International Policy Brief Series - Education & Science Journal
Vol. 4 No 1, October 2014
www.internationalpolicybrief.org

EFFECTS OF MARKETING STRATEGIES, MARKETING ELEMENTS (4Ps) AND LEADERSHIP STYLES ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NIGERIA

[1]Emmanuel Ayuba Kuwu, [2]Prof. Roselyn W. Gakure &
[3]Dr. Patrick Karanja Ngugi PhD
[1]Department of hospitality, Leisure and tourism Management
College of Science and Technology, Kaduna Polytechnic, Kaduna.
[2&3]Faculty of Human Resources Development Department of Entrepreneurship and Procurement
Jomo-Kenyatta University of Agriculture and Technology
City-Square Nairobi – Kenya

Abstract

The paper investigates the effect of marketing strategies, marketing elements (4Ps) and leadership style on the performance of small and medium enterprises in Nigeria. Effect of marketing strategies, 4Ps of marketing elements (product, promotion, price and place) and leadership style are instrumental in commercializing ideas and invention and in running successful business. Nevertheless, the effect of marketing strategies on enterprises performance remains elusive, even despite an established research tradition. The main objectives of the study is to investigate the effect of marketing strategies, 4Ps and leadership style on the performance of small and medium enterprises in Nigeria. The study proposes a research model of small and medium enterprises (SMEs) performance in Nigeria. The study adopted descriptive research survey and exploration design methods for the collection of information from sample SMEs in Nigeria. Primary data were collected through the use of questionnaire administered to 100 SMEs selected through a multistage probability technique and a report of operations over ten years (10) period (2004-2014), multiple linear regression analysis, chi-square and Anova were applied to data collected. The results confirmed positive effect between the dependent and explanatory variable. The model contributes for better understanding of complex interaction between marketing strategies, 4Ps of marketing elements and leadership style on SMEs performance in Nigeria. Equally too this study has positive implication for practice. The study will assist SMEs managers in the effective use of marketing strategies, 4Ps of marketing elements and leadership style to gain competitive advantage and achieve superior performance.

ISSN Print: 2315-8425, Online 2354-1660

ESJPRCD: 014:2:4

Keywords: Marketing Strategies, 4Ps of Marketing Elements, Leadership Style, Small and Medium Enterprises and Performance.

Background to the Study

The Central Bank of Nigeria in its monetary policies circular No. 22 of 1988 view small scale industry as those enterprises which has annual turnover not exceeding 500,00 Naira (CBN: 1988). Similarly in 1990, the Federal Government of Nigeria define small scale enterprises for the purpose of commercial bank loans as those enterprises whose annual turnover does not exceed 500,000 thousand naira and for merchant bank loan those enterprises with capital investment not exceeding 2million naira (excluding the cost of land) or a minimum of 5million naira. The small firm possesses entrepreneurial dynamism, internal flexibility and responsiveness to changing circumstances (Verhees and Meulenbera, 2004). Small firm develop competencies in networks in order to overcome their limitations with regards to resources and strategic management capabilities (Curson, Cromie McGowan and Hill, 1995). Small and Medium Enterprises (SMEs) account for a majority of Enterprises in many countries. According to the Organization for Economic Cooperation Development (2002). SMEs account for over 95 percent of total enterprises in most DECD economies and the employment was about 65 – 75 percent of the workforce. According to Asia Pacific Economic Cooperation (1997) SMEs account for 90 percent of all enterprises, employing form 45 – 86 percent of the workforce of individual APEC economies, contributing 35 – 65% of the Gross Domestic Product (GDP) accounting for 45% of exports in the region.

In Nigeria, it is estimated that 90% of all formal businesses are small, medium or micro enterprises (Akande, 2012). The SMEs sector is one of the largest contributors to the Nigeria economy. The SMEs is not only seen as an employment creator, but this sector also acts as an absorbent of retrenched people coming from the private and public sector (Ayaggari et al, 2003). Although the SMEs sector is responsible for 65% of new jobs, largely due to emergence of new micro enterprise formation, (Morris S. 2001).

Objective of the Study

To examine the effect of marketing strategies on the performances of small and medium scale enterprises in Nigeria.

Specific Objectives

1 To determine the effect of marketing elements (4Ps) on the performance of small and medium enterprises in Nigeria.
2 To establish the effect of leadership skills on the performance of small and medium enterprises in Nigeria.

measures are needed during the implementation process of the marketing plan. Marketing strategies essentially deal with the interplay of three forces, known as the strategic Cs: the customer, the competitor and the company (Jain, 2004). The relationships among these elements form marketing strategy triangle (figure 2.1). To maintain its competitive advantage, a company needs to deliver to customer values that can be clearly differentiated from those of its competitors. At the same time, by using available resources, the firm should match its actions and activities with the needs and preferences of customers. Furthermore, the firm must render a better match than its competitors between its needs and customers' needs. If a company fails to do so, it loses the competitive advantage and its long-term sustainability may be put at risk.

Conceptual Framework

A conceptual framework for the present study shows the effect of marketing management strategies, marketing elements (4Ps) and leadership skills on the performance of small and medium enterprises (SMEs) in Nigeria and has been depicted in figure 2.2 below.

Independent Variable

Figure 2.2 Conceptual Framework

Marketing Elements (4Ps)

Product

In marketing, the product is important component of the marketing mix. It determines whether the organization survives or dies. To develop the 'right' product is not an easy task because of the dynamic nature of consumer needs and attitudes. The goods and / or services people buy at any given time are determined by their immediate needs and other external stimuli. According to Busch and Houston (1985) product is anything capable of satisfying a consumer want or need. It can take a variety of forms, including a physical object, a service, a place, an organization, an idea or a personality. Kotler (1980) defined a product as anything that can be offered to a market for attention, acquisition or consumption; it includes physical objects, services, personality, places, organizations and ideas. Stonton (1981) defined a product as a complex of tangible and intangible attributes, including packaging, colour, price, manufacturer's prestige, retailers attitudes which the buyers may accept as offering satisfaction of wants and needs. Schewe and Smith (1980) recognized the traditional and expanded approaches to defining a product. Under the traditional approach, a product is seen as the entire bundle of utility that is offered by a marketer to the market place. This bundle contains a potential for satisfaction that comes in part from a tangible, objective feature of the product. Satisfaction is also derived from the intangible, subjective features of a product. This accounts for why some people may prefer to buy higher priced goods than their cheaper counterparts. Functionally, the

Hypothesis

Ho: There is no relationship between effects of marketing strategies, marketing elements (4Ps) and leadership style on performance of SMEs in Nigeria

H2: effects of marketing strategies, marketing elements (4Ps) and leadership style will not positively influence performance of SMEs in Nigeria

Statement of the Problem

The development of marketing strategies theories and paradigms concerning small and medium enterprises performance has not reached it momentum yet, despite the studies of the last 10 years. The effect of marketing strategies, marketing elements (4Ps) and leadership style on performance of small and medium enterprises has been a subject of growing interest in the field of strategies management. However, almost all these studies are limited to large enterprises and carried out in a western context (Inegbenebor 2006). Despite this trend, the literature suggest that a few studies on marketing research, marketing segmentation and marketing mix have addressed this issue in small and medium enterprises sector. Yet, there is little or no empirical proof available to this study on this important sector of the economy.

Literature Review and Conceptual Explanation

Strategies have been defined as the match an organization makes between its internal resources and style and the opportunities and risks created by its external environment (Charles, 1978). Marketing strategies entails the set of actions designed to achieve competitive advantage and achieve better than average results by intelligent and fact-based selection among alternative leading to such advantage (Shane, 2000). According to Zon and Stan (1998), a strategy is a road map that specifies the direction of organizational decisions. Such road map should not be seen as an end in itself, instead, it is supposed to provide a coherent approach to attaining corporate goals, particularly in a fast changing operating environment where today's best decisions and practices can become obsolete and mundane the next moment. Strategy helps to proactively shape and purposely coordinate organizational moves in its markets.

A marketing strategy process involves matching a company's internal resources and capabilities to external environmental opportunities for the company's long-term development. Three steps are needed to formulate a marketing strategy. First, the company should determine where it stands now by conducting a situation analysis that evaluates a variety of internal and external factors. Second, the company should know where it wants to be. Managers have to clearly and equivocally identify the company's mission and long-term objectives. Third, the company should decide on how to get where it wants to be. Managers need to formulate and executable marketing plan to achieve its objectives. Quality control, feedback and monitoring products may serve the same purpose but this is not enough for an ego-conscious consumer. Products can also be viewed from the angle of the benefits they offer, in fact, markets are divided into segments on the basis of benefits which reflect the needs and wants of each segment. A marketer must always try to identify the primary and secondary benefits his product is likely to offer to the consumers and convert them into unique selling proposition (USP).

Promotion

Promotion is the function of information, persuading and influencing the consumers' purchase decision. It may be defined as any communication activities whose purpose is to move forward products, idea or service in the marketing channel in order to reach the final consumer. Promotion affects the knowledge, attitudes and behavior of the recipient. Promotion usually provides target audiences with all the accurate information they need to help them take decision to visit a particular destination / site. The information should be accurate and timely and should not be misrepresented so as to satisfy the customers and create a positive image for a destination. In order to effectively and efficient market SMEs product in Nigerian a number of promotional methods can be used. There include the use of such media as the television, radio, newspapers and magazines. Such television programmed as “The African Pot”, Nigerian Television Authority News line and documentaries etc. are useful in this regard. As a result of the improvement in information technology, the internet resources can also be harnessed to provide information on Nigeria's abundant resources of facilities thereby helping to promote it globally. Several websites can be created on the internet for these resources and facilities which can be accessed. Such information can support forcefully and positively the appeal and image of Nigeria especially in the key source countries like Western Germany, United States of America, Japan, Great Britain and France. For consumers they are well informed of the availability of the products in the market, where and when to buy them, their benefits and uses and also quality. Without this information, buyers are handicapped in attempting to maximize result of their expenses.

Price

Price is an important factor in building long-term relationships with customers, and haphazard pricing techniques can confuse and alienate customers and endanger a small company's profitability. Setting prices is not only one of the toughest decisions small business owners face, but it also is one of the most important. Research by the consulting firm McKinsey and Company shows that proper pricing strategies have far greater important on a company's profits than corresponding reductions in fixed or variable costs. For instance, when a company that earns a 10 percent net profit margin raises it prices by one percent, its profits increase by 10 percent (assuming its unit sales remain the same). Improper pricing has destroyed countless businesses whose owners mistakenly thought their prices were high enough to generate a profit when in fact, they were not. Price can be described as the monetary valued placed on goods or services offered for sale. According to Stanton (1981) price can be defined as the amount of money (plus possibly some goods), which is needed to acquire in exchange some combined assortment of a product and its accompanying services. Price normally reflects the costs of goods (or services) sold, including administrative and selling expenses and probably some profit. Pricing is therefore, the process of estimating the amount a given product will be sold or exchanged. Price is important because it regulates the economic system and influences the prices paid for all factors of production and the allocation of these factors. It influences the wages paid to workers, the rent a company pays and the profit a company makes. The demand of an item is dependent on the price of the product.

Pricing decisions cut across every aspect of a small company, influencing everything from its marketing and sales efforts to its operations and strategy. Pricing is the monetary value of a product or service in the marketplace; it is a measure of what the customer must give up to obtain various goods and services. Price also is a signal of a product's or service's value to an individual and different customers assign different values to the same goods and services. From an entrepreneur's viewpoint", says one business writer. "It's a psychology test". The psychology of pricing is an art much more than it is a science. It focuses on creating value in the customer's mind but recognizes that value is what the customer perceives it to be.

Most Entrepreneurs approach setting the price of a new product with a great deal of apprehension because they have no precedent on which to base their decisions. If the new product's price is excessively high, it is in danger of failing because of low sales volume. However, if its price is too low, the product's sales revenue might not cover costs. In addition, the company runs the risk of establishing the product's value at a low level. Management consulting firm McKinsey and Company claims that 80 to 90 percent of the pricing problems on new products are the result of companies setting prices that are too low. When pricing any new product, the downer should try to satisfy three objectives which are: getting the product accepted; maintaining market share as competition grows and earning a profit.

Place

The concept of place has always been somewhat ambiguous. Place does not adequately describe the role and functions distribution in the marketing mix. Distribution signifies where in the marketplace information about a particular product or services can be located so that consumers can be made aware of it, and then decide, if they are persuaded that what they see will satisfy their needs or wants, to make a purchase. Fyall and Garrod (2005) cited Godfrey and Clark's consolidation of this point in their definition of the place element as "routes of exchange". So place has come to be regarded as representing where, how, by whom and through what means such information is distributed and made available in the marketplace. Distribution then is a critical element in the marketing mix. While not perhaps the most glamorous aspect of marketing as Morgan (1996) has suggested, distribution is almost certainly the most important. Put simply, all other marketing efforts are likely to fall if in the end consumers are unable to locate information about the products or services available. If the products and services offered by competitors are more readily accessed. The decision made by consumers to purchase a particular product or service, and the opportunities for producers and suppliers to convert the motivation to purchase into a sale, depend primarily on consumers' knowing what is available to them, and how, if they so decide, a purchase might be made. As Reid and Bojanic (2006) put it, 'the main objective of the distribution function is to get products and services to consumers where, when, and how they prefer them'.

Leadership

Daft (1994) defines leadership as the use of influence to motivate people to achieve a firm's goals. Leading is creating a shared culture and values, communicating goals to human resources in the whole enterprises and infusing the said human resources with the desire to perform highly. It involves motivating the entire firm's human resources. Rue and Byars (1992) define leadership as the ability to influence people willingly, follow one's guidance or adhere to one's decisions. A leader is one who obtains followers and influences them in setting and achieving objectives. Smith and Cronje (2002) define leadership as human (symbolic) communication which modifies the attitudes and behaviours of others in order to meet group goals and needs. Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen. Effective leadership is the ability to successfully integrate and maximize available resources within the internal and external environment for the attainment of enterprise goals (Hackson and Johnson, 2009). Leadership is influencing people to get things done to a standard and quality above their norm and doing it willingly. Leadership is the process of directing the behaviour of others towards the accomplishment of some common objectives. There are three important factors in leadership: “influence” which means modifying attitudes and behaviors of subjects; “motivation” where a leader inspires subjects to achieve more than what is expected of them: “Goals” are the enterprises desired outcomes which the subjects must be influenced to achieve (Daft, 1994).

Transactional Leadership Style and Performance

Transactional leaders are seen as those “who guide or motivate their followers in the direction of established goals by clarifying role and task requirements” (Robbins, 2003). Transactional leadership is created based on the basis of exchange between leaders and followers. Transactional leaders tend to stimulate their followers with rewards in an exchanged based relationship. Accordingly, the leader-member exchange is dependent upon rewards. The leaders will offer the rewards based on what was discussed in the employees' formal contract. The relationship expires as staed in the terms of the contract or will be invalidated if promised rewards and delayed are not accomplished. Rewards may be seen as positive or negative and may not necessary be a financial. Kuhnert and Lewis, (1987) state that transactional leadership believed reward system is necessary between leaders and followers for the objective of advancing their personal goals. Pillai, Schriesheim and Williams (1999) define transactional leadership as “an exchange process in which the leader provides rewards in return for the subordinate's effort and performance”. Guardia (2007) finds that transactional leadership is the elementary factor to organizational success at both team individual level and that transactional leadership behavior has vital relation with group and individual performance factors. Roslan and Rosli (2012) tested the relationship between transactional leadership and performance of Small and Medium Enterprises in Nigeria and found that there was a significant positive relationship between transactional leadership and SMEs performance.

Transformational Leadership Style and Performance

Transitional leadership can lead to high-performing organization due to the supportive, delegated, participative, collaborative leader-follower relationship that evolves in an organization (Porter, Steers, Mowday and Boullian, 1998). Feinberg, Ostroff and Burfe (2005) state that transformational promote and encourage cooperative decision making and problem solving. Likewise, Gillespie and Mann (2004) concur that in order for an organization to achieve the goals and objectives as well as gain the cooperation, its leaders encourage employees to grow and develop, set high goals for them, offer emotional support and direction, identify and work individually and as a team, to develop their abilities and capabilities. Gillispie and Man (2004) find that the ability of transformational leaders to communicate, support, appreciate and develop followers helps promote the trusting relationship between the members of the organization. Studies by previous researchers have shown that there is strong correlation between transformational leadership with small and medium enterprises performance.

This strong correlation has been proven by Avolio (1999) and Bass (1998) with numerous different measures. Such researches have correlated the transformational leadership with supervisory assessments of managerial performance (Hater and Bass, 1988; Waldman, Bass and Eistein, 1987), promotion (Waldman, Bass and Yammarin, 1990), innovation (Keller, 1992), and achievement (Howel and Avolio, 1993). Barling, Weber and Kelloway (1996) found that effects of marketing strategies adopted by transformational leadership on financial results under transformational leaders than other types of leadership styles after measuring the effect of marketing strategies on transformational leadership on financial results are positive. Dvir, Eden, Avolio and Shamir (2002) are able to show that followers achieved better results under transformational leadership. A positive and moderate correlation was also found between marketing strategies on transformational leadership and job satisfaction (Ramey 2002). Stumpf (2003) agrees with Ramey and proves that marketing strategies adopted by transformational leadership positively influenced job satisfaction. Following the analysis of the leadership between leadership and physical distance unit performance. Howell, Neufield and Avolio (2005) find that transformational leadership positively predicted unit performance. Transformational leadership was positively linked to organizational performances (Zhu, Chew and Spangler, 2005) and the Chief Executive Officers hold a vital role to the firm's success. Roslan and Rosli (2012) tested the relationship between transformational leadership and performance of Small and Medium Enterprises in Nigeria and found that there was a significant positive relationship between transformational leadership and performance.

Passive-Avoidant Leadership Style and Performance

Passive-avoidant leadership is as a result of lack orientation of marketing management strategies which is basically inactive and is often referred to as lack of leadership (Bass and Avolio, 1995). Passive-avoidant leadership is comparable to “no leadership” (Avolio and Bass, 2004) or a “do nothing” style leadership (Gartner and Stough, 2002). The leaders offer no further support or supervision for the task assign and decisions are left to others in the organization. Passive-avoidant leaders will rapidly lose influence in the organization due to lack of action. Passive-avoidant leadership has been established to be the least effective of the three leadership styles (Bass and Avolio, 1995). In passive-avoidant leadership, the leaders provide no further leadership support or management advice after handling out tasks. Avolio and Bass (1995) confirm that passive-avoidant is the least effective of leadership styles.

Methodology

The Study made use of cross-sectional survey design. The survey method used a self-administered questionnaire. The questionnaire survey was conducted in major commercial centers in Nigeria. Using multi-stage probability sampling techniques, a sample of 100 small businesses were selected from a list of registered food industry. Necessary data were collected to ascertain the effect of marketing strategies, 4Ps of marketing elements and leadership style on the performance of industry operations. The average annual growth rate in the SMEs industry has been over 10% since 2000. The contribution of the industry to the GDP of Nigeria increased from 6.50% in 1999 to 8.60% in 2010 (National Bureau of Nigeria Statistics 2009). Likert scale measurement used to indicate a degree of agreement or disagreement. For the purpose of this study, marketing strategies, 4Ps of marketing elements and leadership style are the independent variables while the performance of small business represented improved sales shall be the dependent variables. A special statistical package (SPSS) was used to obtain the result. A non-parametric statistics (Chi-square) was employed in testing the relationship set, equally, ANOVA was used to test whether there is a linear relationship and the level of Linearity between marketing strategies, 4Ps of marketing elements and leadership style improvement in small businesses performance in Nigeria.

The original questionnaire was first reviewed and revised by two professors (one in marketing and strategic management and another in Entrepreneurship education) with substantial research experience in the subject area in Nigeria and Kenya. The questionnaire survey was conducted in major cities, and towns in Nigeria. The questionnaire together with a cover letter explaining the methodology and objectives of the study was distributed to 100 food enterprises in those areas. A total of 100 effective responses were received, the response rate of this research is 12.1%. Table and 2 summarize the respondent's particulars and firm performance.

Table 1: Respondent’s particulars

Location	No. of Respondents	Percentage
Kaduna	10	8.26
Kano	5	4.13
Abuja	23	19.01
Jos	4	3.31
Ibadan	3	2.48
Lagos	22	18.18
Calabar	3	2.48
Nasarawa	9	7.44
Benue	5	4.13
Port Harcourt	11	9.09
Kogi	6	4.96
Enugu	20	16.53
Total	121	100%
Position		
General Manager	25 20.66	
Department Manager	32 26.45	
Project Manager	33 27.27	
Senior / Store Manager	31 25.62 121 100%	

SME's Performance

SME's performance was the ultimate criterion in the theoretical model. The competitive performance was often measured by the business volume (including sales, profit) (Bartb, 2003; Cheah et al., 2007; Olutunla and Obamuyi, 2008), efficiency (productivity, return on equity, net profit) (Brooksbank et al., 2001; Davies and Walters, 2004), business growth and sustainable growth (Chandler and Hanks, 1994; Fu et al., 2002). In this research, sales growths were used for measuring food SMEs' competitiveness. The performance of the firm was measured through a subject approach. In this approach the performance of the firm is measured by the perception of the owner/managers providing responses to the Business Performance Questionnaire. The owner/managers were asked to state their firm's performance criteria such as sales growth, employment growth, market value growth, profitability and overall performance. This approach was chosen since there is no agreement among researchers on an appropriate measure of performance. Objective approach was not used in this study as collecting objective data is very difficult as the owner/managers are not willing to disclose the firm's information to outsiders.

Reliability

The instruments used in this study were developed form prior research and previously tested for reliability. Reliability tests were conducted to determine the internal consistency of the MLQ. EOQ and BP. As can be seen in Table 1, the Cronbach Alpha achieved for leadership styles (transactional, transformational and passive-avoidant), entrepreneurial orientation and performance are greater than 0.7 (Annually, 1978). This shows that the questions used in the survey instruments possess high stability and consistency.

Table 1: Reliability scores for variables

Variables	No. of items	Cronbach Alpha Value
Transactional	8	0.866
Transformational	20	0.900
Passive-Avoidant	8	0.923
Productivity	9	0.795
Market share	7	0.902

Regression analysis was used to test the relationships between transactional, leadership and performance (H1), transformational leadership and performance (H2), passive-avoidant and performance (H3) and 4Ps of marketing elements and performance positively and significantly related to performance. This finding supports H1. The results also indicate that transformational leadership is also positively and significantly related to performance. This finding also supports H2. However, the regression analysis result of passive-avoidant leadership indicates that relationship is negatively related to performance and this support H3. 4Ps of marketing elements is found to be positively and significantly related to performance and this supports H4.

Table 2: Regression of leadership styles

Variable	Adjusted R-square	Beta	F-value	Sig.
Transactional	0.134	0.369	58.525	000*
Transformational	0.164	0.408	73.616	.000*
Passive-Avoidant	0.024	-0.162	9.919	.002
4Ps of Marketing elements	0.181	0.428	82.934	.000*

Sig p<0.001

Results and Discussion

Correlation analysis

The statistical software, SPSS 12.0, is used to conduct data analysis in the study. Correlation analysis is the statistical method that can be used to describe the degree to which one variable is linearly related to another. Correlation analysis in the study is used in conjunction with regression analysis to measure how well the least squares line fits the data. Table 3 presents the descriptive statistics and correlations among all variables used in the analysis. An indicated, the correlation analysis has shown that there was significant and substantial level of correlations among variables of the same construct. For example, a medium to high level of correlations from 0.19 to 0.54 was found among the competitive and relationship marketing strategy areas. This could be explained by the fact that they were at sub-constructs of similar behavioural characteristics reflecting a higher-level construct. Cronbach's coefficient is used to measure the degree of co-variation among competitive marketing strategy, relationship, productivity, market performance.

Table 1: Impact of marketing strategies, 4Ps of marketing element and leadership skills on SMEs performance

Strategies entrepreneurship affect	Know many	Few	None	Total
Year count	44	18	4	66
% within Application	66.7%	27.3%	6.1%	100%
% within Do you	69.8%	78.3%	33.3%	67.3%
% of Total	44.9%	18.4%	4.1%	67.3%
No count	19	5	8	32
% within Application of Effect of MS	59.4%	15.6%	25.0%	100%
% within Do you	30.2%	21.7%	66.7%	32.7%
% of Total	19.4%	1%	58.2%	32.7%
Count	63	23	12	98
% within Application of Effect of MS	64.3%	23.5	12.2	100%
Count	63	23	12	98
% within Do you	100%	100%	100%	100%
% of total	64.3%	23.5	12.2	100%

Table 2: Chi-square tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-square	7.737	2	021
Likelihood Ratio	7.313	2	026
Linear-by-linear association	2.068	1	085
No of valid cases	98		

Source: Field survey 2014

Table 2: Chi-square tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-square	18.218	6	006
Likelihood Ratio	21.703	6	001
Linear-by-linear association	2.200	1	138
No of valid cases	96		

Source: Field survey 2014

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	383	147	138	1.42423

Source: Field survey, 2014

ANOVA

Model	Sum of Square	Df	Mean	Square F	Sig
1 Regression	33.474	1	33.474	16.502	000
Residual	194.730	96	2.028		
Total	228.204	97			

Source: Field survey, 2014

Discussion

The study investigates the effect of marketing strategies, 4Ps of marketing elements and leadership skills on SMEs' performance. Contrary to the prediction in the research, environment dynamism is not related to SMEs performance. A plausible explanation is that, the success of SMEs is largely attributed to top managers' ability to develop effective strategies that are compatible with environmental conditions. Small business managers may face dynamism environment that is unclear and that presents few well-alternatives and few clear evaluations criteria by which to select among alternatives (Luo, 1999). Competitive pressure challenges the competitive positions achieved by incumbent firms and reinforces dependence on other firms. Because industry in Nigeria resides in growing stage, the growth in the number of firms in an industry exacerbates existing as well as incoming competition. High competitive pressure may create more chaos in the market including the appearance of extensive pseudo and inferior projects and escalating prices. The chaos may lower customers' loyalty to products and thus increase the costs for using marketing strategies.

This study also examines how leadership styles, affect the business performance of small and medium enterprises in Nigeria. Significant conclusions from this study are that different leadership styles may affect business performance, and that transformational leadership has higher influence towards business performance than transactional leadership and passive-avoidant leadership. positive significant and strongly enough relationships are found between leadership styles (transformational and transactional) and business performance. It means that as leadership styles (transformational and transactional) level increases, the degree of business performance also increases. It can be concluded that leadership styles of SMEs owners/managers can influence the success and survival of the SMEs. Different leadership styles may affect performance. Transformational leadership is significantly more related to the business performance than transactional leadership and passive-avoidant leadership. Among the three leadership styles, transformational leadership is found to be the best predictor of the business performance. This study supports the position of Garner and Stough (2002) that transformational leadership is more effective than transactional leadership. Transformational leadership has more influence than transactional leadership with high performance (Bass, Avolio, Jung, & Berson, 2003; Lowe & Galen, 1996).

Conclusion

Leadership style, marketing strategies and 4Ps of marketing elements are important for SMEs to survive. A study on leadership, 4Ps of marketing elements development could provide owner/managers attributes to maintain business performances. Although this research confirmed the role of leadership styles, strategies and 4Ps of marketing elements as the important aspect of organizational strategy, additional research is needed to refine the understanding of this critical dimension. Future research is also needed to determine other measures of SMEs performance and integrate them in a research from other aspects of leadership style, 4Ps of marketing elements skills such as financial management, communication, motivation of others, vision, and self-motivation. With these, firms can make a more appropriate strategy in winning the competition with other firms. For further research, researchers can extend this study on other industries such as manufacturing, constructions, agricultures and telecommunications.

Implications of the Research

The study has implications both for existing academic theory and advances research on SMEs in transitional economy. The study provides a more accurate and less biased picture of the determinants of SMEs' performance, than is possible when investigation within each field was constrained by disciplinary boundaries. Such a flexible model may capture the dynamic nature of marketing strategy that evolves over time. The academics can find value in the identification of statistically reliable measures that will be used in further research designed to develop theoretical foundations that will explain the success of SMEs. As most early studies in SMEs have focused on the context of advanced market economy, small business development in transitional economy remains by and large an unexplored and important agenda (Anderson et al, 2003; Chen, 2006).

The findings of this study also have implications for marketing management practice. Although Nigeria's economy is undergoing a transition from planning economy to market one, f SMEs should direct their efforts at creating differential advantage, implementing innovation and building good relationship with banks, clients and government. Increasingly, SMEs that have marketing resources and leadership style can effectively implement marketing resources are more likely to achieve success in the market. The lesson for marketing managers in SMEs is that the effective use of marketing strategies could help them gain competitive advantage and achieve superior performance.

Limitations and Future Research

The study has several limitations, which merit some consideration when evaluating the empirical findings. The research has limitation in data collection. Although no significant non-response rate had resulted in the smaller than expected sample size, which was less desirable for the statistical precision and confidence of the study. A somewhat larger sample would obviously permit firmer conclusions to be drawn from the results of the statistical analysis. The research has limitations as an operationalization of variables. With the transition of Nigeria's economy from the highly centralized planning mode to a market orientation, process variables and organization structure variables also influence the operation of SMEs. Future research should address this issue in order to better interpret the relationship between organizational behaviour and SMEs' performance.

References

Akande O.O. (2006). “Effect of Entrepreneurial Skills on Small Business Performance in Lagos-South-Western Nigeria”. Unpublished M. Phil. Dissertation, Ladoke Akmola University of Technology Ogbomoso, Nigeria.

Anderson AR, Li J, Harrison R., Robson PJA (2003) “The increasing role of small business in the Chinese economy” J. Small Bus, Manag. 41(3): 310 – 316.

Aragon-Sanbez, A. Sanchbez-Marin G. (2005). Strategic orientation, management characteristics, & performance: a study of Spanish SMEs J. Small Business Management, 43(3): 287 – 308.

Asia Pacific Economic Cooperation (1997) “APEC Small & Medium Enterprises” 4th Ministerial Meeting. Retrieved October 15th 2006 from http / / www.apec.org / sectorial-ministerial / small-mediumenterprises / 1997.

Avolio, B.J. & Bass, B.M. (2004). “Multifactor leadership questionnaire” Manual & sample set. (3rd ed.). Redwood City. CA: Mind Garden.

Avolio, B.J. (1999) “Full leadership development” Building the vital forces in organizations. Thousand Oaks, CA: Sage.

Ayyagari M. Beck T., & Demirquc – Kunt, A. (2005) “Small & Medium Enterprises Across the Globe” Retrieved from www.worldbank.org / research / bios / t-beck / abd.pdf.on30 / 10 / 012.

Barling J., Weber, T., & Kelloway, E.K. (1996). “Effects of transformational leadership training on attitudinal & financial outcomes” A field experiment. Journal of Applied Psychology, 81, 827 – 837.

Bass, B.M. (1985) “Leadership & performance beyond expectations” New York: Free Press.

Bass, B.M. (1998). “Transformational leadership” Industrial, military and educational impact. NJ: Lawrence Erlbaum Association.

Brooksbank et al (2001) “Resource-Based Theories of Competitive Advantage” Journal of Management 27(4): 775 – 807. Bureau of Nigeria Statistic (2010) “Annual Report from the Head Office Nigeria”

Carson D. Cromie S. McGowar P. and Hill T. (1995) “Marketing & Entrepreneurship in SMMEs an Innovative Approach” London: Prentice-Hall.

CBN (1988) “Control Bank of Nigeria in the Monetary Policies Circular” No. 22 of 1988.

CBN (2003). “Central Bank of Nigeria in it Monetary Policies Circular” No. 22 of 2003.

Chadler GN, Hanks SH. (1994) “Market attractiveness” resource-based capabilities, venture strategies and venture performance. J. Small Business Management 12(1) 27 – 35.

Cheah CYJ, Kang J. Chew DAS (2007) “Strategic analysis of large local construction firms in China” Construct Management Economic, 25(1): 25 – 38.

Chen J. (2006). Development of Chinese small & medium-sized enterprises, J. Small Bus. Enterpr. Dev., 13(12): 140 – 147.

Daft (1994) “Towards a theory of International New Venture” Journal of International Busienss Studies 25(1) 45 – 84.

Davies H. Walters P. (2004) “Emergent patterns of strategy environment & performance in a transition economy” Strat. Manage. J., 25(4): 347 – 364.

Dvir, T., Eden, D., Avolio, B.J. & Shamir, B. (2002) “Impact of transformational leadership on follower development & performance” A field experiment. Academy of Management Journal, 45(4), 735 – 744.

Feinber, J.B., Ostroff, C., & Burke, W.W. (2005) “The role of within group agreement in understanding transformational leadership” Journal of Occupational and Organizational Psychology, 78(3), 471 – 489.

Friedrick J. & Hickling A. (2005) “Planning under pressure “The Strategic choice approach, Butterworth-Heinemann, UK.

Gartner, W.B., & Stough, C. (2002). “Examining the relationship between Planning & Performance in Senior level managers” Leadership & organization development journal, 23(1 / 2), 68 – 78.

Gillespie, N.A., & Mann, L. (2004) “Transformational leadership & shared values” The building blocks of trust. Journal of managerial psychology 19(6), 588.

Guardia, A.B. (2007). “Leadership, Group effectiveness” & Group performance; An Assessment of a Theoretical Systems Model & an observed structural equation. Proquest information and learning company, UMI Number 3258532.

Hackson O. and Johnson Y. (2009) “SME Marketing in practice” Market Intell. Plann. 19(1) 6 – 11.

Hater, J.J., & Bass, B.M. (1988) “Superiors' Evaluation & Subordinates' perception of transformation & transactional leadership. Journal of Applied Psychology, 73(4), 695 – 702.

Herath H.M.A & Rosli Mahood (2013). “Strategic Orientation Based Research Model of SMEs Performance for Developing Countries” Review of Integrated Business and Economic Research Volume 2(1).

Howell, J.M. & Avolio, B.J. (1993). “Transformational leadership” transactional leadership, locus of control, & support for innovation” Key predictor of consolidated-business-unit performance. Journal of Applied Psychology, 78(6), 891 – 902.

Ireland, R.D. & Hitt, M.A. (2005) “Achieving & maintaining strategic competitiveness in the 21st century” The role of strategic leadership. Academy of Management Executive, 19(4), 63 – 77.

Jain K. (2004). “SME Definition & Statistical Issues” Journal of Enterprising Culture 11(3): 173 – 337.

Johnson, N.I., & Klee, T. (2007) “Passive-aggressive behavior & leadership styles in organizations” Journal of leadership & organizational studies, 14, 130 – 144.

Keller, T. (1992) “Transformational leadership & performance of research & development project groups. Journal of management, 18, 489 – 501.

Kombo D.K. & Tromp D.L.A. (2009) “Proposal & Thesis Writing” Paulines Publications Nairobi, Kenya.

Kuhnert, K.W., & Lewis, P. (1987) “Transforming leadership Developing people through delegation” In B.M. Bass & B.J. Avolio (Eds.), Improving organizational effectiveness through transformational leadership. Thousand Oaks, CA: Sage.

Lowe, K., & Galen, G. (1996) “Effectiveness correlates of transformational leadership” A meta-analytic review of the MLQ literature. Leadership quarterly. 7(3), 385 – 426.

Luo Y. (1999) “Environment-strategy performance relations in small business in China” J. Small Bus. Manag., 37(1): 37 – 52.

Miller (1983). &The Correlates of Entrepreneurship in Three Types of Firms” Management Science 29(7): 770 – 791.

Moorhead, G. & Griffin, R.W. (1995). “Organizational behavior, Managing people & organization” (4th ed.). Boston, MA: Houghton Mifflin.

Nave, J.W. (2006) “Leadership styles of Entrepreneurs in small & land surveying businesses” Proquest information & learning company. UMI Number 3195382.

Ntsika (2001). “Ntsika Enterprise Promotion Agency” State of Small Business Development in South Business Development in South African. Annual Review (2001).

Olutunla G.T. Obamuyi T.M. (2008). “An empirical analysis of factors associated with the profitability of Small & medium enterprises in Nigeria. Afri. J. Bus. Manag. 2(11): 195 – 200.

Organization for Economic Co-operation and Develoment (2002). Small & Medium Enterprises from http / / www.oecd-sme-2002.

Pillai, R., Schriesheim, C.A. & Williams, E.S. (1999) “Fairness perceptions & trust as mediators for transformational & transactional leadership” A two-sample study. Journal of management 25, 897 – 933.

Porter, L., Steers, R.M. Mowday, R.T., & Boulian, P. V. (1974) “Organizational commitment” job satisfaction and turnover among psychiatric technicians. Journal of Applied Psychology, 95(5), 603 – 609.

Ramey, J.W. (2002). “The relationship between leadership styles of nurse managers & staff nurse job satisfaction in hospital settings” (Doctoral dissertation, Marshall University, 2002), Masters Abstracts International, 42, No. 04.

Robbins, S.P. (2003) “Organizational behavior” (10th ed.). Upper Saddle River, NJ: Prentice-Hall.

Roslan, A.A., & Rosli, M. (2012). “The effect of leadership styles on the business performance of SMEs in Malaysia” Paper presented at World Conference on Islamic Thought & Civilization 2012 on 11th September 2012. Ipoh, Malaysia.

Rue & Byars (1992) “Entrepreneurship & Marketing Strategy” The SME under globalization, Journal of International Marketing 12 – 32.

Smit T. & Cronje A. (2002). Strategy Development by SMEs for Competitiveness. A Review, Benchmarking International Journal 15(5) 525 – 547.

Smyth, O. (2004). “The International Transferability of the Firm's Advantage” Management Review 37.

Stahl, M.J. (2007) “The influential leader” Leader to Leader, 46, 49.

Stanton W.J. (1981) “Fundamentals of Marketing” New York: McGraw-Hill.

Stumpf, M.N. (2003) “The relationship of perceived leadership styles of North Carolina County Extension Directors” to job satisfaction of County Extension professionals, (Doctoral dissertation, North Carolina State University, 2003). Dissertation Abstracts International, 64, N0. 07A.

United Nations Development Programme (UNDP) (2003) “The challenge of sustainable development in South Africa” Unlocking people's creativity. South African Development Report, 2003. Cape Town: Oxford University Press.

Verbees, F.J.H.M & Meulenberg. M.T.G (2004) "Market Orientation, Product Innovation and Performance in Small Firms" Journal of Small Business Management 42(2): 134 – 154.

Verhees, J.H.M & Meulenber M.T.G (2004). "Marketing orientation, innovation and performance in small firms" Journal of Small Business Management, 42(2) 134 – 154.

Waldman, D.A., Bass, B.M. & Yammarino, F.J. (1990) "Adding to Contingent reward behavior" The Augmenting Effect of Charismatic Leadership, Group and Organization Studies, 15(4), 381 – 394.

Waldman, D.A., Bass, B.M., & Einstein, W.O. (1987). Leadership and outcomes of performance appraisal process. Journal of occupational psychology, 60, 177 – 186.

Zhu, W., Chew, K.H. & Spangler, W.D. (2005). "CEO transformational leadership & organizational outcomes" The mediating role of human capital enhancing human resource management. The leadership quarterly, 19. 39 – 52.