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DETERMINING THE UNDERLYING DIMENSIONS OF COMPETITIVE STRATEGIES AND PROFIT OF SMALL AND MEDIUM ENTERPRISES IN NIGERIA

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Abstract

This study tested the underlying dimensions of competitive strategies and profit of SMEs in Nigeria. Specific goals were cost leadership, differentiation, and focus tactics. According to PwC's 2021 report, there are 27,942 SMEs in Nigeria, with one state in each of the six geographical zones. A survey research design was used for the study, and the sample size of 394 managers/owners of SMEs served as the study's participants. This number was calculated using Yemen's formula. Principal component analysis was suitable at .802 and the preliminary assessment validated the dataset's suitability for analysis by the validity results of KMO and Bartlett's test, which show that the variables are highly significant. A reliability index of.853 was stated as the outcome. With the use of the Statistical Package for Social Sciences, participant data were presented in tables and analyzed using Pearson's Correlation Statistics and Multiple Regression Analysis (SPSS 23). Hypotheses were evaluated at a significance level of 0.05. Results of tested hypotheses confirmed that focus strategy (51.6%), differentiation strategy (73.4%), and cost leadership strategy (34.9%) all had a favorable and significant impact on SMEs' profits in Nigeria. According to the study's findings, it was empirically proven that competitive strategies are excellent indicators of the financial success of SMEs in Nigeria. The study recommended, among other things, that SMEs owners and managers prioritize investing in competitive *strategies, especially by establishing connections with suppliers, service providers, and other auxiliary institutions because this will help them gain competitive advantage and increase their profits compared to other SMEs competitors who do not have competitive strategies.*

Keywords: **Competitive Strategies, business profit, cost leadership, differentiation, focus.**

1.0 Introduction

In order to increase profit, businesses must create methods to entice people resources, sustain operations, and compete. According to Porter (1985), a competitive strategy is a strategy that creates a profitable and long-lasting competitive position in opposition to the five forces that fuel industrial competition. Competition has been the scourge that no corporation can choose to ignore in today's economic environment amid environmental issues and the battle for business survival. Most businesses work to differentiate their services and goods from one another while keeping in mind the demands and preferences of their clients (Kowo, Sabitu, & Adegbite, 2018). Opportunities result from these changes frequently, but the business must act quickly to spot them and effectively to take advantage of them if it is to succeed (Balsam, Fernando & Tripathy, 2011). Every business aspires to outperform its rivals in order to generate more profits and obtain a competitive advantage. This is so that businesses may stay focused on their objectives and remember their vision and mission. Additionally, it enables firms to adapt to market demands and empower themselves with the necessary improvements and tools to compete with rivals.

For practically all businesses in the market, profit is the standard. The corporation must sell its goods or services more effectively in order to increase earnings. Only superior products, lower pricing, or a unique selling proposition will be able to accomplish this. Since it serves as the foundation for all operations, the business cannot live without profit (OECD, 2016a). The economy and the larger business eco-system both depend heavily on SMEs. Small and medium-sized enterprises (SMEs) play a critical role in achieving the (SDGs) across all nations and levels of development by fostering inclusive and sustainable economic growth, ensuring that everyone has access to employment and a decent place to work, fostering sustainable industrialization and innovation, reducing income inequality, and increasing profit, which is the foundation for almost every company in the market. NBS estimates that over the past five years, SMEs in Nigeria have contributed roughly 48% of the country's GDP. With a combined population of around 17.4 million, they represent nearly 90% of the manufacturing sector's businesses and roughly 50% of industrial jobs.

However, as business competition increases due to globalization, SMEs in Nigeria are finding it difficult to compete both domestically and internationally (Gbolagade, Adesola & Oyewale, 2013). Adopting effective competitive strategies to increase profit is the goal of any forward-thinking organization, but research on these topics has been subjected to recurrent scrutiny in both theoretical and empirical studies, there is however still conflicting findings. In addition, such studies have been skewed towards developed economies making the literature on these topics sparse, inconsistent, and fragmented in developing nations. This poses significant risks to SMEs, particularly in Nigeria where insecurity, banditry, kidnapping, inflation, and exchange rates have skyrocketed recently. This study cures both the geographical gap and the opinions among researchers by testing the degree to which competitive strategies including cost-leadership strategy, differentiation strategy, and focus strategy affect the profit of SMEs in Nigeria in order to fill in this information gap from a developing and third world perspectives.

1.2 Objectives of the study

The cardinal objective of the study was to assess the effect of competitive strategies on profit maximization of SMEs in Nigeria. The specific objectives were:

i. To determine the effect of cost leadership strategy on profit of SMEs in Nigeria
ii. To ascertain the effect of differentiation strategy on profit maximization of SMEs in Nigeria
iii. To find out the effect of focus strategy on profit maximization of SMEs in Nigeria

2.0 Literature Review

2.1 Theoretical Framework

This study by its focus and objectives draws impetus from the configuration theory which perceives strategy formulation as a transformation process whose major contributors were Chandler (1962), Mintzberg & Miller (1970s) and Miles & Snow (1978s). According to configuration theory, an organization's performance is influenced by how well its surroundings and organizational structure fit together. The theory's fundamental premise is that when organizational structure and external contingency factors align, the best performance may be obtained. Only businesses that operate in harmony with the environment today do their best work. According to the general model implied in configuration theory, organizations need to have a good fit between their structure, strategy, and external environment in order to function effectively (Fincham & Rhodes, 2005). The match between organizational characteristics and company performance has regularly been shown to be a significant predictor in empirical configuration research (Slater & Olson, 2001). Any firm's external environment is exogenous, hence the firm must adapt its strategy to the environmental restrictions, according to Gao, Zhou, and Yim (2007). In the context of this study, configuration theory highlights the connection between SME competitive strategies and profit while taking environmental considerations into account and achieving profit.

2.2 Conceptual framework

2.2.1 Competitive Strategies

Competitive strategies are the long-term plan of a particular company in order to gain competitive advantage over its competitors in the industry. A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2007). Companies that use competitive tactics have an advantage over their rivals when it comes to luring clients and fending off competitive forces. Therefore, the goal of a competitive strategy is to develop a profitable and long-lasting position in opposition to the factors that define industrial rivalry (Porter, 2008). Competitive strategies are defined in this study as the purposeful selection of several activities that serve as the foundation of a competitive advantage in order to produce a certain combination of value. It is a long-term plan of action designed to provide a business an edge over its competitors.

2.2.2 Dimensions of Competitive Strategies

In this study, the three competitive strategies as outlined by porter (1985) and Foss (2003) are adopted in line with the intention of the study.

i. Cost leadership strategy: According to Porter's (1985) cost leadership approach, businesses gain market share by positioning their goods in front of clients who are price-sensitive or cost-conscious. They can do this by providing the products at the best and most competitive costs. Cost leadership strategies involve reducing costs across the entire value chain in an effort to achieve the lowest cost structure possible for products that are made of high-quality materials but have few standard features. The goal is to gain a competitive advantage and thereby increase market share (Sumer & Bayraktar, 2012). Experience, investment in production facilities, conservation, and rigorous monitoring of the total operating costs through initiatives like shrinking the size and quality management are all components of the cost leadership plan (Hashem; Hamid & Samira, 2012). In this study, cost leadership refers to a business approach in which a company closely monitors costs throughout all of its value chain operations in order to provide customers with affordable goods and services while still making a profit.

ii. Differentiation strategy: The creation of a distinctive product or service is referred to as differentiation (Porter, 1985). The basic goal of the differentiation strategy is to distinguish the product in some way from those of competitors so that it can compete more effectively. The scope of this strategy is broad, ranging from complete product diversity to distinctive features within a core product. According to Hashem, Hamid, and Samira (2012), this strategy necessitates the creation of one-of-a-kind products or services that rely on the brand's devoted consumer base. According to Jermias (2008), companies that specialize in product differentiation frequently make significant investments in R&D initiatives to boost their capacity for innovation and improve their capacity to stay up with the innovations of their rivals. Differentiation is a business-level approach used in this study to help businesses draw in clients who are willing to pay more for their products and services.

iii. Focus strategy: The approach of concentrating is an additional tactic suggested by Porter (1985). A focus strategy is a marketing tactic in which a business focuses its resources on breaking into or growing in a specific industry sector or market. The secret to a successful focus strategy is selecting a market niche where consumers have different preferences, particular demands, or unique requirements and then creating a special capability to meet those needs. According to Thompson and Strickland (2008), a focus strategy aims to secure a competitive edge based on either low cost or differentiation, which becomes more and more alluring as a target niche market. In this study, the focus strategy is a business-level competitive tactic that companies employ in conjunction with a cost-leadership or differentiation strategy to target a more constrained geographic or demographic market with specialized goods or services.

2.2.3 Profit of SMEs

Profit describes the financial benefit realized when revenue generated from a business activity exceeds the expenses, costs, and taxes involved in sustaining the activity in question. To Dugguh, Aki and Oke (2018), profit is an excess of revenues over associated expenses for an activity over a period of time. Stated in specific terms, profit is what remains after all business expenses have been deducted from sales revenue. It is also regarded as the payment for the risk that businessmen and women undertake for ownership and loss of investment. Profits include gross, net and retained (Pride, Hughes & Kapoor, 1993). In this study, profit is an absolute number determined by the amount of income or revenue above and beyond the costs or expenses a company incurs in a defined period.

SMEs are businesses that maintain revenues, assets or a number of employees below a certain threshold. Each country has its own definition of what constitutes SMEs. Certain size criteria must be met and occasionally the industry in which the company operates in is taken into account as well. Though small in size, SMEs play an important role in the economy. They outnumber large firms considerably, employ vast numbers of people and are generally entrepreneurial in nature, helping to shape innovation. According to OECD (2005), SMEs are non-subsidiary; independent firms which employee less than a given number of employees. This number varies across countries. The most frequent upper limit designating SMEs is 250 employees as in the European Union. However, some countries set the limit to 200 employees, while USA considers SMEs to include firms with fewer than 500 employees. Small firms are generally those with fewer than 50 employees. In this study, both SMEs are studied collectively since they have certain attributes as well as issues which are peculiar to each other. As metrics of profit, Pride, Hughes, and Kapoor (1993) in Dugguh, Aki, and Oke (2018) listed gross profit, retained profit, and net profit. Gross profit, retained profit, and net profit are included in this study because they are important motivators for introducing innovations, boosting productivity, and taking calculated risks. Profits are also used as a signal for enterprises to enter or exit an industry.

Gross profit is the excess of revenue from sales less the amount of direct costs of a product. The cost of products sold is what is meant by this. The supplies purchased to make the items, the transportation of those materials into the manufacturing plant, the direct labor used to make them, and the costs of distribution could all fall under this category (Dugguh, Aki, & Oke) (2018). Retained profit refers to the profit that has been earned and accumulated from previous periods but has not yet been distributed to the owners. To Dugguh, Aki and Oke (2018), retained profit is the surplus profit after the amount is withdrawn by the owner or dividends are paid to stockholders. The term "net profit" refers to the profit made during the most recent accounting period and is used to assess the financial viability or success of a company. Operating costs are subtracted from gross profit to determine net profit. Since owners earn their income from this sort of profit or stockholders receive dividends, net profit is typically the word used to describe profit (Dugguh, Aki & Oke) (2018).

2.3 Empirical Literature Review

Kowo, Sabitu and Adegbite (2018), explored whether SMEs who follow a cost leadership approach can lower their operating costs, as well as the impact of differentiation on SMEs' sales turnover. Using the questionnaire the researcher adopted, a number of questions were asked. The study discovered that cost leadership approach has a substantial impact on SMEs' ability to cut costs, suggesting that when companies implement effective cost leadership strategies, their operating costs tend to go down. Regression analysis' findings showed that competitive strategy adoption typically has a favorable impact on SMEs' performance and that competitive strategy has a substantial association with a company's market share.

Masale (2018), investigated the effect of competitive strategies on the organizational performance of Bridge International Academies in Nairobi. The results demonstrated a moderately favorable association between cost leadership approach and organizational performance, and the regression coefficients demonstrated a positive and significant relationship between the two. The results confirmed a high positive association between differentiation strategy and performance, and the regression coefficients demonstrated this relationship to be both positive and significant. On the third research question, it was discovered that focus strategy had a marginally beneficial impact on organizational performance. Makina and Oundo (2020), investigated competing strategies, how they impact overall organization performance, and how they may be used in the sugar business. The examined literature showed that using competitive strategies (cost leadership, differentiation, and focus strategies) results in greater performance for a business than not using them.

Islami, Mustafa, Topuzovska and Latkovikj (2020), tested the effects of Porter's generic strategies (low-cost strategy, differentiation strategy, and focus strategy) on firm performance. Results were derived from data collected from 113 businesses that are active in the Republic of Kosovo. t test, Pearson's correlation analysis, and multivariate regression analysis were used to provide testing of hypotheses. According to econometric findings, pursuing differentiation strategy leads to better company performance than two other Porter's generic strategies (low-cost strategy or focus strategy), both of which are beneficial. Daahir (2021), undertook a study on competitive strategy and organizational performance of telecommunication companies in Mogadishu-Somalia. The study discovered significant positive relationships between cost leadership strategy, differentiation strategy, and focus on strategy and organizational performance of telecommunication companies in Mogadishu, Somalia. The researcher also discovered that competitive strategy significantly improves organizational performance at Mogadishu-based telecommunications enterprises.

Sidi and Abubakar (2021) analyzed business level strategy and competitive strategy perspective of manufacturing-based SMEs in Nigeria. According to the study's findings, cost leadership strategy and differentiation strategy have a big impact on how well manufacturing-based SMEs in the north-west of Nigeria perform as a company. The outcome also demonstrates how differentiation and the cost leadership approach will improve the firm's competitiveness and competitive advantage.

In conclusion, competitive techniques encourage SMEs' profits, providing a long-term fix for their equity imbalance. The impact of venture capital investment on the expansion of SMEs is not well documented. The existing literature offers mixed results. Therefore, this research offers a fresh collection of data that sheds light on how venture capital financing affects the expansion of SMEs.

3.0 Methodology

Survey research design was applied due to it ease and the speed with which its results are made. The population of study was 27,942 SMEs according to PwC, 2021 report with a sample size of 394 participants was obtained using Yamane's formula (1967). Simple random sampling technique was used in selecting SMEs for easy accessibility of information for weighing the opinion of the respondents with one state in each of the six geographical zones in the country. However, the instrument for gathering data was a well-structured questionnaire that had been reviewed by management specialists. Variables were reported to be highly significant by KMO and Bartlett's test, and principal component analysis was appropriate at 0.802, which is over the 0.70 criterion with a reliability index of 0.865. The Statistical Package for Social Sciences was used to perform multiple regression analysis and Pearson's correlation statistics on the participant data, which were displayed as mean, standard deviation, skewness, and kurtosis in tables (SPSS 23). Hypotheses were evaluated at a significance level of 0.05. Profit was the response variable, and cost leadership strategy, differentiation strategy, and focus strategy are the explanatory variables. The model for the study is specified as follows.

SMEs P = β0 + β1CLS + β2DFS+ β3FCS + ε. Where, SMEs P = Profit, CLS = Cost leadership strategy, DFS = Differentiation strategy, FCS = Focus strategy, ε = Error term β0 = Intercept, β1, β2, β3 = Coefficients of the explanatory variables.

In answering the research questions, the real limits of numbers were used for decision making as follows; 3.50 - 4.00 = very high extent; 2.50 – 3.49 = high extent; 1.50 – 2.49 = low extent; 1.00 – 1.49 = very low extent. The decision rule for testing the hypotheses was based on the p-value and alpha value. A hypothesis of no significant effect was not rejected for any cluster of items whose p-value was equal to or greater than (≥) the alpha value of 0.05 while it was rejected for any cluster of items whose p-value was less than (≤) the alpha value of 0.05. To check the level of skewness and kurtosis for the variables, if skewness is less than -1 or greater than 1, the distribution is highly skewed. If skewness is between -1 and -0.5 or between 0.5 and 1, the distribution is moderately skewed. If skewness is between - 0.5 and 0.5, the distribution is approximately symmetric. To check the level of kurtosis, if the value of kurtosis is greater than 3, then the dataset has heavier tails than a normal distribution. If the kurtosis is less than 3, then the dataset has lighter tails than normal distribution.

4.0 Results and Discussions

In presenting data using descriptive statistics mean, standard deviation, skewness and kurtosis were used to explain where most of the responses fall and how much data is skewed or symmetric.

Table 4.1: Descriptive Statistics Analysis

Variable	Mean	Standard Deviation	Skewness	Kurtosis	Remarks
Cost leadership	3.62	.629	1.814	3.703	Very high extent
Differentiation	3.50	.695	1.456	2.205	Very high extent
Focus strategy	3.60	.606	1.503	2.449	Very high extent
Gross profit	3.56	.632	1.366	1.776	Very high extent
Retained profit	3.52	.727	1.637	2.541	Very high extent

Net profit	3.51	.695	1.504	2.321	Very high extent

Source: Authors' Computation from SPSS Output, 2022

The outcome is shown in Table 4.1 along with explanatory variables and response predictors. The mean and standard deviation demonstrate the respondents' level of agreement with the statements that the profitability of SMEs in Nigeria has improved. In Table 4.1, all the variables have skewness values above 1, which indicates that they are all severely skewed. Finally, Table 4.1's kurtosis data demonstrates that the closer a value is to 0, the better the data distribution and all kurtosis values exhibit a significant correlation.

4.1 Correlation Analysis

This study used a correlation analysis to establish the level of association between the variables used in the study and findings revealed that there was a significant association between the explanatory variables such as cost leadership, differentiation and focus strategy and, response variables (Profit). The findings from Table 4: 2 reports that cost leadership strategy has a moderate and significant relationship with profit (r = 0.580; p ≤ 0.000), differentiation strategy has a strong and significant correlation with profit (r = 0.807; p ≤ 0.000). The result further established that focus strategy has a strong and significant association with business profit (r = 0.801; p ≤ 0.000).

Table 4. 2: Correlation Result

		Business Profit	Cost leadership	Differentiation Strategy	Focus Strategy
Profit	Pearson Correlation	1			
	Sig. (2-tailed)				
Cost Leadership	Pearson Correlation	.580**	1		
	Sig. (2-tailed)	.000			
Differentiation Strategy	Pearson Correlation	.807**	.740**	1	
	Sig. (2-tailed)	.000	.000		
Focus Strategy	Pearson Correlation	.801**	.848**	.616**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	389	389	389	389

Source: Field Survey, 2022.

4.2 Regression Analysis Result

The model is confirmed to be a good predictor by the model summary in Table 4.3, which displays an R2 value of.593 implying that 59.3% of the variation in the response variable is explained by the explanatory variables while 40.7% is explained by other variables outside the model. The R-value of.827 demonstrated that there is a significant positive connection between the predictor factors and the response variable (Profit) (cost leadership strategy, differentiation strategy and focus strategy).

Table 4. 3: Model Summary

R	R^2	Adjusted R^2	Standard Error of the Estimate	Durblin- Watson
.827[a]	.593	.580	.549	1.656

a. **Predictors (Constant),** cost leadership, differentiation, focus
b. **Response Variable:** Profit

Source: Field Survey, 2022.

The analysis of variance result in Table 4.4 demonstrates that the model is statistically significant in predicting the effects of cost leadership, differentiation, and focus strategies on the response variable (P =.000; F = 31.887).

Table 4. 4: Analysis of Variance (ANOVA)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	28.891	3	9.630	31.887	.000[b]
Residual	44.688	358	.302		
Total	73.579	361			

a. **Response Variable:** Business profit
b. **Predictors (Constant),** cost leadership, differentiation, focus strategy

Source: Field Survey, 2022.

The outcome of the information in Table 4.5 demonstrates that, with all other explanatory variables set to zero, a change in cost leadership would result in a change in business profit of 34.9%; a change in differentiation would result in a change in business profit of 73.4%; and a change in focus strategy would result in a change in business profit of 51.6%. All of the variables (cost leadership, differentiation, and focus strategy) returned p-values of less than 0.05 at the 5% level of significance and the 95% level of confidence. The regression coefficient also demonstrates that differentiation strategy has a more notable impact on SMEs' profits in Nigeria. Additionally, the researcher used multiple regression analysis to ascertain, utilizing the variables, the impact of competitive strategies on the earnings of SMEs in Nigeria. As per the SPSS generated table, the equation ($SMEs\ P = \beta 0 + \beta 1CLS + \beta 2DFS + \beta 3FCS + \varepsilon$)
SMEs P = 1.482+ .349β1 + .734β2+ .516 β3 + ε

Table 4. 5: Regression Coefficients

Unstandardized Coefficient			Standardized Coefficient		
	B	**Standard Error**	**Beta**	**T**	**Sig.**
(constant)	1.482	.453		1.064	.000
Cost leadership	.349	.147	.251	2.374	.019
Differentiation	.734	.133	.527	5.526	.000
Focus strategy	.516	.090	.440	5.740	.000

a. **Dependent Variable**: Profit

Source: Field Survey, 2022.

4.3 Hypotheses Testing

All three of the study's assumptions were shown to be unfounded, indicating that the cost leadership strategy, differentiation strategy, and focus strategy all significantly and positively affect SMEs' profits in Nigeria. Table 4.6's summary of the results for the tested hypotheses reveals that all of the variables had p-values less than 0.05.

Table 4. 6: Summary of Hypotheses Testing

	Hypothesis	Result	Decision
H0₁:	Profit of SMEs in Nigeria is unaffected by cost leadership strategy	.019 < 0.05	Significant
H0₂:	Profit of SMEs in Nigeria is unaffected by differentiation strategy	.000 < 0.05	Significant
H0₃:	Profit of SMEs in Nigeria is unaffected by focus strategy	.000 < 0.05	Significant

Source: Field Survey, 2022.

4.4 Discussion of Findings

It has been proven that the cost leadership strategy and SMEs' profits in Nigeria have a good, significant relationship. Regression analysis was used to test the hypothesis, and the significance level was less than 0.05 (β=.251; p=.019), so the null hypothesis was rejected. As a result, we concluded that there is a significant positive relationship between the profit of SMEs in Nigeria and the cost leadership strategy. Balsam, Fernando, and Tripathy (2011) found that performance may be improved by pursuing cost leadership strategies such cost reduction, leveraging economies of scale, use of technology, outsourcing, and vertical integration The study concurs with Kowo, Sabitu, and Adegbite's (2018) findings that cost leadership strategy has a major impact on SMEs' ability to cut costs, showing that when businesses implement effective cost leadership strategies, they typically do so by lowering operating expenses.

Further, it was shown that the differentiation strategy and the profit of SMEs in Nigeria had a favorable, substantial relationship. The null hypothesis was rejected when the hypothesis was tested using regression analysis at a significance threshold of 0.05 (β =.527; p =.000), indicating that there is a positive significant relationship between differentiation strategy and profit for SMEs in Nigeria. This result is consistent with Atikiya & Waiganjo's (2015) study, which established a beneficial connection between differentiation strategy and company performance. According to Sidi and Abubarkar's findings from 2021, differentiation strategy has a substantial impact on the performance of manufacturing-based SMEs in the northwest of Nigeria and improves firms' ability to compete and gain an advantage over rivals.

Finally, it was discovered that there is a strong correlation between focus strategy and SME profit in Nigeria. Regression analysis was used to test the hypothesis, and the significance threshold was less than 0.05 (β =.440; p =.000). As a consequence, the null hypothesis was disproved, and we got to the conclusion that focus strategy and profit for SMEs in Nigeria are significantly positively correlated. The results support Balsam, Fernando, and Tripathy's (2011) assertion that low-income market segments are targeted using focus strategies, despite the fact that these strategies have only a little beneficial impact on organizational performance. In his research, Atikiya (2015) further confirms that focus strategy has a favorable, significant link with the performance of manufacturing enterprises in Kenya.

5.0 Conclusion and Policy Recommendations

5.1 Conclusion

According to the aforementioned findings, it is clear that competitive strategies like cost leadership, differentiation, and focus all have a positive and significant impact on the profit of SMEs that use these strategies as a source of competitive advantage and, consequently, on the profit of SMEs over rivals in the same industry.

5.2 Policy Recommendations

i. Owners and managers of SMEs should prioritize investing in cost leadership strategies, especially by forming connections with suppliers, service providers, and other auxiliary organizations because doing so will help them gain a competitive edge and boost their profits in comparison to other SMEs who are not investing in cost leadership.

ii. Owners and managers of SMEs should concentrate and invest more in differentiation strategies that have the potential to produce goods that adapt to the changing market and that can be used as a significant tool for competitive advantage against rivals in the field, thereby enhancing SMEs' long-term growth, survival, and financial success.

iii. Before choosing the competitive strategy or mix of strategies they will use to increase the firm's profit, owners and managers of SMEs should define their long-term goals and conduct a capacity analysis.

5.3 Research limitations and Directions for Further Studies

There are certain restrictions with this study. The self-reported data used in this study was collected from managers and owners of particular SMEs in Nigeria. This can result in widespread technique bias. The study was restricted to particular SMEs in particular Nigerian states. Therefore, it is recommended that additional research be done to include all SMEs in all of Nigeria's states. In order to learn more about what motivates SMEs to adopt competitive tactics in their operations, future studies should use a research design that includes interviews with more SMEs, as relying solely on questionnaire surveys is insufficient. Lastly, additional scholars could investigate the difficulties of competitive strategies in different Nigerian industries. Once more, future research can use a longitudinal method to look at how competitive strategies change over time and how they affect the long run. The results of this study demonstrate how important competitive strategies are to the success of SMEs. Despite the aforementioned drawbacks, this study offers a helpful framework for describing how various competitive strategies interact to increase the business profit of SMEs.

5.4 Implications of Findings

The conclusions have implications that hint to a configuration approach to SMEs' use of competitive strategies. To acquire a competitive edge, SMEs planning to implement a competitive strategy should assess the environment to ensure a good fit between the strategy and the environment. In order to enhance sales turnover of their business, SMEs must find more creative ways to appease and satisfy the wants of their employees at work.

The study adds fresh information to the body of knowledge on the competitive tactics used by SMEs in developing nations. The results of this study provide scholars, policy makers, institutions, business organizations, and owners-managers of SMEs with a better understanding of the function of competitive tactics and their impact on SMEs business profit.

Managers and owners of SMEs should focus more on the level of competition and find alternative strategies for overcoming obstacles posed by the business environment.

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