

EFFECTIVE COMMUNICATION PRACTICES AND THEIR IMPACT ON SME PERFORMANCE IN ANAMBRA STATE

Uchechukwu Sam Obiakor

Department of Technology and Vocational Education, Faculty of Education, Nnamdi

Azikiwe University, Awka, Anambra State, Nigeria

DOI: <https://doi.org/10.5281/zenodo.17423023>

Abstract

This study investigates the extent to which small and medium-scale enterprises (SMEs) in Anambra State utilize effective communication principles to enhance business performance. Adopting a descriptive survey design, the study population comprised 2,895 registered SME managers, with a sample of 869 drawn using proportionate stratified random sampling across the three senatorial zones. Data were collected via a structured questionnaire on a four-point rating scale, validated by experts and pilot-tested. Reliability testing using Cronbach Alpha yielded a score of 0.88, indicating high internal consistency. Out of 869 questionnaires administered, 739 were returned and analyzed, representing an 85% response rate. Data analysis employed mean, standard deviation, and t-tests. Findings reveal that SMEs utilize effective communication principles to a high extent to improve business performance. Additionally, significant differences exist in the utilization of customer satisfaction principles between managers with 0–5 years of experience and those with more than 5 years. Based on these findings, the study recommends that SME managers integrate technology to facilitate communication, enhancing interaction and feedback between businesses, customers, and employees.

Keywords: *Effective Communication, SMEs, Business Performance, Customer Satisfaction, Utilization*

Introduction

The capacity of Small and Medium-Scale Enterprises (SMEs) to thrive is critical to any nation's economic growth and development. The importance of SMEs in the national economy cannot be overstated. Small and Medium-scale Enterprises (SMEs), according to Terungwa (2012), play critical roles in the process of industrialization and long-term economic growth. The importance of small enterprises to economic growth has intensified requests from key stakeholders for government resources to be directed toward promoting small company growth in the globe at large, and in Nigeria in particular. According to Muritala, Muritala, and Bako (2012), SMEs have received increased policy attention in recent years, particularly in third-world countries, owing to growing dissatisfaction with the outcomes of development strategies centered on largescale capital-intensive and import-dependent industrial plants. According to Muritala, Muritala, and Bako, the impact of SMEs on economic growth includes increased use of local raw materials, job creation, encouragement of rural development, development of entrepreneurship, mobilization of local savings, linkages with larger industries, provision of regional balance through more evenly distributed

investments, provision of avenues for self-employment, and provision of opportunity for training managers and semi-skilled workers.

SMEs are classified into four types, according to the Anambra State Ministry of Commerce and Technology (2017): Agro Allied, General Business Services, Manufacturing or Producing, and Construction. The state has a considerable number of small and medium-sized businesses in both rural and urban areas. The presence of these small and medium-sized businesses helps to greater economic activity in the state and, as a result, an enhanced tax base. Small scale firms are defined by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) (2007) as commercial endeavors with a minimum of 10 and a maximum of 49 workers and assets ranging from five million to fifty million Naira (excluding land and buildings). SMEDAN also defined medium-sized firms as businesses having a minimum of 50 and a maximum of 199 workers and assets ranging from 50 million to 500 million Naira (excluding land and buildings). Onwughalu (2014) defined small enterprise as those enterprises with a minimum of five workers and a maximum of 50 workers. Onwughalu added that some industrial countries use a maximum of 100 workers, with options for the trade and production sector. Accordingly, medium enterprises are those enterprises with workers ranging from 20-50 to 300-500 with options for the trade and production sector.

Many of these businesses thrive in Nigeria, particularly Anambra State, because of the country's favorable economic climate, which includes vast natural resources, big marketplaces, and a trained labor force (Obi, 2011). These sorts of businesses are usually run by owners, who are the people that fund and run the businesses on their own, or with the help of family members and a few other workers. The fact that SMEs are managed by the founders of the businesses with the help of their family members and friends seems to have affected their capacity and competitiveness in the dynamic and competitive global business world. To remain competitive, SMEs must adopt and use quality management principles to improve performance. Without it, SMEs cannot compete on a global scale (Mutingi & Mbohwa, 2017). Monday, Argozie, Bello, and Unam (2015) identified poor management skills as a major hindrance to the competitiveness of Nigerian SMEs. According to Agbola (2013), some of the issues experienced by SMEs might be attributed to different quality concerns, such as low product efficiency, a lack of market infrastructure, a lack of loyalty to top management, bad leadership, and a lack of attention to customers. The implication is slow business development and high failure rates. This frequently contributes to job losses, unemployment, and a lack of industry competitiveness. Some scholars posited that the reason for this is because of the failure of SME managers to adopt effective communication principles.

Effective communication is a key principle of TQM because SMEs can only succeed to implement all the elements of TMQ by communicating them clearly. Communication is effective when the information communicated is understood by all staff. According to Vanichchinchai and Igel (2011), communication has an effect on the efficiency and productivity of employees. SMEs who utilize the TQM principle of effective communication benefit in terms of profitability and having improved business. Ratab, Asma'a, Bader and

Raed (2019) opined that effective communication improves problem solving and increases the level of trust in employees. When managers take into consideration employees needs in decision making, create opportunities and allow employees to participate in the decision-making process it could promote effective communication (Ratab, Asma'a, Bader & Raed, 2019). Consequently, it is important for owners of SMEs to apply effective communication principles in the management of their business operation for improved business performance.

Business performance, according to Zulkiffli and Perera (2011), is defined as the organizational capacity to meet the needs of the major stakeholders of a business which is determined in order to measure the achievement of an enterprise. According to Wood (2006), conventional measures used to analyze business performance include income, return on investment (ROI), turnover or number of clients, consistency of design, and product development. Thus, in the context of this study, business performance is defined as a company's ability to sustain or fulfill its stated goals through increased profitability and a significant return on investment. However, the degree of business performance among Anambra State's SMEs does not appear to be encouraging. This is reflected in low output levels in terms of production and service delivery, poor quality products or services, and a lack of personnel development and training programs (Onwuka, Asogwu, Ezeigwe & Dibua, 2014). Furthermore, the years of experience of the SMEs managers could influence their utilization of effective communication principles for improved performance in Anambra State. In this study, less experienced SME managers are defined as individuals with fewer than 5 years of work experience, whereas highly experienced SME managers have work experience of 5 years or more. According to Norman and Mornay (2012), the chance of failure is related to the owner/job manager's experience previous to the start of the firm. This assumption, however, has not been empirically proven among Anambra State SMEs. It is against this background that the researcher investigated the extent of utilization of effective communication principle of TQM by SMEs for improved performance in Anambra State.

Statement of the Problem

The importance of SMEs to the development of any nation cannot be over emphasized this is because of the contributions to SMEs in the area of wealth generation and employment creation. In Anambra State, the presences of SMEs are very noticeable in all parts of the State. This is why SMEs is the major revenue generation source for the Anambra State government. Despite the contributions of SMEs in the State, some SMEs seem to have struggled to effectively carry employees and clients along in their activities. This seem to have resulted in lots of conflicts between management of SMES and their employees; management of SMEs and their suppliers and management of SMEs and their customers. This situation seem portrays a communication gap and the researcher is worried that if this situation is allowed to continue unabated it would negatively impact of the growth and development of SMEs in Anambra State. It is against this background that the researcher sought to determine investigated the extent of utilization of effective communication principle of TQM by SMEs for improved performance in Anambra

State.

Purpose of the Study

The main purpose of this study was to determine the extent of utilization of effective communication principles of total quality management by small and medium scale enterprises for improved performance in Anambra State.

Research Question

To what extent do SMEs utilize the principle of effective communication for improved business performance in Anambra State?

Hypothesis

There is no significant difference in the mean ratings of managers of small and medium scale enterprises on the extent of utilization of effective communication principles for improved business performance in Anambra State based on years of experience (0-5years and Above 5 years).

Method

For the study, a descriptive survey research approach was used. The research was conducted in Anambra State. The study's population included 2,895 Anambra State small and medium-sized firm managers who are registered with the State Ministry of Commerce, Industry, and Technology. The sample of the study comprised of 869 small and medium scale enterprises managers. The sample was drawn from 2895 registered SMEs across the three senatorial zones (Anambra Central, Anambra North and Anambra South) in Anambra State using proportionate stratified random sampling. The researcher sampled 30 percent of SMEs in each senatorial zone of the state. The use of the proportionate stratified was to ensure that representative from each stratum were equally represented. The instrument for data collection was a structured questionnaire titled: "Questionnaire on Utilization of Effective Communication Principles for Improved Business Performance (QUECPIBP)". The instrument has two main sections- A and B. Section A contains one item on respondents' background information covering years of business experience. Section B contains 13 items eliciting information on effective communication principles. The instrument was structured on a 4- point rating scale of Very High Extent (VHE), High Extent (HE), Low Extent (LE) and Very Low Extent (VLE). The instrument was given to two experts in the Department of Business Education and one expert in the Department of Science Education, Ebonyi State University, Abakaliki for validation. To establish the instrument's reliability, it was administered on a sample of 20 managers of small and medium scale enterprises in Asaba, Delta State who are not included in the population of the study. The application of Statistical Package for Social Sciences (SPSS) version 21 using Cronbach Alpha reliability method on the obtained data yielded a score of 0.88 for internal consistency which was deemed reliable for the study.

Copies of the questionnaire were administered to the respondents with the help of six research assistants. The instrument was administered using a direct delivery and retrieval approach to reduce waste and obtain a high return rate. The respondents were given time to finish the questionnaire before being

retrieved on the spot. However, in cases where this was not possible, an appointment was booked and the respondents concerned were revisited for retrieval of the instrument. Out of the 869 copies of questionnaire administered, 739 were returned in good condition. The 739 copies amounted to 85 percent return rate. The 739 copies of questionnaire were used for the analysis of data. The data collected from the respondents were analyzed using mean and standard deviation for the research questions. The item by item analysis was based on the real limits of numbers on a 4-point rating scale as shown below:

Response option		Values	Real Limit
Very High Extent (VHE)	4	3.50-4.00	
High Extent (HE)	3	2.50-3.49	
Low Extent (LE)	2	1.50-2.49	
Very Low Extent (VLE)	1	0.50- 1.49	

For the hypotheses, t-test was used to test the seven null hypotheses at 0.05 level of significance. Where the p value is greater than the significant level of 0.05, it meant that there is no significant difference in the mean rating of the respondents, therefore the hypothesis was accepted. Conversely, where the p value is less than the significant level of 0.05, it meant that there is a significant difference in the mean rating of the respondents, therefore the hypothesis was rejected.

Results

Research Question

To what extent do SMEs utilize the principle of effective communication for improved business performance in Anambra State?

Data collected to answer the research question is presented in Table 1.

Table 1: Mean Ratings on the Extent of Utilization of the Principles of Effective Communication for Improved Business Performance by SMEs (N=739)

S/No.	Effective communication principles	Mean	SD	Remarks
1.	Consistently convening staff meetings to improve business performance	2.60	.97	High Extent
2.	Informing staff on new policies direction of the business	2.58	.92	High Extent
3.	Informing staff on the direction of the business	2.52	.96	High Extent
4.	Involving employees in the formulation of business policies or programmes	2.36	.88	Low Extent
5.	Communicating in a clear and concise manner	2.49	.86	Low Extent
6.	Taking time to talk informally with staff to understand their needs	2.42	.99	Low Extent
7.	Encouraging participation from everyone by inviting suggestions on issues	2.53	.83	High Extent
8.	Displaying notices on notice boards for attention of employees	2.45	.83	Low Extent
9.	Giving employees feedback on their performance.	2.68	1.01	High Extent
10.	Communicating promptly	2.44	.93	Low Extent
11.	Communicating timely	2.58	.98	High Extent
12.	Communicating courteously	2.46	.97	Low Extent
13.	Communicating unambiguously	2.45	.93	Low Extent

~~Cluster Mean 2.50 High Extent~~

Data in Table 1 reveals that small and medium scale enterprises in Anambra State utilize items, 1, 2, 3, 7, 9 and 11 to a high extent with the mean ratings ranging between 2.52 to 2.68.

However, small and medium scale enterprises in Anambra State utilize items 62, 63, 64, 66, 68, 70 and 71 to a low extent with the mean ratings ranging between 2.36 to 2.49. The standard deviation scores ranging between .83 to 1.01 reveals that the respondents' opinions were similar. Furthermore, the cluster mean of 2.50 indicates that SMEs utilize the principle of effective communication for improved business performance in Anambra State to a high extent.

Hypothesis

There is no significant difference in the mean ratings of managers of small and medium scale enterprises on the extent of utilization of effective communication principles for improved business performance in Anambra State based on years of experience (0-10years and Above 10 years).

Data collected to test the hypothesis is presented on Table 2.

Table 2: Summary of t-test Analysis of Mean Ratings of Experienced and Less Experienced Managers of SMES on the Extent they Utilize Effective Communication Principles for Improved Business Performance

Variable	N	$\bar{x}$	SD	df	α	p-value	Decision
0-5 years	220	2.31	.96	737	.05	0.002	Significant
Above 5 years	519	2.10	.73				

Data in Table 2 showed that the p-value of 0.002 is less than .05 alpha level of significance. This means that there is a statistical significant difference in the mean ratings of managers of SMEs with 0-5 year and above 5 years' experience on the extent they utilize effective communication principles for improved business performance in Anambra State, therefore the hypothesis was rejected. This means that experience has a significant influence on the extent of utilization of the principle of effective communication for improved business performance.

Discussion

The study revealed that SMEs utilize the principle of effective communication for improved business performance in Anambra State to a high extent. This finding is an indication that SMEs in Anambra State use communication effectively in their interactions with staff and clients. This finding is not in line with Alintah-Abel, Okolie, Emoh and Agu (2018) who reported that SMEs utilize communication principle of TQM in their business operations to a low extent. Agbola and Ankrah (2013) stated that communication is an important aspect of TQM which determines the level of firms' performance. According to Agbola and Ankrah, the level of utilization of this TQM principle is dependent on the capacity and quality of resources within SMEs.

Furthermore, the findings of the study revealed that there is a significant difference in the mean ratings of managers of SMEs with 0-5 year and above 5 years' experience on the extent they utilize effective communication principles for improved business performance in Anambra State. This finding is in agreement with the view of Agbola and Ankrah who held that management level of experience as well as other factors could determine the level of utilization of TQM principles. In the same vein, Olekamma and Tang (2016) asserted that experience along with other entrepreneurial characteristics could influence the utilization of TQM principles. **Conclusion**

Based on the findings of the study, the researcher concludes that small and medium scale enterprises in Anambra State utilize the principle of effective communication for improved business performance to a high extent. The utilization of effective communication is necessary because it facilitates synergy and understanding between the SMEs and their employees, suppliers and clients.

Recommendations

Based on the findings of this study, the researcher proffers the following recommendations:

1. Managers of SMEs should integrate the use of technology to facilitate communication in their businesses. This will further help to expedite the level of interaction and feedback on communication between SMEs, their customers and employees.
2. Managers of SMEs should adopt a management system like Total Quality Management that encourages employees' involvement in the decision making processes of the business.
3. Managers of SMEs should improve their communication skills by attending seminars and conferences that would improve their business communication skills and competencies.

REFERENCES

- Agbola, R. M. (2013). Does total quality management affect the performance of small and medium enterprises? A case of manufacturing SMEs in Ghana. *World Applied Sciences Journal*, 28(Economic, Finance and Management Outlooks), 1–9.
- Alintah-Abel, U. V. (2018). An evaluation of the impact of critical success factors of total quality management on organisational performance in Nigeria. *Sustainable Empirical Environmental Research Journal*, 1(1), 27–42.
- Anambra State Ministry of Commerce and Technology. (2017). *List of micro, small and medium enterprises in Anambra State*. Awka: Author.
- Atah, C. A. (2019). Influence of evaluation on availability of facilities and equipment utilization for the implementation of business education programmes in tertiary institutions in Cross River State. *International Journal of Education and Evaluation*, 5(2), 9–17. <http://www.iiardpub.org>
- Atah, C. A., & Bessong, E. B. (2018). Impact of record keeping for sustainability of small-scale business operators for national economy development in Nigeria. *Journal of Association of Business Educators of Nigeria (ABEN)*, 5(1), 102–114. <http://www.nigibed.com.ng>
- Atah, C. A., Ukah, T. A., & Crossdale, O. J. (2019). Utilization of Microsoft Excel and peer tutoring in teaching accounting for the acquisition of vocational skills among business education students of colleges of education in Cross River State, Nigeria. *European Journal of Accounting, Finance and Investment*, 5(7), 84–92. <http://cird.online/EJFAI/index.php/vol-5-no-7-july-2019/>
- Bessong, E. B., Nwosu, B., & Atah, C. A. (2022). Availability and utilization of Microsoft Teams technologies in teaching and learning of business education. *British International Journal of Education and Social Sciences*.

- Monday, J., Argozie, C., Bello, A., & Unam, F. (2015). Enhancing sustainable development of small and medium-scale enterprises through total quality management: Evidence from Nigeria. *Ife Journal of Entrepreneurship and Business Management*, 1(1), 25–37.
- Muritala, T. A., Muritala, A. M., & Bako, Y. A. (2012). Impact of small and medium enterprises on economic growth and development. *American Journal of Business and Management*, 1(1), 18–22.
- Mutingi, M., & Mbohwa, C. (2017). Critical success factors for quality management practices for SMEs: A case of Namibia. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, Rabat, Morocco, April 11–13.
- Norman, C., & Mornay, R. L. (2012). Impact of level of education and experience on profitability of small grocery shops in South Africa. *International Journal of Business Management and Economics Research*, 3(1), 462–470.
- Nwosu, B., Bessong, E. B., & Atah, C. A. (2022). Availability and utilization of Zoom technologies in teaching and learning of business education in tertiary institutions in Cross River State. *Academic Journal of Current Research*.
- Obi, P. O. (2011, November 18). Declining state of small businesses in Anambra State: Causes and solutions. *Daily Sun Newspaper*, 45.
- Onwughalu, U. U. (2014). *Working capital management competencies needed by business education graduates for management of small and medium scale business enterprises in Anambra State* (Master's thesis, University of Nigeria, Nsukka).
- Onwuka, E. M., Asogwu, O. S., Ezeigwe, F. O., & Dibua, E. C. (2014). Total quality management and performance of small and medium enterprises: A study of selected small and medium-scale industries in Anambra State. *International Journal of Innovative Research & Development*, 4(11), 329–333.
- Ratab, S., Asma'a, I., Bader, O., & Raed, K. K. (2019). Reviewing the literature on total quality management and organizational performance. *Journal of Business & Management (COES&RJ-JBM)*, 7(3), 192–215.
- Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). (2007). *National policy on micro, small and medium scale enterprises*. <http://www.smedan.gov.ng/search.php?National%20policysmes>

- Terungwa, A. (2012). Risk management and insurance of small and medium scale enterprises (SMEs) in Nigeria. *International Journal of Finance and Accounting*, 1(1), 8–17.
- Vanichchinchai, A., & Igel, B. (2011). The impact of total quality management on supply chain management and firm performance. *International Journal of Production Research*, 49(11), 3405–3424.
- Zulkiffli, S., & Perera, N. (2011, June). A literature analysis on business performance for SMEs: Subjective or objective measures? *Proceedings of the SIBR Conference on Interdisciplinary Business and Economics Research*, Bangkok, Thailand. Society of Interdisciplinary Business Research.