

*Full length Research paper*

# Influence of small business management on product quality in Ibadan metropolitan, Oyo State, Nigeria

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The study investigated the impact of small business management on product quality, product features and product positioning. The study was conducted in Ibadan metropolitan of Oyo State, Nigeria. Multi-stage and random sampling techniques were used in selecting 1,200 respondents. Information was gathered using primary and secondary data. Questionnaires were used to elicit information and were validated by experts. The data generated from the survey were subjected to both descriptive and inferential analyses. The findings reveal that small business management had influence on product quality [ $\chi^2 (6) = 155.51$ ;  $p < 0.001$ ], product positioning [ $\chi^2 (6) = 52.19$ ;  $p < 0.001$ ], product features [ $\chi^2 (4) = 111.83$ ;  $p < 0.001$ ]. The study concluded that small business management has impact on product quality, product features and product positioning.

**Key words:** Product quality, product features, product positioning, small business management, Ibadan, metropolitan.

## INTRODUCTION

The small business administration defines a small business as one that is independently owned and operated, not dominant in its field of operation and meets certain standards of size in terms of employees or sales (depends on the size of others in the industry). Many small businesses fail because of managerial incompetence and inadequate financial planning. The reason the people of Ibadan start their own small businesses include; profit, independence, opportunity and challenge. The attributes of successful small businessmen and women in Ibadan metropolitan are self-directed, self-nurturing, action-oriented, highly energetic and tolerant of uncertainty. Small business management versus product quality features and positioning is the main objective of this paper. The quality to be built into a product is a conscious decision to be made by the manufacturer. Higher quality product is normally costlier to produce than

a lower quality product, and so commands a higher price on the market.

The quality level decision therefore should be related to the price range that will be attractive to the mainstream of potential buyers. However, quality is multi-faceted. It relates to, or depends on such factors as the quality of raw materials used, the production process itself, quality control during production, packaging or "dressing" of the product, price of the product, the environment in which the product is displayed for buyers, the durability of the product in use and last but not least, the buyer's expectation and appreciation. In general, product quality tends to be high to the extent that any of the above factors is good or high as the case may be. Whereas quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs, positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind. However, product feature for example include product size, weight, materials, additives accessories of the product's versatility, safety or

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convenience.

### **Objective of the study**

This study aims at highlighting the impact of small business management on product quality, product positioning and product features in Ibadan metropolitan, Oyo State, Nigeria. Specifically, the purposes of this study are to:

1. Identify the influence of small business management on product quality;
2. Ascertain the influence of small business management on product positioning, and;
3. Examine the extent to which small business management has influence on product features.

### **Significance of the study**

A study of this kind is expected to make some theoretical and practical contribution to the understanding of impact of small business management on product quality, product features and product positioning in Ibadan metropolitan, Oyo State, Nigeria. The study should be useful to business decision-makers, governments, organizations and individuals concerned with formulating marketing policies and marketing promotional strategies would benefit from this study.

### **Scope and limitations of the study**

This study seeks to ascertain and determine the impact of small business management on product quality, product features and product positioning in Ibadan metropolitan of Oyo State, Nigeria. The exploratory nature of this research should be noted so that its limitations can be understood. The usual problems associated with survey research methodology may constitute some of the limitations of this research.

### **The study area**

The ancient city of Ibadan has been the state capital, since on 13<sup>th</sup> February 1976. It is on record that Ibadan has the first university in Nigeria in 1948. The University of Ibadan was the pride of the growing Nigeria then even though it was a college of the University of London. This city is an embodiment of Yoruba culture with the Olubadan overseeing the whole affairs of traditional institution. The capital, Ibadan is reputed to be the largest indigenous city in Africa. Ibadan had been the centre of administration of the old western region, since the days of the British Colonial rule. The climate in Ibadan favours

the cultivation of crops like maize, yam, cassava, millet, rice, plantain, cocoa, tree, palm tree and cashew. There is abundance of clay, kaolin and aquamarine. Ibadan metropolitan climate is equatorial, notably with dry and wet seasons with relatively high humidity. The dry season lasts from November to March while the wet season starts from April and ends in October.

Average daily temperature ranges between 25 and 35°C, almost throughout the year. The polytechnic, Ibadan is one of the best polytechnics in Nigeria. Other noteworthy institutions in the city include the university college hospital; the first teaching hospital in Nigeria and the internationally acclaimed international institute of tropical agriculture (IITA). Another prominent landmark in Ibadan is cocoa house, the first skyscraper built in Africa and Ibadan is also the home of Nigerian Television Authority (NTA) Ibadan the first television station in Africa and liberty stadium in Ibadan, the first stadium built in Africa. Small business dominates the overall business scene in Ibadan metropolitan. However, the Ibadan small business can be classified as follows: production of basic commodities, processing or manufacturing, construction, commerce and services in the following areas; Mokola, Dugbe, Bodija, Agbeni, Sango and Aleshinioye.

## **THEORETICAL FRAMEWORK**

The four premises underlying this research paper are: the small business management, product positioning, product quality and product features.

### **Small business management**

Small business is a business activity that is independently owned and operated, is not dominant in its field of operation, and meets certain standards of size (set by the small business rules and regulation in terms of employees or annual receipts). However, small business management include the following elements such as small business planning, small business organizing, small business coordinating, small business command, small business direction and small business control of production of basic commodities, processing or manufacturing, construction, commerce and services to the consumers.

### **Product positioning**

Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind. Positioning starts with a product. A piece of merchandise, a service, a company, an institution, or even a person. But positioning is not what you do to a product, positioning is what you do to the mind of the

prospect. That is you position the product in the mind of the prospect. The seven different positioning strategies are: attribute positioning, benefit positioning, use or application positioning, user positioning, competitor positioning, product category positioning and quality or price positioning.

### **Product quality**

Product is any physical good, service or idea that satisfied a want or need, quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy states or implied needs. Quality improvement aims at increasing the product's functional performance its durability, reliability, speed, taste. A manufacturer can often overtake its competition by launching a "new and improved" product. Some qualities cannot be directly measures, these are called 'attributes'; measurable qualities are called variables'. Quality determines the direction or objective: control is the statistical element which measures product quality. Statistical quality control is a method of measuring deviations from standard quality by recording sample tests on charts.

### **Product features**

Product feature characteristics include product size, weight, materials, additives and accessories that expand the product's versatility, safety, or convenience. Most products can be offered with varying features, characteristics that supplement the product's basic function. Being the first to introduce valued new features is one of the most effective ways to compete. The company would also need to consider how many people want each feature, how long it would take to introduce each feature and whether competitors could easily copies the feature. Companies must also think in terms of features bundles or packages.

## **LITERATURE REVIEW**

The kinds of decisions to be made for products are product assortment, design, quality, branding and packaging, product additions, modifications and deletions (Bala, 2009; Carter et al., 2001). However, Nwokoye (1987) and Ahuja (2002) indicate that the product is the offer the marketer makes to buyers and it is of central importance in the marketing effort. He defines a product as a bundle of physical and psychological satisfactions that a buyer receives from a purchase. It includes not only the tangible object, but also supportive elements as packaging, convenience of purchase, post-sale services and others that buyers value. Nwokoye (1987) believes

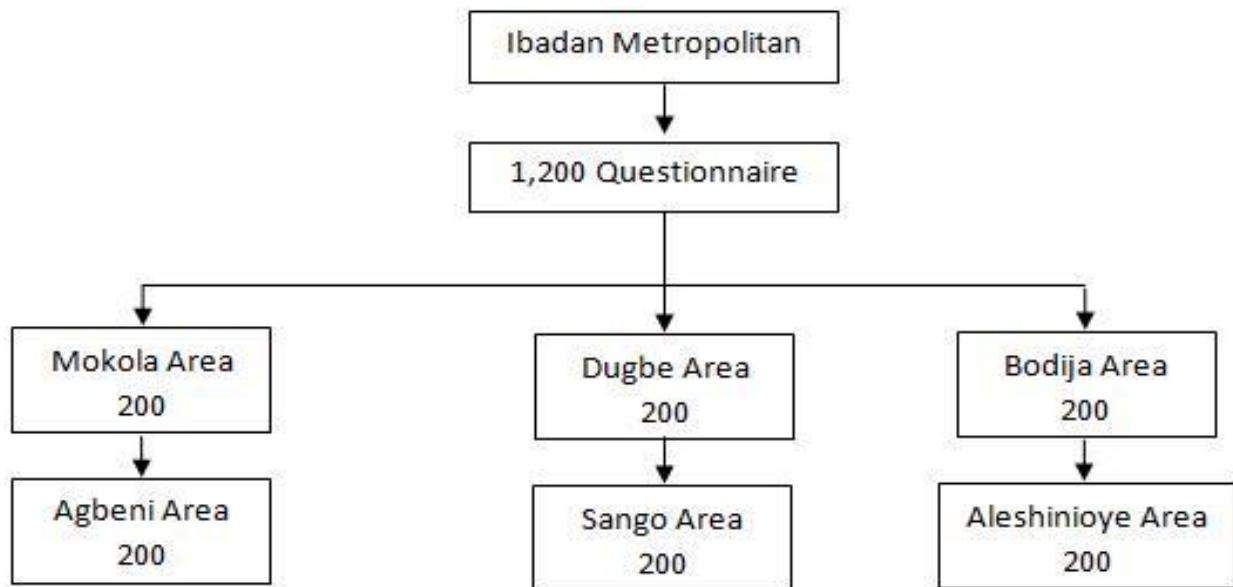
that in modern marketing usage, the term "product" has come to apply not only to tangible goods, but also to intangible packages of carefully designed services.

According to Kotler (2001) an important early consideration during the design or formulation of the product is to decide on the product's position. Specifically, Nwokoye (1987) defined a product position (or brand position) as the intended way in which consumers perceive the product (brand) in relation to the competition.

The intended brand position is effectively communicated to buyers through advertising. Of course, the product design, price and performance should be consistent with the product position to that buyers would perceive it as such (Schummarcher, 1973; Bala, 2010; Wilson et al., 2004). However, Nwokoye (1987) has proposed the following positioning strategies categorization: By product attribute, by product benefit, by usage occasions, by class of users, against a competition, away from composition and against other related product classes. Most products can be offered with varying features, characteristics that supplement the product's basic function. Being the first to introduce valued new features is one of the most effective ways to compete (Kotler, 2001). How can a small business identify and select appropriate new features? The small business in Kano city can ask recent buyers: How do you like the product? Are there any features that could be added that would improve your satisfaction? How much would you pay for each? How do you feel about the features other customers have suggested?

The next task is to decide which features are worth adding. Small business organizations must also think in terms of feature bundles or packages, product feature are; size, weight, materials, additives, accessories that expand the product's versality, safety, or convenience (Bala, 2010; Brech, 1963; Drucker, 1961; FSB, 2002). Kotler (2001) indicates that most products are established at one of four performance levels: low, average, high, or superior. Performance quality refers to the level at which the product's primary characteristics operate. The important question here is: Does offering higher product performance produce higher profitability? The strategic planning institute studies the impact of higher relative product quality and found a significantly positive correlation between relative product quality and return on investment (ROI). High-quality business units earned more because their premium quality allowed them to change a premium price; they benefited from more repeat purchasing, consumer loyalty, and positive word of mouth; and their costs of delivering more quality were not much higher than for business units producing low quality (Bala, 2010; Fayol, 1949; Kempner, 1971; Kotler, 2001; Mcgregor and Tweed, 2002).

Quantity's link to profitability does not mean that the small business should design the highest performance level possible. There are diminishing returns to ever-



**Figure 1.** Sampling procedure.

increasing performance. The manufacturer must design a performance level appropriate to the target market and competitors' performance level. A small business must also manage performance quality through time. Three strategies are available. The first, where the manufacturer continuously improves the product, often produces the highest return and market share. The second strategy is to maintain product quality at a given level. Many business organizations leave their quality unaltered after its initial formulation unless glaring faults or opportunities occur. The third strategy is to reduce product quality through time. Some business organizations cut quality to offset rising costs; others reduce quality deliberately in order to increase current profits, although this course of action often hurts long-run profitability (Bala, 2010; Lucy, 1976; Maintzberg, 1973; Stewart, 1963).

## MATERIALS AND METHODS

### Research design

This study was designed to x-ray the impact of small business management on product quality, product features and product positioning in Ibadan metropolitan of Oyo State, Nigeria. The study is 'ex post factor' in nature, since none of the variables was manipulated by the researcher. The data were collected through a survey conducted in the following areas; Mokola, Dugbe, Bodija, Agbeni, Sango and Aleshinioye (Figure 1).

### Research instruments

The major research instrument used for the collection of primary data for this research was 1,200 questionnaires.

### Measurement of variables

Independent and dependent variables were measured through the application of Likert scale. A 5 point scale viz: strongly agree (5-points), agree (4-points), undecided (3-points), disagree (2-points) and strongly disagree (1-point) (Figures 2 and 3).

## FINDINGS AND DISCUSSION

The data for this study were collected from a sample of respondents residing in Mokola, Bodija, Agbeni, Sango and Aleshinioye Areas of Ibadan metropolitan which have many small business organizations. About 1,200 questionnaires were coded as SD, D, U, A and SA representing strongly disagree, disagree, undecided, agree and strongly agree, respectively. The responses on small business variable(s) followed the same trend. Respondents indicated their opinion mostly on "agree" and "strongly agree" categories of the questionnaire. The responses for these two categories ranged between 88.7 and 99.7% for the ten items. On small business variables it is agreed that small business managers must participate in formulating strategies and policies designed to help the company win through total quality excellence 99%. There is agreement that the small business planning process is where decision of the highest significance to a company is made 92%. The respondents agreed that performance should be measured and deviations from plans corrected or accounted for 95%.

Almost all participants 99.8% agreed that one of the major values customers expect from vendors is high product and service quality. There is an agreement that today's small businesses view the task of improving

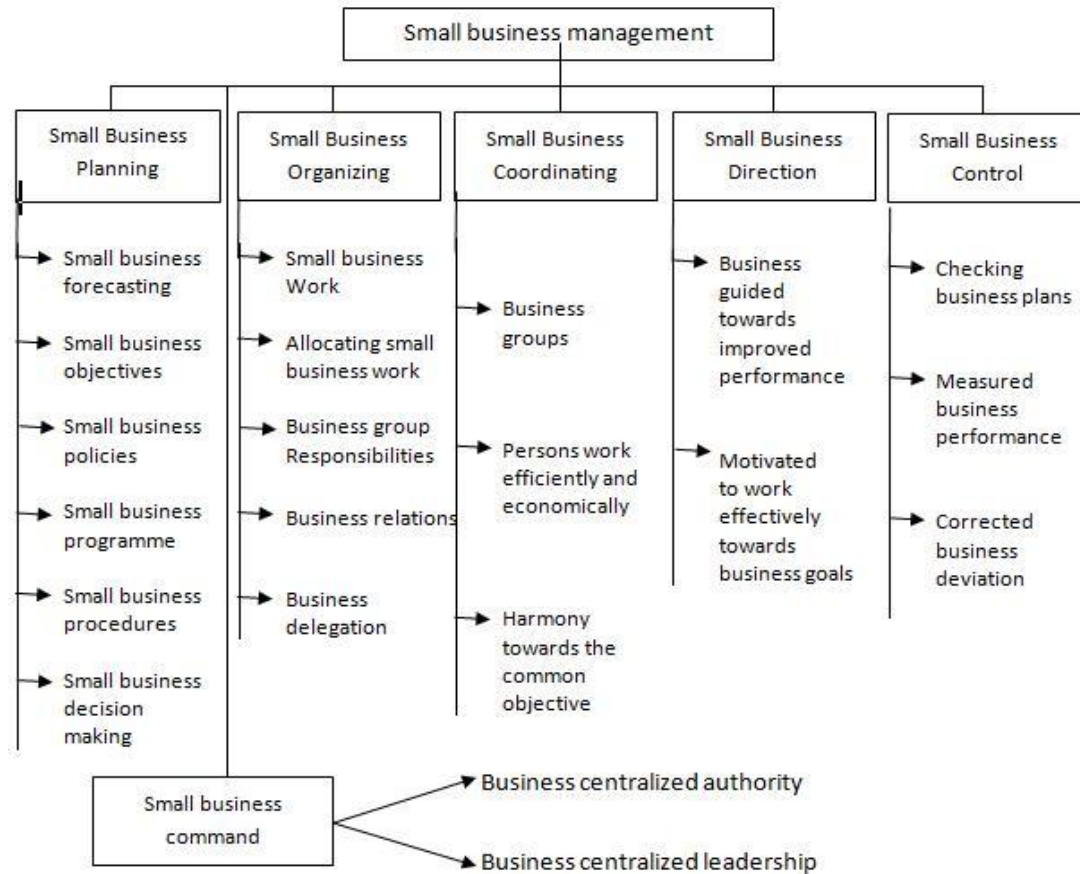


Figure 2. Independent variable(s).

product and service quality as their top priority 92.3%. The respondent agreed that most customers of small business will no longer accept or tolerate average quality. The respondents agreed that a buyer's satisfaction is a function of the product's perceived performance and the buyer's expectation is 93.3%. There is overwhelming agreement that the end result of positioning is the successful creation of a market-focused value proposition, a cogent reason why the target market should buy the product 94.5%. Respondents also believed that small business positioning starts with a product of 96.3%. There is a common agreement that product positioning is what small business do to the mind of the prospect 95% and that a small business organization positions itself on an attribute, such as size or number of years in existence. The participants are all fully aware that a small business product is positioned as the leader in a certain benefit 98.2%. Majority also agreed that the product is positioned as offering the best value. It is agreed that the small business specializes in producing a certain type of product or product feature 90%.

There is agreement that small business product features improvement aims at adding new features for

example product size, product weight, materials, additives, accessories that expand the product's versatility, safety, or convenience 89%. Almost all participants of 99% agreed that most products can be offered with varying features, characteristics that supplement the product's basic function 92%. Majority also agreed that small business organization must also think in terms of feature bundles or packages of 95.5%. The result of cross tabulation presented in Table 1 revealed significant impact among Mokola, Dugbe, Bodija, Agbeni, Sango and Aleshiniye Areas of Ibadan metropolitan on variables(s) of small business, product quality, product features and product positioning. There were no significant differences among six areas on variables of small business planning, small business organizing, small business coordinating, small business command and small business control [ $\chi^2(8) = 53.45$ ;  $p < 0.001$ ]. There were no significant difference among the six areas on product quality variables such as product durability, product reliability, product speed and product taste [ $\chi^2(6) = 155.51$ ;  $p < 0.001$ ]. There were no significant difference among the six areas of Ibadan metropolitan on product features such as product size, product weight, product materials, product additives and product

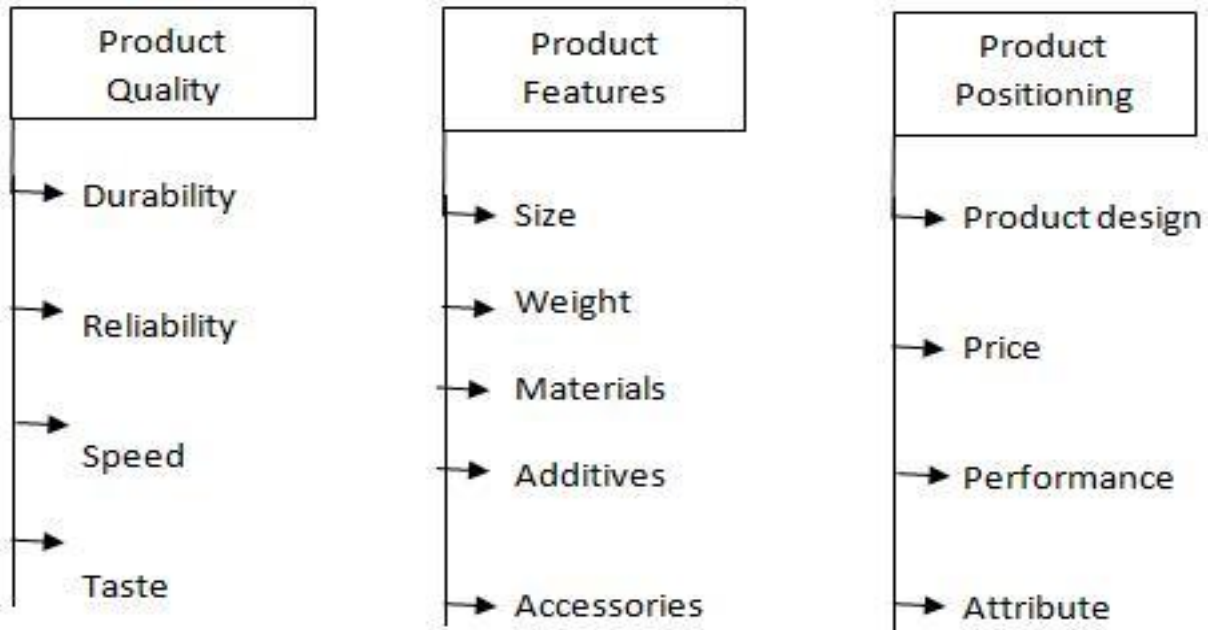


Figure 3. Dependent variable(s).

Table 1. Cross-tabulation of Mokola, Dugbe, Bodija, Agbeni, Sango and Aleshiniye Areas of Ibadan metropolitan and independent and dependent variables.

No.	Variable		$\chi^2$	df	p-val
1	Small business planning	Independent variable(s)	53.45	8	0.001
2	Small business organizing				
3	Small business coordinating				
4	Small business command				
5	Small business control				
<b>Dependent variables</b>					
6	Durability	Product quality	155.51		
7	Reliability				
8	Speed				
9	Taste				
10	Size	Product features	111.83	4	0.001
11	Weight				
12	Materials				
13	Additives				
14	Accessories				
15	Product design	Product positioning	52.19	6	0.001
16	Price				
17	Performance				
18	Attribute				

Statistically significant:  $p < 0.001$ .

accessories ( $\chi^2(4) = 111.83$ ;  $p < 0.001$ ). There were no significant difference among the six areas of Ibadan

metropolitan on product positioning variables such as product design, product price, product performance and

product attribute [ $\chi^2(6) = 52.19; p < 0.001$ ].

## Conclusion

Based on the findings of this study, it is safe to conclude that small business management has influence on product quality, product positioning and product features in Ibadan metropolitan of Oyo State, Nigeria. In other words, this paper shows that there is a significant impact between independent variable(s) that is small business management and independent variables such as product quality, product positioning and product features.

## RECOMMENDATIONS

It is the key findings of this paper that small scale business owners should recognize that small business's success is ultimately a function of the customers acceptance of the quality of its product, the positioning and features of its product is that this success does not come easily. So to be successful, small business organization's product quality, product positioning and product features must continuously be improved to meet the needs and wants of customers and competitors quality, features and positioning policies and strategies.

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