Innovations

Product Diversification Strategy and Performance of Selected Manufacturing SMEs in Southwest Nigeria

Abimbola Oluwaseun Oladotun[1], Oladele Joseph Kehinde[2,] Lateef Abolaji Adio[3,] Augustina Esitse Dada[4]

[1,2 & 4] Business Management, Covenant University, Nigeria,
[3]Human Resource Management, University of Lagos, Nigeria

Corresponding Authors: **Abimbola Oluwaseun Oladotun**

Abstract

A firm can only survive in a competitive market by adopting and implementing effective growth strategies. This study examined the effect of product diversification on the performance of small and medium enterprise (SME). The study adopted a simple random sampling methods andthree hundred and eighty-four (384) copies of the questionnaire were distributed among the SME owners and managers in Southwest Nigeria, out of which three sixty-one (361) were retrieved and analysed. Structural Equation Modelling (SMART PLS) were used for the analyses, The results (β= 0.840, R^2=0.706) indicate that product diversificationhas significant effects, with 70% predictability on performance of SMEs. It was discovered that product diversification has the most predictive value on service quality, followed by profitability, market share and customer satisfaction.This connotes that when SMEs owners constantly introduce new product line on the strength of their existing brand, it would increase their performance. This study recommended that the owners of SMEs should continue to intensify efforts to strengthen their diversification initiatives, intrapreneurship drive, customer responsiveness, employees' motivation, quality product and customer satisfaction to drive and fosters the SMEs' performance.

Keywords: *Customer Satisfaction, Market Share, Product Diversification, Profitability, Service Quality, Small and Medium Enterprise*

1. Introduction

Afirm can only survive in a competitive market by adopting and implementing effective growth strategies. Further, Abolarinwa, Asogwa, and Ezenwakwelu(2020) stated that strategies are meant to help a firm attain a specified target in terms of firm size, tenure, increased productivity processes, aggregate patronage and profitability, which can be achieved through product diversification. Firm performance describes how financially buoyant a firm is at a point in time, be it poor or good, and it reflects how successful the firm has been for that period (Ismanu&Kusmintarti, 2019; Ibidunni, Ufua, Opute, 2022). Ismanu and Kusmintarti (2019) further posited that the resource must be optimally utilized to achieve the financial goal, which is the priority of many SMEs. This can be enhanced by adopting an appropriate growth strategy. (Ufua, Olujobi, Ogbari, Dada, Edafe, 2020)

SMEs remain a tool to create employment, boost the economy, reduce poverty, and enhance the redistribution of wealth in the economy (Adeosun & Shittu, 2021). According to the Small and Medium Enterprises Development Agency of Nigeria, SMEDAN (2019), statistics show that SMEs account for over 55% of the national gross domestic product (GDP) and provide 65% of employment in developed economies. In developing economies, 60% of GDP and 70% of all employees are from SMEs.

According to Abolarinwa*et al.* (2020), the contribution of manufacturing sector is critical to the growth and wealth of the Nigerian economy. In addition, Ikon and Itua (2019) mentioned the importance of SMEs in economic diversification, having discovered that diversification is indispensable in the growth and development of the economy. (James, Ayodotun, Atolagbe, Maxwell, Augusta, Taiye, 2018).SMEs has experienced several challenges that impairs its performance, one of which is theunstable economic environment (Adeosun & Shittu, 2021). However, according to SMEDAN (2022), SMEs in Nigeria do not perform and grow as expected as their counterparts in other developing economies outside Africa, like India, Peru, and Indonesia. Generally, research confirms that 80% of failures in African SMEs occur within the first five years after founding. This was evident in Nigeria between 2019 and 2020, with a decrease of 3.7% in the number of SMEs operating in the country.
The SMEDAN report suggested it might be owing to the ownership structure of African SMEs, which makes them less likely to succeed beyond the experience of the owner or founder. And because they do not employ more hands, the business tends to end when they are no longer active. In line with this, Ojimaoje, Murtadho, and Bhaumik (2020) posited that Nigerian SME growth has not been impressive despite the intervention of the government at all tiers to improve the situation. It is no doubt that African SMEs, of which Nigeria is part, possess the capacity to strive like those in other developed countries. Still, there is no enabling environment, required skill, or proper process in a firm's structure for better performance compared to the developed world (SMEDAN, 2022).
They also discovered in their study the shutting down of over 800 companies caused a loss of employment, and reduced economic growth from this sector. Omosa, Muya, Omari, and Momanyi(2022) discover some limitations in the implementation of growth strategies, which, according to them, are responsible for the setbacks in the performance of SMEs with spill over effects on the public. Salau, Osibanjo, Adeniji, Oludayo, Falola, Igbinoba,&Ogueyungbo,(2018) confirmed that insufficient knowledge of the market, a lack of product diversification, low business strategy implementation, are the major causes of the poor performance of SMEs. Having acknowledged that SMEs make a significant impact on the national and global economy, the study seeks to understand the role of product diversification on SME's performance, with a particular focus on SMEs in the south-west of the country.

2. Literature Review

Product Diversification

This is likely the last growth strategy any company may resort to due to the risk involved. Product diversificationcan be described as the situation where new brands of a company are taken to a new market where the brand is not known (Mwangi &Waithaka, 2020). Therefore, the business owner must be skilled enough to manage the situation for a worthwhile result. Duggh, Aki and Isaac (2018) encourage adequate market investigation for successful strategy implementation. Diversification is used by firms to improve performance in addition to its survival strategy advantage during a crisis and to outperform competitors in the industry (Oladimeji &Udose, 2019). It was confirmed by Oladimeji and Udose (2019) that the profitability of the firm is influenced by diversification.

Conversely, product diversification significantly influences the brand strength of a firm. This is due to the increased visibility of the company's products and services above its rivals. (Olokundun*et al*.,2018).

Likewise, the business benefits from acquiring a wider range of customers. Hence, institutional name and products can be repackaged with impressive aesthetics. Also, it can be rebranded to align them with local markets or communities. Additionally, new marketing activities can be developed as a contribution to product diversification (Jayathilake, 2018). In addition, an institution can choose to change logo colorin order to alter their perception in different markets. This could impact the price of the product as well.

2.2 Theoretical Justification

Resource-Based View (RBV)

The resource base view theory was propounded by Barney with the assertion that the resources of the institution are the tools they must gain a competitive advantage (Sameera, 2018). Competitive advantage (CA) in the market is the edge a service has in overall rivalry against other services in the same market; that is, a service with a highly competitive advantage will have a high market share as customers have a higher preference for the service. The theory is therefore considered appropriate for this study as its major focus is on resources through which superior performance can be achieved. According to Sameera (2018), RBV provides a framework for firms to manage their resources and channel them toward accomplishing their goals. Companies that use RBV focus on resource combinations that improve performance and meet the quality demands of their customers.

The assumptions on which RBV is based are: first, that resources in the industry are heterogeneous; and second, that resources are assumed not to be transferable within the industry. However, it is noted that not all resources can lead to a competitive advantage in the industry (Adnan *et al*., 2018). Thus, resources must have peculiar characteristics of being valuable, rare, inimitable, and non-substitutable, i.e., VRIN. "Valuable implies resources with great value-added properties. A resource is rare if it is uncommon in the industry; that is, it is very unlikely to find the same in the industry. Inimitable means that the resources cannot be duplicated by competitors. Resources are non-substitutable in the sense that no other resources can be used to replace them when they are not available.The rare resources that SMEs possess place the enterprise in a position for a potential increase in growth ahead of their rivals. Subsequently, legally protected and non-substitutable resources of the institution which are difficult to imitate, can include innovative practices developed by the institution which can enhance unique performance as well (Chigara, 2021).

To attain high performance in manufacturingSMEs using RBV, it indicates that the internal resources of the institution must be strategically selected (Adnan *et al*., 2018). Resources include both tangible and non-tangible ones. For instance, to gain market share in an existing market, it is expedient, according to RBV theory, to develop the existing product/service to become VRIN or produce a new product/service with VRIN quality. In the case of diversification, SMEs should keep in mind the properties with which they can gain a competitive advantage.

2.3 Product Diversification and Performance of Small and Medium Enterprise

The impact of diversification on the performance of SMEs was examined by Idehen and Yanetu (2021) in Nigeria. They defined diversification as the process of doing business in areas that are either related to or unrelated to the firm's current business. The findings of the study confirmed a positive relationship between profitability (firm performance) and diversification. According to them, the profitability of most firms in their study area increased at different rates after diversification. It has also been revealed that product and geographical diversification have a significant relationship with firm performance. Mehmood, Hunjra and Chani (2019) confirmed this in their study on the impact of corporate diversification on firm performance. Focusing on the financial performance of the firm and categorizing corporate diversification into geographical and product diversification, their final submission was that

diversified firms perform better than their undiversified counterparts. Idehen and Yanetu (2021) investigated how diversification influences the performance of the firm. Having identified diversification as a proven way for a firm to develop various sources of revenue such that failure in one does not lead to the collapse of the entire firm, to ascertain this assertion, they used Nadia Bakery as a case study. The study shows that the company diversified by opening another outlet where items other than those sold in the first shop were sold. The resultant success prompted Nadia Bakery's manager to want more opportunities to diversify. The level of the company's profitability improved from fair to good.

However, it was discovered that Nadia Bakery's goal for diversifying was not to reduce risk but to increase profitability. In their conclusion, they pointed out that it is preferable to diversify into products that are similar to the company's existing products. Similarly, Mwangi (2021) confirmed that the relationship between the performance of a firm and its diversification strategy is positive and significant. It was discovered that SMEs' growth is in no way affected by the diversification of products. The implication of the findings is that product diversification has nothing to do with the performance of businesses. The performance in this study was measured in terms of the expansion of the business. Arte and Larimo (2022) went a bit further by including international diversification in their study. Although this is a new area in SME performance research, several others have researched the two variables differently. Arte and Larimo (2022) carried out their study to investigate the effect of product diversification on international diversification and firm performance, and it revealed that the performance of firms that diversified into an unrelated product is not as high as that of those that diversified into related products. In other words, firms that want to diversify should consider products that are related to their existing products. Similarly, Oladimaji and Udosen (2019) confirm diversified firms do better than undiversified ones, especially when the company diversifies into an unrelated product.

3. Material and Methods

Research Design

This serves as the foundation for this research. It establishes a specified framework for data collection and aids the researcher in comprehending the data collection and analysis structure. The choice of research design is explanatory. Unlike other designs, according to Boru (2018), explanatory seeks to investigate the "what" and the "why" of a given phenomenon with facts to back the findings up. Therefore, using a descriptive survey, each variable will be thoroughly investigated to get the answers to the research questions set without manipulation (Seidlecki, 2020).

3.1 Study Area

The Southwest region of Nigeria was selected for the research due to its number of manufacturingsmall and medium-sized businesses (SMEs). The southwest is one of Nigeria's six geopolitical zones, representing the country's southwest and geographic location. It comprises six states: Ekiti, Lagos, Ogun, Ondo, Osun, and Oyo. According to the 2020 National Bureau of Statistics (NBS) study, the Southwest States of Nigeria have the country's largest number of small and medium enterprises (SMEs). Specifically, Lagos, Oyo, and Ogun states have been identified as the major hub of SME concentration in Southwest Nigeria; however, all six states were included in this study. Primarily the purposive sampling technique will be employed in selecting the study area, and the major criteria for selection are the concentration of SMEs in this region.

3.2 Population, Sample Size Determination and Sampling Technique

The population from which the sample was obtained is the Nigerian SME manufacturingsector in Southwest Nigeria. The NBS survey estimates that Nigeria's overall number of businesses is 41.5 million,

dispersed throughout the country's 36 states (Adesoji, 2020). According to Akintaro (2022), 51% of the SMEs in Nigeria are in the southwest. This study focuses on educational small and medium-sized enterprises (SMEs) in the Southwest as Lagos, the commercial capital of Nigeria, had the largest number of SMEs with 8,395, followed by Oyo (6,131), Osun (3,007), Ondo (2363), Ogun (2465), and Ekiti (928) (National Survey of Micro Small and Medium Enterprises (MSMEs) 2017; Adesoji, 2020). In line with this, the Southwest states of Lagos, Oyo, Osun, Ondo, Ogun, and Ekiti have about 23,289 SMEs representing the study population.

However, from the Tahardoost determination sample size for this research is 384 SME owners and managers for the questionnaire. Southwest, Nigeria is chosen purposively due to the highest concentration of SMEs in the area. Also, the simple random sampling technique will enable the sample to include all educational SMEs in the six states included in the population and allows all population members an equal chance of being included in the sample. SME owners with different experiences will likely produce a robust result.

3.3 Research Instrument, Method of Data Analysis and Ethical Consideration

The self-designed questionnaire was based on the objectives of the study. The questionnaire was adapted from the already established instrument in the literature. Instruments on product diversification used by Omasa *et al*., (2022), service quality and customer satisfaction Bidyut and Shillong (2021), profitability and market share Kamya, (2016) were adopted. A Likert scale rates the opinion or perception on a particular issue. It is preferred because it is easy to operationalise participant perceptions of the questions asked by giving a numerical score which enables quantitative analysis.

The data collected was analysed using SEM-PLS. This analysis aims to employ established independent variables in predicting the outcome of one dependent variable. This test is based strictly on the primary data obtained from the use of the questionnaire. Ethical approval was obtained from Covenant Health Research Ethics Committee. The respondents were adequately informed about the objective of the study. Inform consent was also obtained from the respondents, and they were allowed to withdraw from participating in the study at any point they wished.

4. Result

H0: Product diversification has no significant influence on the performance of SMEs (profitability, service quality, customer satisfaction, and market share)

The influence of product diversificationon the performance of SMEs (profitability, service quality, customer satisfaction, and market share) was examined in this hypothesis. To understand and interpret the statistical results, path coefficients, t-statistics, R-square values, and p-values were used to draw inferences from the results. As shown in Figure 1, the path coefficient determines the degree and strength of the relationship between product diversification and the performance of SMEs. On the other hand, the r-square values determine the amount of variance in the performance of SMEs as explained by product diversification.

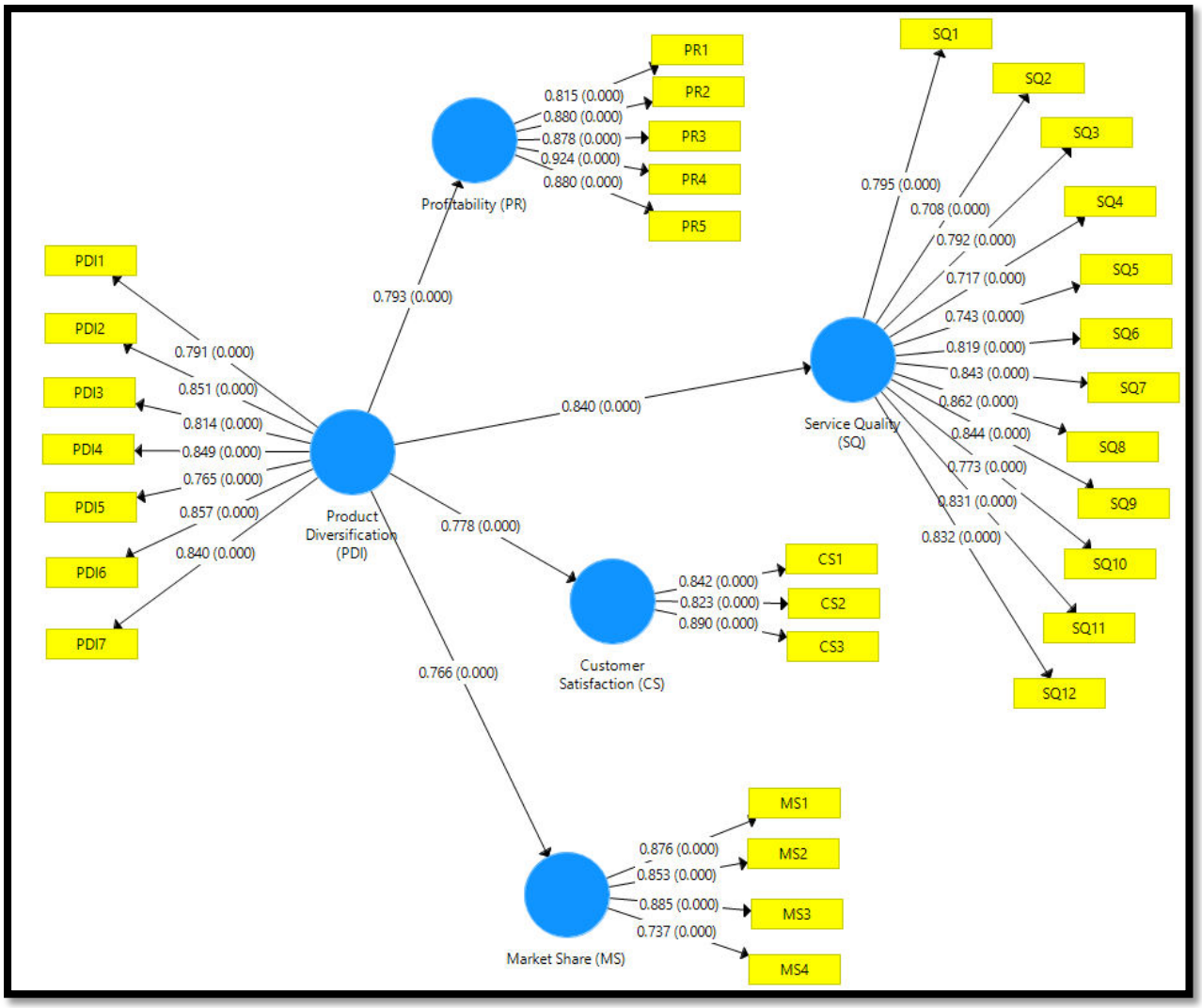

Figure 1:Product Diversification and Performance of SMEs (profitability, service quality, customer satisfaction, and market share) Model

'Fig 1'shows the PLS algorithm model of product diversificationand performance of SMEs with the loading values of each item of measurement of the constructs. This depicts the PLS Bootstrapping Model with β and P-coefficient values of product diversificationand performance of SMEs. The p-value determines the amount of probability. Meanwhile, before the p-value can be regarded as significant, the probability must be less than 0.05. Therefore, at a p-value of 0.05, all the values of product diversificationand performance of SMEs such as profitability, service quality, customer satisfaction, and market share measurements obtained in the research instrument are significant.

Table 1: Construct Validity and Reliability

	Loading	VIF	P value	AVE	Composite Reliability	Cronbach's Alpha
Constructs	≥ 0.7	<3.0	<.05	≥0.5	≥ 0.8	> 0.7
Product Diversification (PDI)				0.680	0.937	0.921
PDI1	0.791	2.320	0.000			
PDI2	0.851	2.120	0.000			
PDI3	0.814	1.352	0.000			
PDI4	0.849	1.745	0.000			
PDI5	0.765	2.020	0.000			
PDI6	0.857	1.895	0.000			
PDI7	0.840	2.352	0.000			
Profitability (PR)				0.768	0.943	0.924
PR1	0.815	1.745	0.000			
PR2	0.880	1.987	0.000			
PR3	0.878	2.658	0.000			
PR4	0.924	1.721	0.000			
PR5	0.880	2.120	0.000			
Service Quality (SQ)				0.637	0.954	0.948
SQ1	0.795	1.215	0.000			
SQ2	0.708	2.332	0.000			
SQ3	0.792	1.445	0.000			
SQ4	0.717	2.325	0.000			
SQ5	0.743	1.457	0.000			
SQ6	0.819	2.002	0.000			
SQ7	0.843	1.354	0.000			
SQ8	0.862	2.222	0.000			
SQ9	0.844	1.546	0.000			
SQ10	0.773	2.322	0.000			
SQ11	0.831	1.932	0.000			
SQ12	0.832	1.175	0.000			
Customer Satisfaction (CS)				0.726	0.888	0.811
CS1	0.842	2.554	0.000			
CS2	0.823	1.532	0.000			
CS3	0.890	1.365	0.000			
Market Share (MS)				0.705	0.905	0.858
MS1	0.876	2.774	0.000			
MS2	0.859	2.635	0.000			
MS3	0.885	1.788	0.000			
MS4	0.737	1.886	0.000			

PDI: Product Diversification, PR: Profitability, SQ: Service Quality, CS: Customer Satisfaction, MS: Market Share

Table 1 shows the factor loadings of all the measurement items for product diversification and performance of SMEs such as profitability, service quality, customer satisfaction, and market share. The validity and reliability of the instrument were also assessed using composite reliability, average variance extracted (AVE) computation and Cronbach Alpha. Meanwhile, the recommended requirements for factor loading, composite reliability, AVE, and Cronbach Alpha were met.
Furthermore, convergent and discriminant validity were also considered for determining construct validity in the study. Convergent validity is evidence of the relationship between product diversification and the performance of SMEs.

Table 2. Heterotrait-monotrait discriminant

	CS	MD	PDI	PR	SQ
CS					
MS	0.699 [0.630; 0.795]				
PDI	0.630 [0.561; 0.754]	0.729 [0.620; 0.829]			
PR	0.502 [0.436; 0.553]	0.780 [0.641; 0.848]	0.700 [0.623; 0.779]		
SQ	0.610 [0.699; 0.751]	0.640 [0.566; 0.765]	0.460 [0.558; 0.629]	0.711 [0.660; 0.812]	

PDI: Product diversification, PR: Profitability, SQ: Service Quality, CS: Customer Satisfaction, MS: Market Share

The discriminant validity was assessed using the correlations' heterotrait-monotrait (HTMT) ratio. All the HTMT values were found to be significantly different from one, and the upper confidence intervals are all less than one. Furthermore, the results of the analysis show that every value is less than the $HTMT_{0.85}$ critical value. Furthermore, the correlation between heterotraits and heteromethods is lower on average than the correlation between monotraits and heteromethods. As a result, the discriminant validity is established as depicted in Table 2

Furthermore, as shown in Table 2 the variance inflation factor (IVF) was used to test for common method bias (CMB). Some researchers recommend a VIF value of ten as the cutoff, even though a VIF value of one indicates that collinearity is completely absent. Others agreed that a 2.5-to-5-point cutoff was more conservative (James et al., 2017; Kock, 2015). All the VIF values for each item in each variable measurement for product diversification and performance of SMEs are well below the conservative threshold of 5.

Table 3: Model Fit

	Estimated
SRMR	0.077
d_ULS	0.580
d_G	0.450
Chi-Square	300.241
NFI	0.921

The model fit is shown in Table 3. All the model fit indices were found to be adequate. SRMR denotes the standardized residual average between the observed matrix and the hypothesized covariance matrices. It should be noted that the SRMR is considered reliable when it is less than 0.08. The SRMR of this study

model was also 0.077, indicating a good fit for this research. The NFI estimate for this study is 0.921, which is higher than the benchmark of 0.90, based on a chi-square value of 300.241.

Moreover,to determine the PLS-SEM predictive relevance of the constructs of measurement and the data points of indicators, the Q^2 values were used. The Q^2 values for CS, MS, PR and SQ are 0.428, 0.402, 0.468 and 0.438, which is larger than zero. This suggests that the PLS path model has predictive relevance for the constructs. similarly, the F square was used to determine the effect size. The f-square values for CS, MS, PR and SQ are 1.531, 1.420, 1.691 and 2.406 as indicated in Table 3. This implies that the sample effect is considered large.

Table 4: Coefficient Value

	Variables	**Path Co-efficient**	**SE**	**T-Statistics**	**P Values**	**R^2**	**F^2**	**Q^2**	**Decision**
H_{o1}	PDI → CS	0.778	0.054	14.288	0.000	0.605	1.531	0.428	Significant
H_{o1}	PDI →MS	0.766	0.065	11.855	0.000	0.587	1.420	0.402	Significant
H_{o1}	PDI → PR	0.793	0.067	11.889	0.000	0.628	1.691	0.468	Significant
H_{o1}	PDI → SQ	0.840	0.048	17.601	0.000	0.706	2.406	0.438	Significant

PDI: Product diversification, PR: Profitability, SQ: Service Quality, CS: Customer Satisfaction, MS: Market Share

Table 4 shows the smart partial least squared statistical results of this hypothesis, which centered on the relationship between product diversification and the performance of SMEs (profitability, service quality, customer satisfaction, and market share). The findings show that product diversification has a significant influence on the performance of SMEs (customer satisfaction, market share, profitability, and service quality).

Specifically, the findings revealed that product diversification has a significant influence on customer satisfaction at (β= 0.778, R^2=0.605, t-statistics=14.288>1.96, P-value =0.000 <0.05). The Path coefficient of 0.778 assumes a large degree of relationship between product diversification and customer satisfaction. The R^2 value of 0.605 suggests that a 60.35% variance in customer satisfaction can be explained by product diversification.

It was also discovered that product diversification has a significant influence on market share at (β= 0.766, R^2=0.587, t-statistics=11.992>1.96, P-value =0.000 <0.05). The Path coefficient of 0.766 suggests a considerable relationship between product diversification and market share. The R^2 value of 0.587 suggests that a 58.7% variance in market share can be explained by product diversification. The findings also revealed that product diversification has a significant influence on profitability at (β= 0.793, R^2=0.628, t-statistics=11.889>1.96, P-value =0.000 <0.05). The Path coefficient of 0.793 implies a substantial degree of relationship between product diversification and profitability. The R^2 value of 0.628 indicates that a 62.8% variance in profitability can be explained by product diversification. Similarly, it was revealed that product diversification has a significant influence on service quality at (β= 0.840, R^2=0.706, t-statistics=17.601>1.96, P-value =0.000 <0.05). The Path coefficient of 0.840 implies a considerable degree of relationship between product diversification and service quality. The R^2 value of 0.706 indicates that a 70.6% variance in service quality can be explained by product diversification.

Sequel to the statistical analysis presented in Table 4.28, it was discovered that service quality has the most predictive value, followed by profitability, market share and customer satisfaction in that order.

5. Discussion

Product diversification and performance of SMEs (profitability, service quality, customer satisfaction, and market share)

The hypothesis investigated the influence of product diversification and the performance of manufacturingSMEs (profitability, service quality, customer satisfaction, and market share). The findings exposed that product diversification has a considerable positive relationship with the performance of SMEs variables used in this study i.e., profitability, service quality, customer satisfaction, and market share.This suggests that if the management or owners of manufacturing SMEs in Southwest Nigeria strive to invest in other products and are intentional about producing different products that will meet customer needs and satisfaction, it could promote firms' profitability, service quality, customer satisfaction, and market share.

Similarly, the findings also implied that introducing new products into the market regularly on the strength of the existing brand that contributes very much to the firm competitive advantage could considerably increase the sales volume of both existing and new products. This is also enhanced through intentional advertisement. Besides, the introduction of similar products contributes greatly to the reduction of business costs.

These findings validate similar findings of Ojo (2019) who investigated the relationship between diversity and the success of firms. They discovered that geographical variety positively benefited the firms' performance. This was also supported by another similar finding by Idehen and Yanetu (2021). It was discovered there is a positive relationship between diversification and profitability. According to them, the profitability of most firms increased at different ranges after diversification. This implies that the profitability, service quality, customer satisfaction, and market share of SMEs could be improved through product/service diversity.

Moreover, Hunjra, and Chani (2019) and Arte and Larimo (2022) found that firms perform better than their undiversified counterparts by focusing more on financial performance and categorizing corporate diversification into geographical and product diversification. They also noted that the performance of firms that diversified into an unrelated product/service is not as high as that of those that diversified into related products. In other words, firms that want to diversify should consider products that are related to their existing products. This suggests that owners of manufacturingSMEs need to prioritize their policies on product diversification to derive firms' sustainability and competitive edge in the highly competitive business world.

6. Conclusion and Implication

The study also concludes that introducing new products into the market regularly on the strength of the existing brands contributes significantly to the SMEs' competitive advantage. Therefore, manufacturingSME owners need to prioritize their policies on product diversification to drive sustainable performance. It was also discovered that product diversification significantly influences the performance of SMEs. To this end, this study recommended that the owners of manufacturingSMEs should continue to intensify efforts to strengthen their diversification initiatives, intrapreneurship drive, customer responsiveness, employees' motivation, quality and packaging, innovation, and quality product

creativities. Efforts must also be intensified by the leadership of educational SMEs to be committed to quality assurance, staff training and customer satisfaction to drive and fosters the SMEs' performance.

6.1 Contributions to Knowledge

The followings are some of the contributions to the body of knowledge.

This study adds to the existing literature by evaluating how product diversification can be used as a growth strategy to improve the performance of manufacturing small and medium enterprise in manufacturing in southwest Nigeria. The findings herewith are of immense benefit to SME's owners, association of SMEs, researchers and governmental regulatory agencies.

i. This study contributes to the multifaceted conceptualisation of growth strategy and performance in manufacturing SME sector. Practically speaking, this research willprovidesinsight for SME owners to make decisions on the strategic growth of their businesses to enhance the performance of their businesses in an internationalized, advancing economy, by maximising their internal resource to take advantage of opportunity in their operating environment.

ii. This study is a boost to literature as its one of the few, original, empirical and latest account of the practical relationship between market penetration and performance of small and medium enterprise especially within the context of a developing economy like Nigeria. The Structural Equation Modelling (SEM) method adopted as a statistical tool further helped to provide the pattern of nexus among the variables.

6.2 Limitation/Further Study

The limitation of the study include:

- The researcher encountered challenges during data, with non-disclosure of information at first, with the assurance of confidentiality, they were able to give required information.
- Based on the objective of the study, the researcher used was one dimensions of growth strategies (product diversification); and four dimensions of performance of SMEs (profitability, service quality, customer satisfaction, and market share) among several dimensions.
- Future studies could increase the sample size for wider generalization, as well as widen the scope of the study to include SMEs in the six geo-political zones in Nigeria.
- Future study may employ a mixed method of both quantitative and qualitative data collection in order to enhance the robustness of data.
- Future studies may also consider exploring additional constructs (entrepreneurial orientation) for the measurement of growth strategies and performance of SMEs with the possibility of using a longitudinal data collection process to establish a real cause-effect relationship between the variables.

Author Contributions: Conceptualization, A.O; methodology, D.A.; investigation O.A.; writing—original draft preparation, O.A, writing—review and editing.; O.A; supervision, K.O All authors have read and agreed to the published version of the manuscript

Funding: Our deep appreciation to Covenant University for the funding of this research work.

Informed Consent Statement: Informed consent was obtained from every participant.

Acknowledgements: The authors sincerely appreciate Covenant University Center for Research, Innovation and Discoveries (CUCRID) for their financial support towards this article's publication.

Conflicts of Interest: The authors declare no conflict of interest

References

1. *Abolarinwa, S. I., Asogwa, C. I., &Ezenwakwelu, C. A. (2020). Economic effects ofgrowthstrategies on the performance of quoted manufacturing firms in Nigeria. International Journal of Business Performance Management, 21(3), 363-383.*
2. *Adeosun, O. T., & Shittu, A. I. (2021). Small–Medium enterprise formation andNigerianeconomic growth. Review of Economics and Political Science.*
3. *Adnam N., Nordin, S. Md., Bahruddin M.A., and Tareq A.H. (2019). A state-of-the-art review on facilitating sustainable agriculture through green fertilizer technology adoption: assessing farmers' behaviour. Trends in Food Science and Technology, 86 (2019), 439-452*
4. *Afroz N. N. (2018). Effect of service quality on customer satisfaction evidence frombanks inTangail. Management studies and Economic System (MSES); (4(2), 145-159.*
5. *Ali B. J., Saleh P.F., Akoi S., Abdulrahman A.A., Muhamed A.S., Noori H.N., & AnwarG.(2021). Impact of service quality on the customer satisfaction: Case study at online meeting platforms. International Journal of Engineering, Business and Management (IJEBM); 5(2), 65-78.*
6. *Arte, P., &Larimo, J. (2022). Moderating influence of product diversification on theinternational diversification-performance relationship: A Meta-Analysis. Journal of Business Research, 139, 1408-1423.*
7. *Bhattacharya A., Morgan N.A., and Rogo, L.L. (2022). Examine why and when marketshare drives firm profit. Journal of Marketing, 86(4), 73-99.*
8. *Chigara, H. (2021). Resource based view and competitiveness: An empirical study of the Algerian SME. International Journal of Economic Performance, 4(1), 432–443.*
9. *Collins, C. J. (2020). Expanding the resource based view model of strategic human resource management. The International Journal of Human Resource Management, 32(2), 331-358.*
10. *Drosos, D., Kyriakopoulos, G. L., Arabatzis, G., &Tsotsolas, N. (2020). Customersatisfaction and market share: An approach of the Greek mobile Sector.XIV Balkan Conference on Operational Research (Hybrid BALCOR 2020) At: University of Macedonia,Thessaloniki,Greece. www.researchgate.net*
11. *Duggh S.I., Aki I.,&Isaac S.O. (2018). Impacts of Growth Strategies on Business Profit: AStudy of Ashakacem Plc, Gombe-Nigeria. IOSR Journal of Business and Management (IOSR-JBM), 20 (2), 23-29*
12. *Gogoi B.J., & Shillong IIM (2021). Influence of service quality and trust in spreadingpositive wom and increasing loyalty of a tourist location. Academic of Marketing Studies Journal; 25(2). 1-14.*
13. *Hallencreutz, J., &Parmler, J. (2021). Important drivers for customer satisfaction–from aproduct focus to image and service quality. Total quality management &business , 32(5-6), 501-510.*
14. *Ibidunni, A., Ufua, D., Opute, A., (2022). Linking disruptive innovation to sustainableentrepreneurship within the context of small and medium firms: A focus on Nigeria. African Journal of Science, Technology, Innovation and Development. 14(6). 1591-1607*
15. *Idehen V. A., &Oyerebu-Shaibu, P. Y. (2021). Impacts of diversification on the performanceof SMEsin Benin City, Edo State (A case study of Nadia bakery). International Journal of Management, Social Sciences, Peace and Conflict Studies (IJMSSPCS), 4(3) September, 2021; 421 - 428; ISSN: 2682-6135*
16. *Ifeoma, A. R., Vincent, O., Purity, N. O., &Akaegbobi, G. (2021). Differentiation strategy an organisational growth of manufacturing firm in Ebonyi State, Nigeria. European Journal of Social Sciences, 61(3), 175-181.*
17. *Ikon, M. A., &Itua, O. P. (2019). Economic diversification of Nigeria and small and mediuscaleenterprise (SME) development (2000-2017). European Journal of Business and Management, 11(14), 19-25.*

18. *Ismanu, S., &Kusmintarti, A. (2019). Innovation and firm performance of small andmedium enterprises. Review of Integrative Business and Economics Research, 8, 312.*
19. *Iqbal, M., &Suzianti, A. (2021). New product development process design for small andmediumenterprises: A systematic literature review from the perspective of open innovation. Journal of Open Innovation: Technology, Market, and Complexity, 7(2), 153.*
20. *James, O., Ayodotun, S., Atolagbe, T., Maxwell, A., Augusta, B., &Taiye, T. (2018).Contribution of small and medium enterprises to economic development : Evidence from a transiting economy. Elsevier. (18). 835-838.*
21. *Jayathilake, H. M. T. M. (2018). Product diversification strategies: A review of managerialskills for firmperformance. International Journal of Advancements in Research and Technology, 7(7), 90–100.*
22. *Mehmood, R., Hunjra, A. I., & Chani, M. I. (2019). The impact of corporate diversificatioand financialstructure on firm performance: evidence from South Asian countries. Journal of Risk and Financial Management, 12(1), 49.*
23. *Micah, E. E. M., Adekunle, M. K., &Adeboye, A. (2019). Survival strategies and the growtof small and medium scale enterprises (SMEs) In Federal Capital Territory (FCT), Abuja. Survival, 11(30).*
24. *Mwangi M.R. (2021). Internal growth strategy and performance of agrochemical companiein NakuruCounty, Kenya. Kenyantta University, Kenya.*
25. *Mwangi, E. W., &Gbakobo, J. (2018). Growth strategies and performance of selected milk processingcompanies in Kenya. International Journal of Contemporary Aspects in Strategic Management, 2(1), 158-172.*
26. *Nwachukwu, C. (2018). The impact of different types of innovations on customer satisfaction in microfinance bank in Nigeria.*
27. *Ojimaoje, A. P., Murtadho, A. M., & Bhaumik, A. (2020). Effect of small and medium scale enterpriseson Nigeria's economy. World Journal of Innovative Research (WJIR), 8(3), 87-92.*
28. *Oladimeji, M. S. &Udosen, I. (2019). The effect of diversification strategy on organisational performance. Journal of Competitiveness, 11(4), 120–131.*
29. *Olokundun, M., Ibidunni, S., Ogbari, M., Peter, F., Borishade, T., Falola, H., Salau, O., & Kehinde, O (2018). Survey data on teaching strategies and product innovation: A focus on selected university. Elsevier. (18). 248-254*
30. *Omasa, M., James, M., & Omari, S. (2022). Role of product development strategy on performance ofTEA factories in Kenya. Global Journal of Management and Business Research: Administration and Management. 22(2). 1-10*
31. *Omosa, H. M., Muya, J., Omari, S.,&Momanyi, C. (2022). Role of product diversification strategy onperformance of selected tea factories in Kenya. International Academic Journal of Innovation, Leadership and Entrepreneurship, 2(2), 279-296.*
32. *Schlichter, J., Klyver, K., &Haug, A. (2021). The moderating effect of ERP systemcomplexity on thegrowth–profitability relationship in young SMEs. Journal of Small Business Management, 59(4), 601-626.*
33. *Siepel J. &Dejardin M. (2020). How do we measure firm Performance? A review of issues facing entrepreneurship researchers. Handbook of Quantitative Research Methods in Entrepreneurship. G. Saridakis and M. Cowling, eds.*
34. *Salau, O., Osibanjo, A., Adeniji, A., Oludayo, O., Falola, H., Igbinoba, E.,& Ogueyungbo,O. (2018). Data regarding talent management practices and innovation performance of academic staff in a technology-driven private university. (19) Elsevier. 1040-1045 Smalland Medium Enterprises Development Agency of Nigeria: Abuja.*
35. *Teece D.J. (2018). Dynamic capabilities as (workable) management system theory. Journal of Management and Organisation, 24(3), 359-368.*
36. *Ufua, D., Olujobi, O., Ogbari, M., Dada, J., Edafe, O. (2020). Operations of small and medium enterprises and the legal system in Nigeria. Humanity and Social Sciences. 7(1). 1-7*