IDENTIFICATION OF MARKETING MIX ELEMENTS INFLUENCING THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISE IN KEFFI METROPOLIS OF NASARAWA STATE.

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Abstract
Small and Medium Enterprises (SME's) have an important role in economic development in Keffi Metropolis. The increasing number of SME's caused competition becomes increasingly force. This made SMEs experiencing more severe challenge to be able to maintain their existence and expand its business. Performance measurement for SMEs is still not well established such as the performance measurement in the big companies. This paper aims to propose a conceptual framework for measuring the performance that can be used by SMEs. Several marketing mix elements are proposed including product, mix, price mix, promotion mix and place mix. The method used in this study are quantitative method with conduct of survey in Small and Medium Enterprise (SME's) in Keffi. The result from this study is a conceptual framework for measuring the performance of SMEs in which marketing mix elements has a significant correlation to the performance measurement of SME's. this research is expected to contribute as the literature used by academics and SMEs to effectively measure SMEs performance especially in a highly competitive environment.
Keywords: *Marketing Mix Element, Performance, Small and Medium Enterprise.*

INTRODUCTION

Small and Medium Enterprise (SME's) have an important role as the backbone of the economy globally. In Nigeria, SME's contributed significantly to the GDP, which amounted to 65% and the number of employees absolved by the sector stood at 75% of the total labour force. (NDE, 2019). SMEs is a business sector that is able to adapt and face of market changes. When Nigeria suffered from economic crisis as a result of COVID-19 in 2021, the SME's was able to survive and continue to exist in the despite slowly and cease-economic conditions. This is because the SMEs sector which is relatively neutral and independent of government interference. According to Bertolucci et al (2019) SMEs are an important driver for economic development and empowerment of local industries and communities. In developing countries like Nigeria, SMEs face numerous challenges in their growth prospects, such as the lack of financial resources, infrastructural development, modern technology, marketing strategy and implementation, etc. (Mohammed et al, 2017).

Some previous researcher, study the various marketing mix elements that have an influence on SME's performance (Abdullahi Sailf, 2015; Adebayo, Ibalogun and Kareem 2018; Al-Anssari, Renkin and XU J., 2015; Aderson, Farnell and Lehman, 2014). SMEs need an indicator to measure its performance to maintain their existence and expand its business. Performance measurement for SME's is still not well established such as the performance measurement in the big company. It required the identification of the marketing strategies affecting performance measurement in the SMEs as a basic evaluation for SMEs to improve and enhance its performance. The purpose of this paper is to propose a conceptual framework for measuring performance that can be used by SMEs. Several strategies affect the performance of SMEs proposed including product mix, price, place mix and promotion mix. The result is expected to contribute to the SMEs in order to maintain and improve its performance. In addition, research is also expected to contribute to the academic to provide an understanding of the factors that affect the performance of SMEs.

LITERATURE REVIEW

Small and Medium Enterprise (SMEs)

In Nigeria, several attempts have been made to define and classify SMEs. Moreover, probably due to differences in policy focus, different government agencies apply various definitions. The term small and medium enterprises (SMEs) cover a wide range of definitions and reasons, varying from country to country and the source reporting SMEs statistic. There is no universally agreed definition of small medium enterprise because their classification into large and small is a subjective and qualitative judgement based on number of employees, value of assets, value of sales and size of capital and turnover. The most common definitional basis used is employees because of comparability (Nyangori, 2017), SMEs are firms or businesses which are small and medium in size that arises as a result of entrepreneurial activity of individuals. Nyangori (2017) observed that the SMEs sector has continuously experienced growth, thereby becoming a key sector in the economy of the country as well as creating most of the new jobs. There are several definitions and meanings as regard to SMEs. Moreover, countries do not use the same definitions for classifying SMEs due to the varying degree of economic conditions that have defined and categorized their establishment. However, three parameters are generally employed solely or in combination by most developing countries in classifying SMEs. These parameters are; numbers of workers employed, volume of production or turnover of such business (Fatoki et al).

For instance, the center for Industrial Research and Development (IRB) of the Obafemi Awolowo University, Ile-Ife defined small-scale enterprise as an enterprise with a working capital base not exceeding 250,000 and employing on full time basis 50 workers or less. The Nigeria Bank for Commerce and Industry (NBCI) adopted a definition of Small-Scale Business as one with total capital not exceeding 740,000 (excluding cost of land but including working capital). The Federal Ministry of Industry's guidelines to NBCI defined small scale enterprise as one with a total cost not exceeding N500,000 (excluding cost of land but including working capital). The Nigeria Industrial Development Bank (NIDB) defined small scale enterprise as those operating within the range of N750,000 to N3.0 Million. The Central Bank of Nigeria (CBN), in its credit guidelines to commercial banks, stated that small scale enterprise as three with capital investment not excluding 2 million ($13,333) (excluding cost of land) or with maximum turnover of not more than 5 million ($33,3330). The major activities of small-scale businesses in Nigeria are food vending, farming, hair dressing/barbing salon, welding, bread/cake baking, phone sales/repairs, sales of second hand items, sale of health herbal products, repairs and maintenance of motor vehicle and motorcycle, restaurants/beer parlours, business centers.

Performance Measurement of SMEs

Business performance is a measure of firm's success in achieving its golds. Business performance can be measured based on variables of quantitative and qualitative. Quantitative performance measures are commonly used by large cooperation (ROE, ROA, ROI), production (the amount of goods sold, operating expenses ratio), marketing number of customers), and efficiency (Meilan, 2010). Qualitative performance measures such as description level, achievements of goals, leadership quality, organizational behavior and effectiveness. They use qualitative performance assessment clearly has some advantage compared to the performance investors calculated from quantitative. Example, in 9 cross-sectional study, the gained of companies in different industries are not comparable due to differences in the level of capital injected (Meilan, 2010).

Performance of the company is defined as a firm's ability to create action and acceptable results (Reijonen et al, 2017) therefore, we need a concept and operational systems as well as variables that can be measured to be the corporate performance measurement standards. Al-Hakim et al (2017) stated that the performance of the SMEs can be seen from the satisfaction of the owner/manager (the dependent variable) on: profit, turnover and business development. Although, from the literature, there is evident that SMEs have a performance measurement system model, Al-Ansari et al (2010) stated that, to date, there are still significant obstacles in the implementation of this system in the context of SMEs. So, in this study more viewed to marketing mix element such as product mix, price mix, promotion mix and place mix. Where an explanation of each variable will be discussed further.

Factors for Measuring Performance in SMEs
Product Mix
Product refers to what you sell, including all the features, perks and benefits your customers can enjoy by purchasing your goods and services. When marketing your product, you need to think about the key features and benefits your customers want or need, including (but not limited to) style, quality, sophistication and accessories. There is no point in creating a product or service that no one wants to buy. But many companies decide what they offer first and then hope to find a market for it, instead successful businesses find what customers need or want and then develop the right products of the right quality to meet those needs now and in the future. Mohammed et al (2017) stated that the product is the physical appearance of the product, packaging and labelling information which can also influence whether consumers search for and purchase a product in a store. The influence of the product has a significant effect on the performance of the company (Omolnoyela et al, 2018).

Price Mix
It has to do with your pricing strategy for your products and services and how that affect your customers. You need to determine how much your customers are willing to pay, how much markup is required to cover overheads, profit margins and payment methods, and other costs to attract customers and maintain your competition advantage discounts and seasonal pricing. A product is worth, what the customer is willing to pay for it. The price has to be competitive too but that doesn't mean it's cheapest. Small businesses can potentially compete with large competitors by adding additional services or details that offer customers better value for money. Your price should also provide an advantage. These are the only elements of the marketing mix that generate revenue, they all represent costs. (Borden, 2016). Price is the cost customers pay for a product, marketers must link the price to the product and perceived value but they must consider supply costs, seasonal discounts and competitors price (Aaker, 2019). In some cases, business executives may raise the price to give the product the appearance of being a luxury, alternatively they may lower the price so more consumers can try the products (Dodds et al, 2019).

Place Mix
Place are the points where your products and services are displayed, produced, sold or distributed. Customers access to your product is critical and its important to make sure customers can find you. Where customers buy your product and how to sell your products must be appropriate and affordable for customers. Products must be available in the right place, at the time and in the right quantity, keeping the costs of warehousing storage and distribution at an acceptable level (Long et al, 2018). Kotler (1976) in Mohammed (2018) suggests that distribution includes channels, distribution coverage, point of sale inventory and location. Perrault and Cannon (2011) in Mustapha (2017) defines the place as an opportunity to receive products or service for customers. They also define distribution as another name for a place. According to them, it is the third element of the marketing mix and consist of all decisions and tools related to the provision of products and services to customers. Nwokoye (2010) defines a marketing channel as a combination of institution through which sellers sell their products to final buyers.

Promotion Mix
These are promotional activities that you use to let your customers know about your products and services, including advertising, sales tactics, promotion and direct marketing (Peter et al, 2016). Advertising is the way a company communicates what it does and what it can offer to tis customers. This include activities such as branding, corporate identity, sales management, special offers and display. Promotions need to grab attention, be persuasive, convey a consistent message and must importantly, gives customer a reason to choose your product over another (Yoo et al, 2010). Advertising is one of the most powerful tools a company can use to improve sales performance. Promotion strategies help increase consumers awareness of products that generate more sales and help build brand loyalty (Isorante, 2016). The goal of promotion of a product is to reveal to consumers why the need it and why they should pay a certain price for it (Zeithmal et al, 2010).

Framework for Measuring Performance in SMEs
Conceptual Model
Based on the literature review, theoretical framework built on resource – based theory in which the performance of a business depends on the marketing mix 4ps implementation. Therefore, researchers propose a model of the performance of SMEs (dependent variables) with the marketing mix elements that affect the performance of SMEs (independent variable).

The model is formulated as in figure 1 where there are four independent variables that affect the performance of SME's including product mix (product, quality, product quantity, product branding, product packaging, product design), price mix (affordable price, price discount, price discrimination), place mix (distribution channel, sales point, good location), promotion mix (advertising, publicity, promotion, sales person).
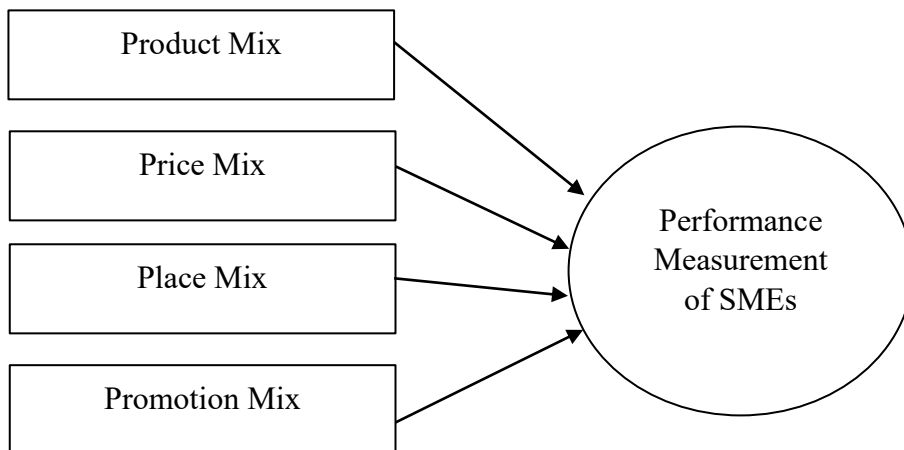

Fig. 1 Theoretical Framework

Hypothesis
This study proposed to examine the relationship between the performance of SMEs with the factors that influence it. After conducting a literature review, the researcher will propose some hypothesis based on existing constructs. There are four hypotheses to be proposed in this study which describes the relationship between the performance of SMEs and the factors that influence it. Here is a hypothesis proposed:
H1:   Product mix have positive significantly impact to the performance of SMEs.
H2:   Price mix have positive significant impact to the performance of SMEs.
H3:   Place mix have positive significant impact to the performance of SMEs.
H4:   Promotion mix have positive significant impact to the performance of SMEs.

METHODOLOGY
This study used quantitative methods that emphasize on testing the theory by measuring the research variable with numbers and perform data analysis with statistical procedures. This research will test a conceptual model that describes the relationship between the performance of SMEs and the marketing mix elements that affect the performance of SMEs.

The method used in obtaining data in this study is a questionnaire with a five points Likert Scale. This research is explanatory research because this study focused on identifying the marketing mix elements that affect the performance of SMEs. Samples were selected to obtain primary data in this study is an entrepreneur (owner or manager). SMEs are located in Keffi metropolis, Nasarawa State. Sampling techniques were of purposive sampling to the type of judgement sampling. The method used in this is a survey method with a correlation technique. The variables of study include four independent variables, namely product mix (x1), price mix (x2), place mix (x3), promotion mix (x4) and the dependent variable is the performance of SMEs (y).

This study used 30 questions which 6 questions to determine the performance of the SMEs, 10 questions about the product mix, 5 questions about the price mix, 6 question about the place mix and 3 questions about the promotion mix. For all question's items used a five-points scale.

Validity

Validity test is done by measuring the correlation between variables with a total score variable. How to measure the construct validity is looking for correlations between each of the question with a total score using the formula of product moment correlation technique as follows:

$$r = \frac{n\Sigma xy - \Sigma x\Sigma y}{4(n\Sigma x^2) - (\Sigma x^2) - (2\Sigma y^2) - (\Sigma y^2)}$$

r = Coefficient correlation
n = Number sample
x = Score question
y = Total score

Question is valid if the item has a value of r count larger than the standard 0.3. validity of the test results can be seen in the following survey table.

Table 1: Questionnaire Validity

Variable	Number of Item	Item	Note
Performance	6	1-6	Valid
Product Mix	10	7-16	No. 14 not valid
Price Mix	6	17-22	Valid
Place Mix	5	23-27	No. 24 Not Valid
Promotion Mix	3	28 – 30	Valid

Based on tables of testing reliability is known that all the variables have Cronbach Alpha greater than 0.6, it can be concluded that all variables in this study are reliable.

Reliability

Reliability of the instrument is necessary to obtain the data in accordance with objective measurement. To achieve this, the reliability test using Cronbach Alpha method was measured by Cronbach Alpha scale 0.6.

Table 2: Reliability Test

	Scale mean it item deleted	Scale variance if item deleted	Corrected item Total Correlation	Cronbach's Alpha if item deleted
X – Performance	91,4571	90,844	.856	.618
X – Product	74,4000	61,247	.546	.7180
X – Price	95,2577	108,726	.524	.718
X – Place	92,1714	82,970	.596	.674
X – Promotion	102,3714	121,711	.636	.744

Based on table of testing reliability is known that all the variables have Cronbach Alpha greater than 0.6, it an be concluded that all variable in this study are reliable.

RESULT AND DISCUSSION

Respondent Data

Questionnaire was distributed to the owners and managers of SMEs in Keffi. The business was running on SME's sector. From the 110-questionnaire distributed, the number of questionnaires returned and qualify to be processed was 35 of the all respondent 65.71%. Their educational background was SSCE certificate, 28.57% was JSCE certificate and 5.71% was bachelor degree certificate. The number of SMEs employees was 59.43% less than 10 employees and 2.86% more than 60 employees. The SMEs respondent majority has turnover less than 10 million (51.43%) just 2.86 have turnover more than 110 million.

Multiple Regression Analysis

The coefficient of determination (R^2) is used to measure how far the regression model's ability to explain the variation of the independent variables. The coefficient of determination is between zero and one (Sopha et al, 2020).

Table 3: The Coefficient of Determination

Model Summary

Model	R	Rsquare	Adjusted Square	Std. Error of the Estimate	Durbin Klatson
1	.864	.747	.713	1.31397	1.990

    a.   Predictors: X – Prd, X – Pri, X – Pla, X - Pro
    b.   Dependent Variable: X – Perf.

The data showed that the high of adjusted Rsquare is 0.713. It shows that the independent variable in this study were able to explain 71.3% variation in the performance of SME's. While the remaining 28.1% is explained by variables or other aspect outside the model. The result of multiple regression analysis obtained regression coefficient + value and significance level as shown in table 4.

Table 4: Multiple Regression Analysis Result

Coefficient

Model	Unstandardized Coefficients		Standardize Coefficient	t	Sig
	B	Std. Error	Beta		
(Constant)	3,778	2.840		1,330	.194
X – Pro	.244	.046	.539	5,254	.000
X – Pri	.072	.129	.063	.561	.579
X – Pla	.275	.083	.416	3,324	.002
X – Pro	.147	.301	.060	.488	.629

a. Dependent Variable: X - Perf

Based on the level of significant obtained from Table 4 above, it can be seen that the significance <0.05 is variable entrepreneurial aspect and competence of marketing mix elements. The significant variable is performed regression back between the variable the entrepreneurial aspect and competence of marketing mix elements on the performance of SMEs.

Table 5: Result of Multiple Regression Model for Product Mix and Price Mix on the Performance of SMEs.

Coefficient

Model	Unstandardized Coefficients		Standardize Coefficient	t	Sig
	B	Std. Error	Beta		
(Constant)	5,501	1,794		3,066	.004
X – Pro	.255	.044	.562	5,824	.000
X – Pri	.317	.064	.479	4,964	.000

a. Dependent Variable: X = Perf

The result of data using SPSS program after regression performed only on the variable that affect the performance of SMEs can be obtained a regression equation as follows: Y = 0.562 x 1 + 0.479 x 2. Description: Y: SMEs performance XI: Product Mix x 2: Price Mix

F-Test

F test is done to test that the effect of independent variables on the dependent variables simultaneously. According to Sopha et al (2020) F statistics test basically shows whether all the independent variables included in the model have jointly influence on the dependent variables.

Table 6: The Result of F-Test

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	152,890	4	38,223	22,138	.0006
Residual	51,796	30	1,727		
Total	204,686	34			

a. Dependent variable: X – Perf

b. Predictors: (Constant) X – Pro, X – Pri, X – Pla, X – Pro.

Based on the result of the ANOVA test or F-test in Table 6 obtained F count was 22.138 with a significance level of 0.000. Because the significance of level of 0.000 <0.05, it can be stated that the product mix (X1) and the price mix (X2) simultaneously affect SME performance variable (Y).

F-Test

To determine the significance of the effect of independent variables such as product mix, price mix, place mix and promotion mix on the performance of SMEs as dependent variable is the t-test. The result of the t-test on the table 4. The data is used to determine of multiple regression equation.

Results

- T value for the product mix variable has a significant level of 0.000 thus the value of less than 0.05 thus, hypothesis 1 is accepted that aspect product have significantly positive impact to the performance of SMEs.
- T value for the variable price has a significance level of 0.5979 so that the value is more than 0.005. Thus, hypothesis 2 is rejected that the price has a significant positive impact on the performance of SMEs.
- T value for the variable of place has a significance level of 0.002 thus the value of less than 0.005. Thus hypothesis 3 is accepted that place has significantly positive impact to the performance of SMEs.
- T value for the variable promotion has a significance level of 0.629 so that the value is more than 0.05. Thus, hypothesis 4 is rejected that the promotion has a significant positive impact on the performance of SMEs.

CONCLUSION AND IMPLICATION

Based on statistic analysis, only two independent variables affect the performance of SMEs in the Keffi Metropolis. Product mix influenced SMEs performance high than price mix. Meanwhile place mix and promotion mix does not affect the performance of SMEs. The respondent stated that the design the product itself. Information technology was minimally needed because they still do the business traditionally. They think face to face negotiation is better. Their intention to develop the business is also low. They already feel satisfied if the business was not loss. Product mix has the higher influenced because the success of business was determined by the owner characteristics.

This study was limited only to examine the internal factors of the SME's. For further research can use different methods to explore the external variables. Another suggestion for future research is to expand the research tools of a larger social system to obtain a more varied sample.

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