2-1)(2-1) = 1 \times 1 = 1$$

Now X^2 table = X^2_{da}

Where X^2 table = chi-square table

α = level of significant = 0.05

D = degree of freedom = 1

: . From the statistical table (chi-square table)

X^2 table = $X^2 = 3.841$

Decision Rule:

If, X^2 cal. > X^2 table, we reject null hypothesis from our computations, we have that X^2 cal = 7.2787 > X^2 table, 3.841.

Therefore we reject the null hypothesis and accept the alternative hypothesis which pricing strategies has a significant relationship with growth of SMEs.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

The major objective of this study has been to evaluate effective pricing strategy and their impact on the profitability and growth of small scale businesses, and make appropriate recommendations on the most effective pricing strategy and conditions in small business or enterprise. To achieve this goal, so many techniques were used to analyze both the primary and secondary data collected for the purpose of study. A small scale enterprise was selected as a case study, and a sample of twenty one (21) respondents who are employers of the enterprise were used in the study. In addition, hypothesis was formulated and tested for significance using chi-square.

Among other things, the research revealed that there is significant relationship between effective pricing strategy that leads to increase sales and growth of a company and such relationship depends on the performance of the firms in areas of pricing and other marketing activities. It is also discovered that the major source of working capital of small scale enterprise is from plough back profit from its sales, it was also revealed that despite the fact that there are many factors that influence sales, price is the most influencing factor.

It is also revealed that when an enterprise is breaking even, making profit, and experiencing growth and expansion, it can be said that the pricing strategy of such an enterprise is effective. The research also discovered that effective pricing strategy aid in the growth of small scale business or enterprise.

5.2 CONCLUSION

In line with the finding of this research, the following conclusions are drawn.

It was generally acknowledged that effective pricing strategy adoption or administration plays a crucial role in the growth of a small scale enterprise or company. It brings about break even, increased sales, profit maximization etc., all these in turn lead to the growth of a business. Manager in such company should ensure operating efficiency and appropriate combination of effective strategies and tactics. Most problem of small scale business in effective pricing strategy implementation is lack of proper pricing knowledge and adopting inappropriate pricing strategy for their product or company.

The consideration for factors that determine the effective product pricing of a firm, such as the nature and demand for the product, government restriction on price, competitors, cost of product, buyer buying behaviour etc is also very important in determining appropriate and effective pricing strategy for a firm. Managers should be trained on how to effectively manage and administer pricing strategy for their firms.

It was also acknowledge that there is room for improving the marketing activities of firms through training managers on how they can effectively use marketing strategies at their disposal for profit maximization. A strategy can also be set to identify at a glance the pricing policy a company is using in a partaker time and its direct impact on sales. This would allow manager to avoid the adoption of pricing strategy or policy that would allow manager to avoid the adoption of pricing strategy or policy that would minimize their profit.

It was concluded that those enterprises that adopt a simple and effective pricing strategy tend to attain higher sales and profit compared to those that use a very weak or ineffective pricing strategy or policy.

5.3 RECOMMENDATIONS

Based on the findings of this study, the following recommendations are made:

1. Factors affecting effective product pricing should be critically studied, so that an effective pricing strategy be adopted.

2. Firms should make marketing mix decisions that clearly define their product, price place and promotion.
3. Firms should understand demand curve and low quality demanded varies with price.
4. Government should assist small and medium scale enterprise by providing an institution that provides training to managers of such firm in areas of marketing.
5. Pricing policy or strategy of SMEs should be very flexible due to the changing nature of the market.

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APPENDIX A

Department of Business

Administration

Nasarawa State University, Keffi
Nasarawa State.

April, 2016

Dear respondent,

I am a postgraduate student of Business Administration department of Nasarawa State University, Keffi. I am carrying out a research on "Pricing and growth SMEs in Nigeria"- a case study of Dynoexcel Corporate Services Limited, Abuja, as part of the requirement for award of a Postgraduate Diploma in Business Administration.

I therefore solicit for your cooperation in giving me answers to the questionnaire. The questions are designed with options and all responses will remain anonymous. I hope to obtain not only useful but also honest responses from you.

Thank you.

Chukwuemeka Nwamadi

APPENDIX B

1. What is your sex? Male () Female ()
2. What is your educational background?
Primary certificate () NCE/ND () B.Sc./HND & above ()
3. What is your age bracket?
18 – 25 years () 26 – 35 years () 36 – 45 years () above 45 ()
4. How long have you been in this company?
1 – 2 years () 2 – 3 years () 4 years & above ()
5. Have you worked in an establishment similar to this before?
Yes () No ()
6. IF yes, have you had any experience working in the company?
Yes () No ()
7. If no, have you had any experience working in the company?
Yes () No ()
8. How would you rate your experience?
Very high () Moderate () Low ()
9. Do you have plan to leave the establishment soon?
Yes () No ()
10. Are you familiar with the term small and medium scale enterprise?
YES () No ()
11. To what extend do you understand it?
Very well () not too well () No answer ()

APPENDIX B

1. What is your sex? Male () Female ()
2. What is your educational background?
Primary certificate () NCE/ND () B.Sc./HND & above ()
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Yes () No ()
6. IF yes, have you had any experience working in the company?
Yes () No ()
7. If no, have you had any experience working in the company?
Yes () No ()
8. How would you rate your experience?
Very high () Moderate () Low ()
9. Do you have plan to leave the establishment soon?
Yes () No ()
10. Are you familiar with the term small and medium scale enterprise?
YES () No ()
11. To what extend do you understand it?
Very well () not too well () No answer ()

12. Do you agree that this establishment is a small scale enterprise?

Yes () No ()

13. What are the yardsticks for qualifying a business as a small scale enterprise?

i. Number of workers

ii. Its capital base

iii. Rate of return

i and ii () i and III () All of the above ()

14. Among the following, which you say the source of funding small scale business?

i. Personal savings

ii. Borrowing from friends and family

iii. Borrowing from banks

i and () i and iii () ii and iii () All of the above ()

15. Will you agree that the major source of working capital of small scale enterprises are from plough back profit?

Yes () No ()

16. Is it true that more sales leads to more profit for the enterprises?

Yes () No ()

17. Which of the following will you agree influences the rate of sales made in an enterprise?

i. Price

ii. Quality

iii. Promotion

i and ii () i and iii () All of the above ()

18. Among the factor mentioned in questions 17 which one is the most important factors that leads to targeted sales?

Price () Quality () Promotion ()

19. Is there anything like effective pricing strategy?

Yes () No ()

20. When can you say pricing strategy is effective?

i. Break even

ii. Increase profit

iii. Expansion

i and ii () i and iii () ii and iii () All of the above ()

21. When an enterprise is experiencing the factors mentioned in table 4. 20, would you say the enterprise is growing?

Yes () No ()

22. Are there features mentioned in question 20 found in your establishment?

Yes () No ()

ii. Quality

iii. Promotion

i and ii () i and iii () All of the above ()

18. Among the factor mentioned in questions 17 which one is the most important factors that leads to targeted sales?

Price () Quality () Promotion ()

19. Is there anything like effective pricing strategy?

Yes () No ()

20. When can you say pricing strategy is effective?

i. Break even

ii. Increase profit

iii. Expansion

i and ii () i and iii () ii and iii () All of the above ()

21. When an enterprise is experiencing the factors mentioned in table 4. 20, would you say the enterprise is growing?

Yes () No ()

22. Are there features mentioned in question 20 found in your establishment?

Yes () No ()

23. Would you say that your establishment is experiencing growth?

Yes () No ()

24. How many branches does the establishment have presently?

5 () 4 () 2 () No branches ()