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Full Length Research Paper

EFFECT OF GROWTH STRATEGIES ON THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN NIGERIA

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Abstract:

Small scale businesses are globally associated with the constant struggle against imminent failure due to the harsh business environment that bedevils the sector. While many of them often collapse before the fifth anniversary, several others secure growth by embarking on diverse practices aimed at gaining competitive advantage. However, despite the adoption of various growth strategies, they still have not performed credibly well. The study thus assesses the effect of growth strategies on the performance of Small and Medium Scale Enterprises (SMEs) using selected SMEs in Nasarawa State as a study. The research adopted for the study is the survey research design; while the data used for the empirical analysis was generated through a structured questionnaire. The study utilized the regression method of analysis in estimating the effect of growth strategies on the performance of SMEs. Findings from the study revealed that product development strategies have a significant effect on sales growth of SMEs. Also, branding strategies were discovered to have a significant effect on employment creation; and lastly, the study revealed that innovative strategies have a positive and significant effect on the business expansion of SMEs. Based on these findings, the study recommends that SME operators need to consider adopting a product development strategy as not just a business objective but a means of achieving other business objectives. Small scale business managers should also have a good understanding of innovative practices and be able to simplify and embed such strategies into their regular business operations, planning and decision-making processes. This is to ensure that the innovative steps they take are proper and calculated to enable them to outperform positive rivals who do not adopt such strategies. Recommendations from the research suggest that SME operators should device effective marketing strategies such as branding strategy and creative personal selling which will enhance smooth and profitable business operations and increased market shares.

Key words: Growth; Strategies; Performance; SMEs; Nigeria

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INTRODUCTION

Small and Medium Enterprises (SMEs) have been accepted worldwide as instruments of economic growth and development. Governments, particularly in developing countries, have made tremendous efforts and established policies towards enhancing the capacity and sustainability of SMEs. However, despite government institutional and policy support, there is a grave concern and scepticism about whether SMEs can bring about economic growth and development, particularly in developing countries. In Nigeria, there have been a series of government interventions to boost the activities of SMEs through the establishment of agencies and programmes to provide consultancy, information, and guidelines to Nigerians who establish and own businesses (Nkiruka & Ogundeinde, 2016).

They continued by saying that some of these programmes include: Small and Medium Enterprise Equity Investment Scheme (SMEEIS) established in 2001 and the Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN) established in 2003. Other agencies include The National Directorate of Employment (NDE), Skills Acquisition Centre and Industrial Development Centres. SMEs are faced with challenges that affect their ability to function and contribute optimally to the economy. Studies have shown that a significant percentage of SMEs die before reaching five years of establishment. It is thus imperative that studies be carried out on how these SMEs survive and on the strategies they adopt for their sustainability (Nkiruka & Ogundeinde, 2016).

The importance of small and medium scale enterprises in a developing economy like Nigeria can be enormous because Nigeria's economy is dominated by small and medium scale enterprises in agriculture, construction, manufacturing, commerce, and industry, services, trading, etc. Small and Medium Scale Enterprises (SMEs) play a significant role in both developed and developing economies. Statistics as shown that SMEs contribute over 55% of gross domestic product (GDP) and over 65% of total employment in developed economies and it also plays a significant role by contributing 60% of GDP and over 70% of total employment in developing economies (Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), 2012).

The struggle to survive is an instinct; and as postulated by Darwin (1959), "growth is a constant battle against the environment". It is therefore natural for businesses to struggle against imminent collapse or failure amidst the contextual hostility. In the process, they deploy diverse practices to gain a competitive advantage. Absurdly, these responses might not have yielded the right solution to overcome the crisis. Business researchers described traditional business approaches as inappropriate in this scenario. Scholars such as Smallbone, Kitching, and Xheneti (2009) believe that there is no single best practice that guarantees business growth or success and that firms adaptation and performance are contingent upon organizational factors such as resources available, and external influences, including product, labour, and capital market conditions. In the same vein, Nguyen and Kock (2011) suggested the need for a new perspective that would enhance the understanding of how firms survive in turbulent environments. However, contemporary business scholars such as Mishra (2012) believe that the difference between growth and extinction is more about discipline versus excess; and adaptation versus rigidity.

Performance has been defined generally in the economics viewpoint of social performance, comprising dimensions such as distributed to competency (profitability), industrial efficiency (cost reduction), and innovativeness (advancement). Conduct was the firm's choice of crucial decision variables such as price, advertising, capacity, and quality (Wang, Dou, Zhu, & Zhou, 2015). Thus, in policy terms, conduct could be viewed as the economic dimensions of firm strategy (Porter, 1981). Performance is a fundamental belief in management studies. Managers are assessed based on their firm performance. Effective performance influences the firm to improve maintenance. Firm achievement is demonstrated in managing competitiveness or progress of competitive status that proves superior and justifiable financial performance (Porter, 1991, in Sidi, Haim & Manaf, 2017). To achieve greater performance, firms must have to adopt strategic positions that will persistently give them the strength to maintain their market. Thus, management must focus their attention on structuring their businesses to be customer focused and practical to industry competitors (Uchegbulam, Akinyele, & Ibidunni, 2015).

SME performance for a long time has been considered as engines of economic development in many countries, where the roles of SMEs have been commendable in terms of innovation, economic growth and job creation. Washington (2014) is concerned about the condition in which SME operates, which is usually influenced by the environmental factors, stands as a subject of persistent argument.

Despite various growth strategies most SMEs adopt in the course of their operations, their growth is still limited and they have not performed credibly well. Nigerian Economic Summit Group (2012) emphasized that about 70 percent of small enterprises in Nigeria go out of business within the first five years of operation. This is a problem this study investigated and to find out why the SMEs in Nigeria is not growing despite growth strategies available to them.

Empirical studies of several researchers such as Zerenler, (2008), Lehtimaki (2011), Muogbo

(2013) and Kadiri (2014) on growth strategies and SMEs performance relied on risk-taking, creativity, business diversification, and location. To the best of knowledge of this research, no detailed study on growth strategies has used product development strategy, branding strategy and innovative strategy to measure their impact on business expansion of SMEs, sales turnover of SMEs and market shares of SMEs. The limited nature of research findings in this area suggests the need to investigate further the nature of the relationship between growth strategies and growth of small and medium scale enterprises. This study filled this research gap in the course of the study. The study, therefore, assessed the impact of growth strategies on the performance of Small and Medium Scale Enterprises (SMEs) using selected SMEs in Nasarawa State as a study.

The primary objective of this research work is to examine the impact of growth strategies on the performance of small and medium scale enterprises in Nasarawa State of Nigeria. But to achieve this, the researcher proposed the following secondary objectives which are to:

i. Investigate the impact of product development strategies on the sales turnover of SMEs.
ii. Examine the extent to which branding strategy has impacted on employment creation of SMEs.
iii. Investigate the influence of innovative strategies on the business expansion of SMEs.

In-line with these problems, the following hypotheses will be tested:

$H_0$1: Product development strategies has no significant impact on sales turnover of SMEs

$H_0$2: Branding strategies have no significant impact on employment creation of SMEs

$H_0$3: Innovative strategies have no significant impact on the business expansion of SMEs.

Conceptual Framework

Concept of Growth Strategies

Growth strategies are methods aimed at winning a larger market share, even at the expense of short-term earnings. These involve diversification, product development, market penetration, innovation, branding and market development (Leithner & Guldenberg, 2010). The concept of strategies being used in this research regarding the ability of a business to operate ethically and contribute to economic development while improving the quality of life for its workforce and survive the competition and economic vice, the local and global community as well as future generations (Yusuf & Dansu, 2013). SMEs are considered sustainable when they can overcome the challenges that stand in their way in the internal and external business environment around them. Various researches have brought to the fore of knowledge the existence of strategies considered by SMEs. There exist five basic strategies: Porter's Generic Competitive Strategy (Ansoff's Product), innovative/invention strategy, brand design strategy, Market Matrix, and Miles and Snow's Adaptation Strategy.

The strategy, therefore, is the set of long – term choices the small and medium business leaders make in terms of goals, services, policies and action plans (Adeyemi & Aremu, 2011). Successful strategies must meet both the broad business objectives set by the government and by the environment. For example, a governmental programme to promote small scale industries throughout the country must have goals and services consistent with the literacy and background of potential entrepreneurs, the potential demand for various goods and gaps in the infrastructure. Strategies that meet the government's objectives and match the environment are more likely to succeed than those that do not (Moriam, Mukaila & Hameedat, 2015).

Ansoff, who is regarded as the father of strategic management, who emphasized the structure of corporate strategic thinking, which create opportunities for top managers and executives to understand their roles in corporate strategies, to maintain and sustained their operation in a systematic approach that constitute various issues that relates to the setting of goals and objectives, selecting of business to run, products or services, market and segment and determining the best possible plans to achieve them in the long run (Ansoff 1991; Hussey, 1998 in Sidi, Haim & Manaf, 2017).

Concept of Small and Medium Scale Enterprise (SMEs)

Small and medium scale enterprise has continued to be a popular phrase in the business world. This is because the sector serves as a catalyst for employment generation, national growth, poverty reduction and economic development (Aina, Umaru, Chinelo, Nuhu, Yusuf, Isyaka & Yusuf, 2015). SMEs world over can boast of being the major employers of labour if compared to the major industries including the multinationals. But, it has been difficult to survive the turbulent business environment in which SMEs found themselves. Thus, the appreciation of the most important role of SMEs to the economy, their low growth capacity and the need to enhance the entrepreneurial mindset of Nigerians encouraged successive Nigerian governments since independence in 1960, to intervene in providing subsidies and other support services for SMEs. The growing concern about unemployment among the youths, especially of graduates of Universities and other tertiary institutions, and diminishing growth potentials in the economy have further drawn increased attention on the need to ensure the growth and growth of SMEs (Justin, 2014). This study of growth strategies has provided opportunity for the researcher to look into how Nigerians can adopt such strategies as product line diversification, branding and idea/innovation to encourage economic growth

Moreover, SMEs may not be as well integrated into the national and international value chains as suppliers to exporters and large firms. This is true even for the more successful exporting companies. These differences can have an impact on the prospects for growth and development. As a result, SMEs may require more working capital, as a percentage of total sales, than large companies (Kosacoff, 2000; Batra & Tan, 2003).

Institutional issues and public policy further explain the differences between SMEs and large companies. In particular, these factors are related to costs of the transaction, distortions, segmentation of labor markets (due to institutional rigidity), degrees of competition, and the business climate. Other factors, such as limited information, high labor rotation, and imperfect capital markets, represent obstacles to employer-provided training (Mike & Eric, 2008). They are also related to decisions regarding performance-based labor practices, investments in new technology and quality control methods—thereby limiting the contribution that SMEs can make to economic growth and job creation. This argument points to the need to identify deficiencies in the market and develop selective government interventions to promote businesses development (business ties, innovation, training, technology improvement and new forms of organization of work) and thereby improve productivity (Acs, Carlsson, & Karlsson, 1999 in Mike & Eric, 2008).

One of the main issues that concern most of the policymakers at the helm of affairs is how to improve the economy through the support of small and medium scale enterprises to sustain their economic development. Therefore, a major concern to policymakers in different countries is to identify an appropriate strategy to support and develop small and medium scale enterprises (SMEs) (Etuk, Etuk, & Baghebo, 2014). To tackle global challenges impeding sustainable development, world leaders came up with the Millennium Development Goals (MDGs) in 2000, were expected to be met by 2015. The first of these MDGs is “to eradicate extreme poverty and hunger”. Consequent to this, it became very pertinent for the nations of the world to create a strong socio-economic structure that would serve the interests of the majority of their citizenry, especially the poor. Since then, different countries have been working to raise the living standard of their citizens to achieve this goal, among other Millennium Development Goals (Etuk, Etuk, & Baghebo, 2014).

Small and Medium Scale Enterprises (SMEs) and Challenges in Nigeria

SMEs can be defined in terms of sales volume, several employees, or investment (Ajide, Hameed & Oyetade, 2014). A business that is therefore defined as a small- or medium-scale enterprise in a developed country can be regarded as a large-scale enterprise in a developing country. Even in developing countries, this definition changes over time. The European Commission defines SME using three broad parameters: micro-entities, small companies, and medium-sized enterprises. The category of micro-, small- and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euros and/or an annual balance sheet total not exceeding 43 million euros (European Commission, 2003).

Small and medium scale enterprises (SMEs) are largely viewed as the engine wire of any nation's economic growth and they are regarded as justifiable means that propel development globally. SMEs are labour intensive; as much as they are capital saving business ventures. They are capable of making people self-reliant and generating billions of new jobs globally (Abeh, 2017a,b; Kadiri, 2012). They are also observed as the key drivers to economic growth and poverty reduction (Agwu & Emeti, 2014).

SMEs are significant parts that link, strengthen and enhances the development of the countries. Their performance and growth in manufacturing, agriculture, services, etc., have been considered as the drivers and have contributed to the Nigeria economy. Sustainable growth and the increase in SMEs' performance create competitiveness that opens numerous doors for employment opportunities, tangible and intangible assets (investment) in the environment (Eniola & Ektebang, 2014).

Historically, Nigeria's independence in 1960 marked a turning point in the growth and development of SMEs, which has created much of the emphasis on SMEs as panacea in the reduction of poverty and joblessness or unemployment in Nigeria as a whole. The adoption of the Economic Reform Programme (ERP) of 1986 indicated a pivotal shift from impressive, capital intensive and large scale industrial projects based on import substitution to small scale industries with enormous potentials for the development of domestic linkages for sustainable economic and industrial development (Agwu & Emeti, 2014). As such, SMEs perform very important part of the Nigerian economy (Eniola & Ektebang, 2014). Though, SMEs have developed over the years in Nigeria despite its challenges.

SMEs in Nigeria are confronted with several challenges. These challenges stand as barrier against the effective growth and development of SMEs in Nigeria. The factors can be categorized into eight and can have devastating impacts if not properly handled (Abeh, 2017c).

Some of the challenges facing SMEs in Nigeria includes lack of managerial skills according to Ololube and Uzorka (2008); lack of finance by Abeh (2017a&b); lack of innovation by Naylor (1999) in Abeh (2017c); political and religious by Ololube and Uzorka (2008); social/cultural by

Ololube and Uzorka (2008); economy by Economy Watch (2016); environmental problems by Eneh (2010), Abimbola and Agboola (2011), and Ololube, Uriah and Dudafa (2014); infrastructural facilities by Ololube, Uriah and Dudafa (2014) in Abeh (2017a) and Agboli and Ukaegbu (2006). All in all, these problems constitute challenges to the smooth running of SMEs in Nigeria in particular and Africa in general.

Empirical Review

Andrews (2016) examined the relationship between Product development strategies and organizational performance in a multivariate model that also controls for external constraints. Their measures of prospecting, defending, and reacting were based on Linkert scale survey responses from senior and middle managers in a sample of 120 organizations. The empirical results reveal Product development strategies such as branding, style, and graphic design have a significant impact on business growth. An insufficient sample size of 120 was used. A better result would have been arrived at had a sample of 200 been used.

According to Basil (2005) and Chiew (1998), strategic management is one of the major indices that enhance the performance of SMEs. They concluded that strategic management is largely relevant to SMEs. And as long as due attention is paid to threats and crisis handling, the vulnerability of SMEs and their sustainability will be ensued. Mariam, Mukaila, and Hameedat (20015) research the impact of strategic management on the performance of small and medium scale enterprises (SMEs) in Nigeria. The study's finding revealed that there exists a positive relationship between Small and Medium Scale Enterprises and strategic management variables. The lower the government policy, the higher their performance, when more SMEs come on board, it leads to more employment.

The conducted by Ade (2012) supports and reinforces the conclusion reached by some previous researchers that Differentiation strategy and Low-cost strategy can be followed by a firm simultaneously and profitably provided that the firm possesses an appropriate blend of organizational control procedures, incentive systems, leadership styles as well as the structure, skill, shared perspective, culture, resources, climate and atmosphere required to implement the strategies effectively (e.g. Gupta, 1995; Kotha & Swamidass, 2000; Miller & Cardinal, 2001). The result is also consistent with empirical evidence which suggests that organizations simultaneously pursue a mix of (perhaps contradictory) strategies (Bowman & Ambrosini, 1997; Whittington, Pettigrew, Peck, Fenton & Conyon, 1999). A combination of the two strategic orientations into a dual strategy may enhance the strategic agility of a firm and contribute to its performance more than if only one of the two strategies was used.

Muogbo (2013) explored the impact of business diversification on organizational growth and the development of selected manufacturing firms in Anambra State in Nigerian. Results from the analysis indicated that the adoption of business diversification has a significant effect on competitiveness and a significant effect on employee's performance and has significantly increased organizational productivity.

Andrews, George and Richard (2006) examined the relationship between strategic location and organizational performance in a multivariate model that also controls for external constraints. Their measures of prospecting, defending, and reacting were based on Likert scale survey responses from senior and middle managers in a sample of 120 organizations. The empirical results reveal a hierarchy of strategy types: the impact of prospecting is positive, defending is neutral, and reacting negatively.

Dauda, Akingbade, and Akinlabi (2010) examined the influence of product branding on corporate performance in selected small-scale enterprises in Lagos Metropolis, Nigeria. Their findings revealed that strategic branding practices enhance both organizational profitability and company market share and it was concluded that product branding practices enhance both organizational profitability and company market share and therefore suggest that strategic planning concepts should be adopted by business organizations.

In the study conducted by Lawal and Bello (2011), a survey of small and medium scale enterprises in local governments in Lagos State assessed the strategic role of participating SMEs in economic development. Data were generated from primary and secondary sources. Their study considered content analysis of records, particularly, the financial record of some participating SMEs were undertaken to obtain the secondary data. For this particular study, a total population of 2,670 was used among which stratified sampling technique was employed to select 1,000 SMEs upon which the research instruments were administered. The result of the analysis conducted sequel to the study shows that international SMEs contributed more than domestic SMEs in all dimensions of strategic importance. In other words, SMEs with an international presence is stronger and perform better than those without international presence thereby making the former more of strategic importance to development than the latter.

Various studies that have examined the relationship between innovation and organizational performance largely found evidence in support of expectation, which is, innovation impacts positively on firm performance. Zerenler, (2008) researched the Turkish automotive supplier industry to investigate the influence of innovativeness on Small and Medium Enterprises (SMEs) performance. 117 questionnaires were sent to

Managers of the Marketing Department, Research and Development (R&D) Department, and Production Department. The response rate of this study is high (78% or 92 respondents). Small and Medium Enterprises (SMEs) growth had significantly positive relationships with innovation performance.

In the study of Wu (2008), they attempted to explore the mediating effect of innovation on Small and Medium Enterprises (SMEs) growth. The research was made in Taiwanese manufacturing and non-manufacturing industries. Seven hundred (700) survey questionnaires were mailed to firms. The response rate of the study is 22.71%. They found that the effects of innovation exist at significant levels, suggesting a mediating effect of innovation on growth. Umar (2005) explored the impact of growth strategies as a tool for achieving an effective and efficient merger and acquisition at Nestle and Lever Brothers Plc. Based on the findings of the study, it was concluded that strategic diversification played a very important role in the success, growth, and growth of the company, particularly where the merger was concerned.

Kadiri (2014), focused on the role of information technology in the management of Small and Medium Scale Enterprises SMEs in Ilorin metropolis. The study emphasized the need for pragmatic approach to improve the efficiency of SMEs in Ilorin metropolis. It employed Binomial Logistic Regression Analysis method for data to analyze. The study recommends that the use of technology should as a matter of urgency and vigorously pursued by SME operators to produce at optimum output and maximize profit.

Owolabi and Makinde (2012) studied the effects of ideas on corporate performance using Babcock University, Nigeria as the case study. The results of the hypotheses revealed that there was a significant positive correlation between ideas and corporate performance. Auken, Antonia, and Domingo (2008) wrote on innovation and performance in Spanish manufacturing Small and Medium Enterprises (SMEs). Their results revealed that process innovation influences the efficiency of companies. Their study demonstrated that innovation is positively related to firm performance and they discovered that investments in technology that reduce fix costs lead to higher profits and improve the productivity of the firm.

Yamin (2009) examined relationships between organizational innovation and performance among Australian companies and found that innovative companies are more profitable, though highly innovative companies may not outperform average innovators. Kemp et al. (2013) found that innovation was associated with turnover and employment growth, but not profit and productivity among Dutch firms.

The study of Awogbemi (2017) investigated how product innovation, as a strategy, enhances the growth of the small and medium enterprises in Nigeria, using Prodco Foods Nigeria Limited as a study. Among the objectives set out were the relationship between product innovation and the growth of Small and Medium Enterprise (SMEs), changes in tastes and preference of consumers necessitating product innovation, and whether product innovation increases the sales volume of SMEs. The research study was developed around the product innovative and dynamic capability of innovative theories. The theoretical model of the product life-cycle was used in developing the three hypotheses that were tested at 0.05 significant levels; through a survey of one hundred and forty respondents. Copies of the questionnaire were administered to the respondents sampled. The validity and reliability of the instrument were measured at Cronbach's alpha of 0.63 and alternative form validity of 0.59. The findings revealed that there is a significant relationship between product innovation and the growth of SMEs, also, that changes in tastes and preferences of consumers necessitate product innovation, and that product innovation increases the sales volume of SMEs. The conclusion from the research findings showed that there is need for SMEs to research product innovation; in other to meet and fulfill the demand and expectations of all consumers and the market. It was recommended that adequate finance, a conducive environment, and a public policy framework should be developed by the Nigerian governments to support and encourage SMEs.

Based on the evidence above, there is an overwhelming suggestion that innovation impacts positively on Small and Medium Enterprises (SMEs) performances. Our departure in this study is to add to the limited evidence available on the Nigerian economy by conducting the investigation on Small and Medium Enterprises (SMEs) operating in Nasarawa state, Nigeria. The novelty of our exercise is further underscored by the fact that innovation was decomposed into its three-dimensional form and each was used to investigate how different SMEs respond to variations in their innovative strategies.

Theoretical Framework

The Dynamic Capability Theory (DCT): The Theory of Dynamic Capability has its foundation in Ricardian economics (Peteraf, 1993). It was first introduced in 1994 by David Teece and Gary Pisano to explain firm performance in the dynamic business environment, focusing on the capabilities that firms employ to reach competitive advantage (Beske, Land & Seuring, 2014). It adds to the Resource Base View (RBV) by explaining the nature of sustainable competitive advantage, while also intending to inform managerial practices. It emphasized the key role of managers in appropriately adapting, integrating and reconfiguring resources and competences to match the market change (Teece & Pisano. 1997). The framework was later on developed as an extension of the RBV to address dynamic markets; i.e. DCT seeks to explain how business firms achieve and sustain competitive advantage despite an ever-changing environment.

Scholars define dynamic capability as ‘the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments’. DCT can be disaggregated into three distinct processes corresponding to three stages of building dynamic capabilities: sensing, seizing and reconfiguring (Teece, 2007). Sensing refers to the ability of the business firm to identify opportunities in a fast-paced, competitive environment, where consumer needs are constantly changing. To be able to do this, the business firm needs to constantly scan, search and explore new markets. The firm would also need to invest in research activities; business intelligence to monitor customer and supplier needs, and technological possibilities,

Seizing opportunities refers to the managerial ability to establish strategic decision-making rules and resource allocation processes. In the business organisation, this is done by taking the risk of introducing new products, processes or services to the market which requires investments in development and commercialization activities (Teece, 2007). This will require the business firm to improve its technological competence and complementary assets so that it secures early entry into the market as soon as the opportunity is ripe.

It has been criticized as lacking in a clear theoretical foundation (Arend & Bromiley, 2009), which can limit “fruitful conversation”, hamper progress, prevent empirical research (Di Stefano et al., 2010). Again, the theory only explains how change occurs through learning and reconfiguring but does not explain when an organization does not change. It also lacks clarity in terms of its most basic aspects including how they are defined. Finally, the theory has also been faulted for lacking inexact definitions, measurability and other necessities that can enable the development and assessment of hypotheses and predictions (Pavlou & El Sawy, 2011)

Despite the criticisms, the DCT has been one of the most active areas of research in the field of strategic management. It has been published in business and management journals at a rate of more than 100 per year (Di Stefano et al, 2010). This has also led it to be a very vibrant field with a large scope (Ibid). Zahra, Sapienza, and Davidsson (2016) added that the theoretical and practical importance of DC’s in explaining competitive advantage in different market environments has led to wide interest in the approach.

Nevertheless, with regards to manufacturing business firms, success is largely dependent upon the ability to make use of the dynamic capabilities that are embedded within the business processes, positions and path; to sense and shape opportunities and threats, to seize opportunities and to maintain competitiveness through enhancing, combining, protecting, and when necessary, reconfiguring the businesses intangible and tangible assets. Continual innovation is, therefore, a necessary attribute of the small business owner.

RESEARCH METHODOLOGY

The study adopted a survey research design. A survey research design according to Kerlinger, (1994) in Omale and Seye (2013) studies large and small populations by selecting and studying samples chosen from the population to discover the relative incidence, distribution, and interrelations of sociological and psychological variables. Survey design is ideal as the study will be carried out in a limited geographical scope and seeks to collect data from nonhomogeneous locations hence is logistically easier and simpler to conduct considering the limitations of the study.

The population of this study is registered SMEs operators within selected areas on Nsarawa state which are Keffi, Akwanga, Lafia, Nasarawa, and Karu. The total population is one thousand, two hundred and twenty-one (1,221) (Nasarawa State Chamber of Commerce & Industry, Lafia, Nasarawa, 2018). The sample of the SMEs used from the population was based on stratified sampling. Stratification was used because the population was structured into various non-homogenous locations, hence the need for sample diversity.

To arrive at a statistically valid conclusion, the researcher administered at least 250 questionnaires to the SMEs selected. Out of these distributed questionnaires, 233 questionnaires were properly filled and returned. The study however utilized the appropriate number of 202 SMEs as suggested by the sample size.

Model Specification

The model below is specified to tests the three hypotheses as follows:

$$L_{ST} = In\left(\frac{P_i}{1-P_i}\right) + \beta_0 + \beta_1 PDS + \mu_t$$

$$L_{EC} = In\left(\frac{P_i}{1-P_i}\right) + \beta_0 + \beta_2 BS + \mu_t$$

$$L_{BE} = In\left(\frac{P_i}{1-P_i}\right) + \beta_0 + \beta_3 IS + \mu_t$$

P_i, the probability of event occurring is given as 1

(1 - P_i), the probability of event not occurring is given as 0

Where;

BE	=	Business expansion
PDS	=	Product development strategy
ST	=	Sales Turn over
BS	=	Branding strategy
EC	=	Employment creation
IS	=	Innovative strategy
β_0 to β_3	=	The parameter estimates of Product development strategy, Branding strategy, and Innovative strategy
μ_t	=	Error term

Results and Discussion of Findings

In line with the statistical research, the three hypotheses formulated in this study were approached with the aid of t-value contained in the estimated regression results. The level of significance for the research is 5%, for a two-tailed test and it is suggested that we shall go with the null hypothesis if the critical t-value of ±1.96 is greater than the estimated value from our analysis, else it will be rejected. More so, if the probability value (PV) is less than 5% or 0.05 (that is PV < 0.05), it implies that the regressor in question is statistically significant at 5% level; otherwise, it is not significant at that level.

Table 1: Regression Model Result

Dependent Variable: Sales turnover of SMEs			
Method: Least Squares			
Variable	**Coefficient**	**t-value**	**Prob.(p)**
C	1.25822	0.32176	0.7479
Product development strategies (PDS)	2.25412	2.98574	0.0015
R-squared	0.7541		
Adjusted R-squared	0.6124		
F-statistic	3.9524		
Prob(F-statistic)	0.0015		
Durbin Watson	1.79		

Source: Authors Computation Using Minitab (2018)

Test of Hypotheses One

The estimates from the regression result in Table 4.4 revealed that the calculated t-value for the Product development strategies and sales turnover of SMEs is 2.98 and the critical value is 1.96 at 95% confidence level. This implies that t-calculated is greater than t-critical (that is 2.98> 1.96) or p<0.05, that is 0.0015< 0.05. Since p<0.05, we reject the null hypothesis (H_01) and accept the alternative hypothesis and conclude that Product development strategies have a significant impact on the sales turnover of SMEs.

F-statistic: The F-statistics which is used to examine the overall significance of the regression model equally showed that the result is significant, as indicated by a very high value of the *F*-statistic, 3.95 and it is significant at the 5.0 percent level. That is, the F-statistic P-value of 0.0015 is less than 0.05.

R^2 **(R-square):** The coefficient of determination (R-square), used to measure the goodness of fit of the estimated model, indicates that the model is reasonably fit in prediction. The R^2 (R-square) value of 0.7541 shows that Product development strategies have a very good impact on the sales turnover of SMEs. It indicates that about 75.41 percent of the variation in sales turnover of SMEs is explained by Product development strategies, while the remaining unaccounted variation of 24.59 percent is captured by the white noise error term.

Autocorrelation: Durbin Watson (DW) statistic was used to test for the presence of serial correlation or autocorrelation among the error terms. The acceptable Durbin – Watson range is between 1.5 and 2.4. The model also indicates that there is no autocorrelation among the variables as indicated by Durbin Watson (DW) statistic of 1.79. This shows that the estimates are unbiased and can be relied upon for managerial decisions.

Table 2: Regression Model Result

Dependent Variable: Employment creation of SMEs			
Method: Least Squares			
Variable	**Coefficient**	**t-value**	**Prob.(p)**
C	0.25411	4.25121	0.00251
Branding strategies (BS)	1.75421	2.89521	0.00019
R-squared	0.8741		
Adjusted R-squared	0.7741		
F-statistic	9.35211		
Prob(F-statistic)	0.000041		
Durbin Watson	1.7841		

Source: Authors Computation Using Minitab (2018)

Test of Hypotheses Two

From regression result in Table 4.5, the calculated t-value for the relationship between Branding strategies and employment creation of SMEs is 2.89 and the p-value computed is 0.00019 at 95% confidence levels. Since the p-value is less than 0.05 used as the level of significance, we reject the null hypothesis (H02) and conclude that branding strategies have a significant impact on employment creation of SMEs

F-statistics Result: By examining the overall fit and significance of the employment creation of the SMEs model, it can be observed that the model has a good fit, as indicated by the value of the F-statistic, 9.35 and it is significant at the 5.0 percent level. That is, the F-statistic p-value of 0.00000 is less than 0.05 probability levels.

The R^2 **(R-square):** More so, the (R-square) value of 0.8741 shows that the model does have a good fit too. It indicates that about 87.41 percent of the variation in employment creation of SMEs is explained by branding strategies, while the remaining 12.59 percent is captured by the error term.

Autocorrelation Result: The model thus indicates that there is no autocorrelation among the variables as indicated by Durbin Watson (DW) statistic of 1.78. This shows that the regression parameter estimates are unbiased and can be relied upon for managerial decision making.

Table 3: Regression Model Result

Dependent Variable: Business expansion of SMEs **Method:** Least Squares			
Variable	**Coefficient**	**t-value**	**Prob.(p)**
C	0.25411	9.56241	0.0000
Innovative strategies (IS)	1.25419	2.99965	0.0003
R-squared	0.78451		
Adjusted R-squared	0.54122		
F-statistic	10.2541		
Prob(F-statistic)	0.0000		
Durbin Watson	1.7612		

Source: Authors Computation Using Minitab (2018)

Test of Hypotheses Three

The findings from the results of t-value computed in Table 4.6 for the relationship between innovative strategies and the business expansion of SMEs shows that the value of t-calculated is 2.99 and t-critical is 1.96 (that is, 2.99 > 1.96). The result further shows that p-value is 0.00003, which means p<0.05. Based on this, we reject the null hypothesis (H03) and conclude that innovative strategies have a significant impact on the business expansion of SMEs.

The F-statistic: The F-statistics equally showed that the result is significant, as indicated by *F*-statistic value of 10.25 and it is significant at the 5.0 percent level. That is, the F-statistic P-value of 0.0000 is less than 0.05.

The R^2 (R-square): The coefficient of determination (R-square) indicates that the model is reasonably fit in prediction. The R^2 (R-square) value of 0.7845 shows that between innovative strategies has a very good impact on business expansion of SMEs. It indicates that about 78.45 percent of the variation in business expansion of SMEs is explained by innovative strategies, while the remaining unaccounted variation of 21.55 percent is captured by the white noise error term.

Autocorrelation: The Durbin Watson (DW) statistic was used to test for the presence of serial correlation or autocorrelation among the error terms shows that the estimates are unbiased and can be relied upon for managerial decisions. This was captured by the DW value of 1.76.

Summary of Findings

Findings from the analysis revealed that product development strategies have a significant impact on sales turnover of SMEs. This was effectively captured by the majority of the respondents who are of the view that the marketing of products made by different personnel employed or consulted had enhanced the sale of their products in Nasarawa state. This result implies that as firms adopt various attractive designs for their products, it improves the sales of those products and increases the branch outlets of the organization. This is in agreement with Goedhuys and Veugelers (2008) who found that product development strategies are an important driver for firm growth. Performance in a development project is determined by a firm's product innovative strategy and by its capabilities in the overall process and organization. Product development strategies products help to shape the market environment; the nature of the market environment changes as consumers and competitors learn from new products and services. Schumpeter (1934), for instance, found that when product development strategies are first introduced, faced limited direct competition and, as a result, allow relatively high profits to sponsoring firms. He went ahead to state that over time these high profits are likely to disappear because of imitation and competition, he argued, but firms that keep on introducing innovative new products may be able to have high profitability for a sustained period.

More so, the results showed that branding strategies have a significant impact on employment creation of SMEs in Nasarawa state. The implication of this is that as brand styles are adopted for any given producer through innovation, it enhances the income generated through sales and more jobs are created by the orgnisation. The brand strategy was seen to be critical elements in helping SMEs to survive under difficult economic conditions. The brand strategy enables the small business to venture into services or markets that have the least amount of competition and as such, they become less vulnerable. This agrees with the findings of Cusumano and Nobeoka (2016) whose results indicated that Japanese automobile producers demonstrated the highest levels of productivity development as well as of overall creation of new job opportunities, and have used particular product branding styles and processes to achieve this. The evidence does not however clearly indicate what the precise relationships are between brand strategies and quality or economic returns.

Above all, the findings from the analysis revealed that innovative strategies have a positive and significant impact on business expansion of SMEs. This implies that as constant changes are made on the strategic innovations in-line with market trends, business expansion of SMEs tends to be on a regular and consistent increase. Significant innovations allow firms to establish dominant competitive positions and allow new comer firms to create new outlets. This is in-line with Dauda, Akingbade and Akinlabi (2010) which findings revealed that innovative strategies enhance both organizational profitability and business opportunities. They suggested that strategic innovative concepts should be adopted by business organizations that are forward-looking.

CONCLUSION AND RECOMMENDATIONS

The growth and economic performance of any 21st-century enterprise rest highly on the strategic development and implementation of quality growth strategies. Despite the huge potentiality of SMEs for the development of Nigerian economy, their real contribution is relatively low. This, on one hand, is attributed to the combination of growth strategies and uncertainties that inhibit their success. Based on the findings of the study, it is therefore concluded that SMEs in Nigeria can thrive by employing such growth strategies as product development strategy, branding strategy, innovative strategy amongst several others. These strategic approaches must be adopted by SMEs within the constantly changing environment, fierce competition, and enterprise globalization. However, much would depend on the ability of the owner/manager to integrate, build, and reconfigure these growth strategies of their business to address rapidly changing environments and achieve growth.

The following recommendations provided are based on the research findings to ensure that much-needed guidance is provided to protect and sustain the small business sector in Nigeria:

i. The process of developing product strategies should be carefully thought out while the nature of implementation and monitoring of these strategies should be properly done and carried out in such a way to enhance performance and satisfy customers' needs. Thus, SMEs operators in Nasarawa state should not restrict themselves to only the economic objectives of profitability, growth, and expansion. They should consider product development strategy as not just a business objective but a means of achieving other business objectives.
ii. SMEs in Nasarawa must prioritize innovation, change their business models, and adapt to a changing environment, but to favor this process, they must become more internationalized, upgrade the quality of their human capital, and adopt more Information Technology solutions to improve their sales and business expansion. Small scale business managers should also have a good understanding of innovative practices and be able to simplify and embed such strategies into their normal business operations, planning and decision-making processes. This is to ensure that the innovative step they take is proper and calculated to enable them to outperform their rivals who do not take such strategies in Nasarawa state.
iii. SMEs operators in Nasarawa state should further device effective marketing strategies such as branding strategy and creative personal selling which will sustain and further

enhance smooth and profitable business operations. This will in the long-run increase their employment creation of SMEs in Nasarawa state.

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