

Mediating Effect of Interaction Orientation on the Relationship between Technology Orientation and SMEs' Performance

Dr. Ibrahim Aliyu¹, Ahmad Rufa'i Adamu²

¹Bauchi State University, Gadau
ibrahimaliyu93@yahoo.com

²Sule Lamido University Kafin Hausa
ahmedturabu@gmail.com

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ABSTRACTS

Small and Medium Enterprises (SMEs) are vital contributors to economic growth and development worldwide, notably in developing countries like Nigeria, where they significantly contribute to GDP and employment. This study investigates the role of technology and interaction orientations in improving SME performance in Nigeria, emphasizing the mediating role of interaction orientation in the relationship between technology orientation and SME performance. The research adopts a transmittal approach to test the mediation effects of interaction orientation without necessitating the confirmation of a direct relationship between technology orientation and SME performance. This method is chosen over the traditional segmentation approach to offer a more flexible analysis framework in line with contemporary research standards. Preliminary findings suggest a nuanced relationship between technology orientation and SME performance, with interaction orientation playing a crucial role. The study identifies that while some SMEs exhibit enhanced performance due to advanced technology orientation, others do not realize similar benefits, underscoring the importance of personalized customer interaction strategies. This research contributes to strategic management literature by refining the understanding of how technology and interaction orientations impact SME outcomes, especially in a developing country context. The findings also encourage a shift in policy and managerial practices towards more integrated strategic orientations to harness the full potential of SMEs in driving economic progress.

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Introduction

Performance of Small and Medium Enterprises (SMEs) is one of the key sources of economic growth and development for nations across the world. As various sectors of economy are targeted by policy makers to generate economic growth or development, one peculiarity of SMEs sector is the ability to generate both economic growth and development simultaneously. SMEs performance led to economic growth through provision of employment and income generation that lead to economic development through poverty eradication and income redistribution. The spread of SMEs across every part of a country and across every economic sector and sub-sector enables provision of employment for both skilled and unskilled labour and generation of income and profit for comparatively higher number of people than a large-scale enterprise on same amount of capital. Such generated profit makes each owner-manager to think for reinvestment, thereby, creating a pool of entrepreneurs in an economy. Thus, SMEs performance is very important, especially in this era of industrialization, where the extent to which nations provide welfare to their populace is basically used to measure development status of nations (Thabrani, et al., 2018; Bamfoa & Kraa, 2019).

*Corresponding Author Email Address: ibrahimaliyu93@yahoo.com

These contributions of SMEs sector is clear about Nigerian economy as the sector contributed an average of 48% of the nation's GDP from 2012 to 2017 (National Bureau of Statistics, 2017). Also in the area of employment generation, SMEs provide an average of 60% to 70% of total employment in the Nigeria (International Council for Small Business (ICSB), 2019). Another advantage of SMEs in developing countries like Nigeria is in the area of relatively small capital and managerial expertise requirement which matches the limited size of capital for investment and managerial expertise obtainable in developing country (Duru, et al., 2018; Peng, et al., 2019).

In an effort to reap the maximum benefits of SMEs, successive administrations in Nigeria have formulated and implemented different policies and strategies to create an enabling environment for SMEs formation and growth. Before the National Development Plan of 1970-1975, the Nigerian development plans and their strategies were directed towards supporting Large Scale Enterprises (LSEs) (Osamwonyi & Tafamel, 2010). The attitude of Nigerian policy makers toward SMEs began to improve in 1970s and subsequent development plans they have been very specific on the importance of the SMEs sub-sector to the over-all economy (Nwankwo, et al., 2012). Since then, SMEs have been given increasing policy attention because of realization that, continued investment in LSEs will consume more resources and is not likely to produce the desired results of employment generation and economic development (Mambula, 2002). Another reason that might account for shifting attention from LSEs to SMEs in Nigeria was the realization of their positive contributions to economic development of other countries (Olugbenga, 2012).

The first program to support SMEs was the setting up of the thirteen industrial centers during the 1970–1975 National Development Plan which aimed at providing extension services for SMEs (Arogundade, 2011). This was followed by the establishment of financial institutions to provide credits for SMEs such as: Mandatory Credit Guideline in respect of MSMEs (1970), Small Scale Industries Credit Guarantee Scheme (1971), Agriculture Credit Guarantee Scheme (1973), Nigeria Agriculture and Cooperative Bank (1973) and Rural Banking Scheme (1977) all at the 1970s. Then, World Bank Assisted SME (1985), Second Tier Security Market/SEC (1985), African Development Bank – Export Stimulation Loan Scheme (1988), Peoples Bank of Nigeria (1989) in the 1980s as well as World Bank Assisted SME 2 (1990), National Economic Reconstruction Fund (1992) and Small and Medium Scale Enterprises Loan Scheme (1997) in the 1990s. More particular, establishment of Bank of Industry (2001), Nigerian Agricultural Cooperative and Rural Development Bank (2002), Small and Medium Enterprises Development Agency of Nigeria, SMEDAN (2003), Small and Medium Enterprises Credit Guarantee Scheme for MSMEs (2010) as well as establishment of micro finance banks. However, SMEs sector in Nigeria has experienced contraction of marketing performance in recent years (SMEDAN & NBS, 2010; SMEDAN & NBS, 2013; SMEDAN & NBS, 2017).

A comparison of business performance of SMEs in Nigeria between 2015-2016 and 2016-2017 also revealed a contraction (SMEDAN & NBS, 2017). The number of SMEs that performed “better” in 2016 than 2015 dropped by 15.5% while comparing the performance of 2017 against the performance of 2016. The number of SMEs with “same” performance in 2015 and 2016 increased by 7.3% while the rating of performance of 2017 against 2016. Also, the number of those who experienced “worst” performance in 2016 compared to 2015 also increased by 0.2% while rating 2017 against 2016.

Factors related to strategic management (technology and interaction orientations) are identified as the causes of this poor performance and eventually failure of SMEs in Nigeria (Ihua, 2009; Nnodim, 2012; Oktavio, et al., 2019). Such limited or lack of capabilities impede customer satisfaction, sales volume and by extension profit making which may be termed as poor performance.

There is also a general perception that a better technology orientation lead to better SMEs performance (Etemad, 2019). In fact, most strategic management literatures emphasized the importance of technology orientation on SMEs performance (Espino-Rodríguez & Ramírez-Fierro, 2018). Researchers such as Nasir (2013) and Aminu and Shariff (2014) viewed strategic orientation from the perspective of technology orientation. Technology orientation affects virtually all aspects of business performance as it improves how products are produced, products are sold and customers are served and profit volume is increased through cost-cut operation. (Nasir, et al., 2017).

There are also mixed findings in the technology orientation and SMEs performance relationship. Some of the studies that found significant positive relationship include: Keskin (2016), Kasim and Altinay (2016), Rezazadeh, et al. (2016), Odondo, et al. (2017), Naala, et al. (2017), Ibrahim, et al. (2017) and Ahmad, et al. (2019), while Al-Ansari, et al. (2012) found insignificant relationship. Hence, technology orientation and SMEs performance relationship study is inconclusive.

At the same time, Ramani and Kumar (2008) suggested the use of interaction orientation as mediator in strategic orientation studies for which Nasir (2013) and Nasir, et al. (2017) attempted but fail to fill as a result reliance on segmentation approach. Segmentation approach is an outdated approach of testing mediation which has a condition that direct relationship between independent and a dependent variable must be tested and confirmed before a mediation relationship could be tested. In a situation where this condition is not satisfied a researcher should abandon the mediation test mission. This condition has recently been proven baseless and segmentation approach was replaced with transmittal approach by majority of researchers (Memon, 2018). Transmittal approach is approach of testing mediation effect on solely the indirect path without necessarily confirming the significance of the direct path. Thus, the interaction orientation will be tested as mediator between the other types of strategic orientation and SMEs performance using transmittal approach.

Additionally, Resource Based Theory (RBT) considers interaction orientation as organizational culture that represents an intangible internal resource of a firm that directly leads to higher performance (Barney, 1991; Nasir, 2013; Reulink, 2012; Aminu & Shariff, 2015). Being interaction orientation a strategy that involves understanding individual customer's need in a group of customers with similar but not the same need, education may play a vital role in carrying out this activity.

H1: Interaction orientation mediates the relationship between technology orientation and SMEs performance in north-east Nigeria

Digital media marketing

The term of Digital media marketing is shorthand for advertising campaigns run via digital channels such as the web and mobile apps. Rather of focusing on pushing products directly to customers, social media marketing builds relationships with them (Zhou et al., 2021). Social media sites, where users with same interests may easily exchange suggestions, are increasingly being recognized for their marketing potential (Leskovec et al., 2007). On social media, blogs, news sites, and other platforms, businesses may market their products and services and win over new customers (Kaplan & Haenlein, 2010; Zarella, 2010; Nurunnisha et al., 2021). Foux (2006), Mangold and Faulds (2009), and Stileman (2009) all point out that consumers utilize social media to talk about what they've bought and how they feel about it.

All promotional activities that take place on the World Wide Web are collectively referred to as digital marketing or online marketing. Search engines, social media, email, and other websites are just some of the digital channels used by businesses to communicate with their existing and potential clientele. Texting and other forms of multimedia messaging fall under this category as well (Alexander, 2022). Besides the proliferation of digital media and

technology, consumers now take more circuitous routes when making a purchase, each of which may be impacted by a different set of factors that may be exploited by digital marketing. This infographic was designed to aid businesses in conducting an audit of their digital marketing strategies within the context of a "situation gap analysis," in which they can assess whether they are making use of, or investing sufficiently in, the most suitable "always-on" digital communications to realize their objectives within the RACE planning framework developed by Smart Insights. It describes some of the digital marketing channels that, when combined, may help organizations achieve optimal outcomes. While certain methods, like social media and search engine optimization (SEO), have gained widespread recognition, we have discovered that others, like the ad and email retargeting and influencer outreach shown in the image, are employed far less often (Chaffey, 2023). But The rapid rise to popularity of social media may be attributed to its central role in facilitating widespread two-way communication and the dissemination of widely varied content. Businesses, users, and consumers may all benefit greatly from automated analysis and reasoning about such data in order to draw actionable insights. Hash-Tag movements on social media sites are a common accompaniment to many global events. The goal of developing this software was to facilitate the promotion of goods and services through social media. This strategy, which falls under the umbrella term "Digital Media Marketing," is often referred to as "Social Media Marketing." The interaction between marketers and customers is now impersonal. In order to create quality data that would lead to a larger client base, higher conversion rates, and reduced bounce rates, we want to apply a technique called "Personal Engagement," which provides a deep insight into the user's content (Bhor et al., 2018). However, Advertising via digital media and celebrity endorsement are both very influential on consumers' propensity to make a purchase. Marketers now have a leg up on the competition because to the persuasive power of digital media marketing tools (Kumar Singh et al., 2021).

Categories of New Media

Not every new form of media was radically different from or more sophisticated than the old ones. For example, Web 1.0 new media describes the first wave of Internet sites and has certain characteristics with conventional mass media in terms of how information is disseminated, namely via a one-to-many broadcasting structure (Drury, 2008). Web 1.0 "might be likely to adopt many of the characteristics of traditional mass media rather than evolve as the entirely unique and revolutionary medium" (Napoli, 2011). Here, one entity has traditionally owned and disseminated all content creation and platform development, with little participation from end users (Filo et al., 2015). However, "a group of applications developed on the internet constructed on the technical and ideological pillars of Web 2.0, which allows interaction and co-creation that allow for the creation and sharing of content created by users among and between companies and individuals" (Kaplan & Haenlein, 2010) is how the term "Web 2.0 new media" (also known as "social media") is defined. Web 2.0 new media, sometimes known as social media, includes platforms like Facebook, YouTube, Twitter, Instagram, and Snap. Etter et al. (2019) identify many distinguishing features of social media, including UGC's inherent diversity, horizontal content collaboration and dissemination, and limited consumption and audience fragmentation. Users of social media "engage in participatory and creative content generation" (Abeza et al., 2015) by "sharing, linking, collaborating, and creating digital material using text, photo, audio, and video" The old multi-sided market system of professional sports may be most threatened by New Media 2.0, or social media.

Conclusion

The purpose of the present research was to be showed that the dominant form of advertising in the modern day, digital media marketing has become crucial for brands to successfully communicate with their customers. Traditional advertising strategies are less likely to succeed in grabbing customers' attention because of the rise of online platforms and social

media. Therefore, in order for firms to succeed in their advertising efforts, they need to adopt new strategies and make use of digital media marketing. Knowing your intended demographic is essential in digital media advertising. Market research and data analytics provide firms with useful information about the tastes, habits, and demographics of their target audience. Using this data, marketers can craft more relevant and engaging messages for their target demographic, boosting the likelihood of conversion. The use of several internet channels and mediums is also crucial to digital media advertising. Businesses now have a plethora of options for reaching their customers, thanks to the proliferation of social media, internet searches, email advertising, and multimedia marketing. Businesses may better reach their target audience and interact with them at key moments in their digital journey if they adopt a multi-channel strategy. Effective digital media marketing also relies heavily on content generation and storytelling. Businesses may gain credibility and stand out as industry leaders if they provide engaging and useful content that does something for their target demographic, such as inform, amuse, or solve an issue. Using storytelling methods in content marketing may deepen the connection with readers and encourage them to become loyal customers. Moreover, companies must adapt to the ever-changing landscape of digital media advertising. The technological landscape is ever shifting, with new mediums, tools, and approaches appearing often. Businesses may remain ahead of rivals and more effectively contact their intended consumers if they keep themselves updated and open to new chances. In conclusion, in the modern day, advertising campaigns cannot succeed without heavily using digital media marketing. Businesses may have a lot of marketing success if they focus on reaching the right people on the right platforms with the right information at the right time. Businesses may reach a wider audience, raise brand recognition, and increase conversions with the help of digital media marketing. While it is a dynamic topic that needs constant study and adjustment, well implemented SEO may help organizations achieve lasting success in the modern digital world. However, Businesses of all sizes are seeking for methods to more successfully reach and interact with their target audience in today's fast-paced and ever-changing digital market. They are particularly interested in finding new ways to connect with their audience.

The use of digital marketing strategies is one of the most efficient methods to accomplish this goal. The promotion of a product, service, or brand via the use of digital channels, such as search engines, social media, email, and websites, is referred to as digital marketing. It is a contemporary method of marketing that is guided by data and makes use of technology and digital platforms to connect with consumers in the digital spaces where they spend the most time online. what makes digital marketing such an essential tool for companies in the modern era. The explanation is straightforward: the great majority of today's consumers are what are known as digital consumers. This designation indicates that these customers do product research online, decide which items to buy, and engage with various businesses. Because of the move toward digital customer behavior, it is now absolutely necessary for companies to have a robust online presence as well as an efficient plan for digital marketing. The following are a few of the most important reasons why digital marketing is essential to the success of businesses in this era of technology.

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