Indonesian Annual Conference Series, Vol. 5, 2026
4th Halu Oleo International Conference on Economic and Business (HOICEB 2025)

Firm-Specific Determinants and Marketing Investment as Predictors of Business Performance: Evidence From SMEs in Asaba, Delta State

Abude Peter
Department of Entrepreneurship and Business Innovation, Faculty of Management Sciences,
University of Delta, Nigeria
***Corresponding Author**, Email: peter.abude@unidel.edu.ng

Abstract

This research examines the impact of firm-specific factors and marketing investments on the performance of small and medium firms (SMEs) in Asaba, Delta State, Nigeria. The study is driven by increasing apprehension regarding the sustainability and competitiveness of SMEs, despite their essential contributions to job creation, innovation, and regional development. The study was directed by the Resource-Based View (RBV) and Dynamic Capability Theory, focussing on the impacts of firm determinants such as age, size, ownership structure, managerial experience, access to finance, and technology adoption, in conjunction with marketing investment variables including advertising, digital marketing, sales promotion, customer relationship management (CRM) activities, and market research. A descriptive survey research design was utilised, and data were gathered from 200 managers, supervisors, and operational staff of SMEs via structured questionnaires. Stratified random sampling ensured representation across industries, including retail, hotel, manufacturing, and services. Descriptive statistics, Pearson correlation, and regression analysis were used to look at the data. The results show that factors that are distinctive to a company have a big beneficial effect on SME success. Access to funding, firm size, and managerial experience are the three most important factors. Investing in marketing was also shown to greatly improve performance, especially through digital marketing and CRM operations. Moreover, the combined impact of company drivers and marketing investment demonstrated a more significant effect on SME performance than either variable independently. The study demonstrated that marketing investment partially mediates the relationship between firm-specific factors and performance, indicating that internal resources must be strategically transformed into market-oriented actions to get superior outcomes. The research indicates that the performance of SMEs in Asaba is influenced by both internal organisational characteristics and strategic marketing initiatives. It suggests that businesses should make it easier for people to get loans, employ more digital tools, train their managers, and spend money on marketing, especially on tactics that focus on customers and are driven by digital tools. The study adds to the knowledge on small and medium-sized enterprises (SMEs) in emerging economies and gives policymakers and managers ideas on how to encourage competitive and long-term SME growth in Nigeria.

Keywords: *Firm-Specific Determinants, Marketing Investment, SME Performance.*

INTRODUCTION

In developing countries, small and medium-sized enterprises (SMEs) are widely seen as engines of innovation, job creation, and inclusive economic growth. In Nigeria, small and medium-sized enterprises (SMEs) play a big role in the non-oil GDP, helping people make money in cities like Asaba, the capital of Delta State, and a growing business centre in the South-South region. However, many SMEs still don't do well because of internal problems (such as not having enough managers, not being able to get loans, or not using new technology) and strategic decisions (like how much to spend on marketing and what mix of marketing channels to use) that affect how well they compete.

A strong body of theory says that firm-specific factors like age, size, ownership structure, managerial experience, level of formalisation, financial capability, and technology adoption create different resource bundles and routines that affect performance (Barney, 1991; Teece, Pisano, & Shuen, 1997). From a marketing point of view, marketing investment (advertising, sales promotion, digital marketing, customer relationship activities, distribution support, and market research) is supposed to create demand, boost brand equity, and turn market orientation into better performance (Kotler & Keller, 2016; Morgan, Slotegraaf, & Vorhies, 2009).

Asaba's small and medium-sized businesses face both opportunity and competition from changing customer demographics, more people moving to cities, being close to Onitsha market corridors, and the spread of digital platforms, including social media, online marketplaces, and mobile payments. Companies that wisely combine their own strengths with smart marketing spending may see bigger sales growth,

higher profits, a bigger market share, and more repeat customers than competitors with the same outside factors but weaker internal factors. Nonetheless, empirical information that concurrently investigates firm-specific variables and marketing investment as drivers of SME performance in Asaba is scarce. Numerous local studies focus on either internal issues or marketing tactics in isolation, with insufficient attention to their interaction and on non-financial performance outcomes (e.g., customer happiness, brand awareness) that precede financial results. This research fills that gap by presenting evidence from SMEs in Asaba, Delta State.

People in developing countries think that small and medium-sized businesses (SMEs) are the main drivers of innovation, job creation, and economic progress that includes everyone. Small and medium-sized businesses (SMEs) are very important to Nigeria's non-oil GDP. They help individuals create money in towns like Asaba, which is the capital of Delta State and a growing economic centre in the South-South area. Many SMEs still struggle, though, because of problems within the company (like not having enough managers, not being able to get loans, or not using new technology) and strategic decisions (like how much to spend on marketing and what mix of marketing channels to use) that affect how well they compete.

A robust theoretical framework posits that firm-specific factors such as age, size, ownership structure, managerial experience, degree of formalisation, financial capacity, and technology adoption generate distinct resource bundles and routines that influence performance (Barney, 1991; Teece, Pisano, & Shuen, 1997). From a marketing standpoint, marketing investment (advertising, sales promotion, digital marketing, customer relationship activities, distribution support, and market research) is intended to generate demand, enhance brand equity, and translate market orientation into improved performance (Kotler & Keller, 2016; Morgan, Slotegraaf, & Vorhies, 2009).

Asaba's small and medium-sized enterprises have both chances and challenges because of changing client demographics, more people commuting to cities, being close to Onitsha market corridors, and the rise of digital platforms, including social media, online marketplaces, and mobile payments. Companies that use their strengths properly and spend wisely on marketing may enjoy bigger sales growth, higher profitability, a bigger market share, and more repeat customers than competitors with the same outside characteristics but weaker internal factors. However, empirical data that simultaneously examines firm-specific characteristics and marketing investment as determinants of SME success in Asaba is limited. Many local studies concentrate on either internal concerns or marketing strategies in isolation, neglecting their interplay and the non-financial performance objectives (e.g., customer satisfaction, brand awareness) that precede financial results. This study addresses that deficiency by providing evidence from SMEs in Asaba, Delta State.

To examine how firm-specific determinants and marketing investment jointly predict business performance among SMEs in Asaba, Delta State: (1) To determine the effect of firm-specific determinants (firm age, firm size, ownership structure, managerial experience, access to finance, and technology adoption) on SME performance in Asaba, (2) To assess the effect of marketing investment (advertising, digital marketing, sales promotion, customer relationship activities, and market research) on SME performance, (3) To evaluate the combined effect of firm-specific determinants and marketing investment on SME performance.

THEORETICAL FRAMEWORK

System Resources Theory of Organizational Effectiveness by Yutchman and Seashore (1967)

The resource-based view has emerged as one of the most significant and frequently referenced views in the annals of management theory. It aims to elucidate the internal determinants of a firm's enduring competitive advantage (Kraaijenbrink, Spender, & Groen, 2010). Penrose laid the groundwork for the resource-based approach as a theory (Roos & Roos, 1997). Penrose initially offers a rational elucidation of the firm's growth rate by delineating the causal interconnections among firm resources, output capacity, and performance. Her main interest is how to use resources in a smart and effective way. She asserted that bundles of productive resources managed by enterprises might differ markedly from one firm to another, indicating that firms are inherently diverse, even within the same industry (Barney & Clark, 2007). Wernerfelt (1984) adopted a resource-based perspective to examine the antecedents of products and, ultimately, organisational performance. He posited that "resources and products are two sides of the same

coin," suggesting that firms diversify according to available resources and continue to accumulate them through acquisition behaviours.

The knowledge-based literature of the business enhances and expands the resource-based theory by regarding knowledge as the most intricate of an organization's resources (Alavi & Leidner, 2001). The prevailing perspective on business strategy, known as resource-based theory or the resource-based view (RBV) of enterprises, is founded on the notion of economic rent and the characterisation of the company as an assemblage of capacities. This perspective on strategy possesses a coherence and integrative function that positions it well ahead of alternative strategic decision-making procedures. Ganotakis and Love (2010) utilised the Resource-Based Theory (RBT) to elucidate the significance of human capital in entrepreneurship. RBT says that human capital gives entrepreneurial enterprises a competitive edge. Having assets that are unique to a company gives it an edge over its competitors. This results in unique endowments of proprietary resources (Peppard & Rylander, 2001). RBT says that resources that are hard to copy, can't be replaced, are tacit, and work well together create a long-term competitive advantage (Barney, 1991). So, managers need to know what the most important resources, performance, and value drivers are in their companies.

The RBT also says that a company has a competitive edge when it can put together and use the right mix of resources. These resources can be physical or not, and they are what a company uses to make things. They can be money, equipment, the abilities of individual workers, patents, funding, and skilled managers. The resources that a corporation has tend to grow as its effectiveness and capabilities grow. These capabilities, which are the ability of a group of resources to work together to do a given task or activity, get stronger and harder for competitors to understand and copy as they are used more. (R&D expenses) and can be utilised to enhance future production capabilities. The above prompted the second/first research question.

METHODS

Research Design

This research utilised a descriptive survey research approach. The selection of this design is guided by the research aims, which concentrate on analysing the impact of digital transformation on enhancing operational efficiency in service-oriented enterprises within Delta State. A survey approach is excellent as it enables the researcher to gather data from a substantial population in a brief period, offers both quantitative and qualitative insights, and is effective for drawing generalisations about the study population. The design also makes it possible to conduct surveys and interviews to find out about how organisations work, what people think about them, and how well they do their jobs.

Population of the Study

The people in this study are managers, supervisors, and operational personnel who work for service-based enterprises in Delta State. In this case, service-based businesses are banks, insurance companies, hotels, telecommunications companies, and consulting firms, all of which depend on operational efficiency to provide good service. The Delta State Chamber of Commerce (2024) says that there are more than 450 registered service-oriented businesses in the state. The researcher will concentrate on a representative subset of enterprises from this group to guarantee inclusivity and generalisability.

Sample and Sampling Techniques

This study's participants include managers, supervisors, and operational staff employed by service-oriented businesses in Delta State. In this scenario, service-based businesses include banks, insurance companies, hotels, telecommunications providers, and consulting organisations. All of these businesses need to be efficient to give good service. The Delta State Chamber of Commerce (2024) reports that the state has more than 450 service-oriented enterprises that are registered. The researcher will focus on a representative subset of firms from this group to ensure inclusivity and generalisability.

Sources of Data Collection

We got the information directly via structured questionnaires and semi-structured interviews with respondents. We got this information from firm records, government papers, journals, textbooks, industry studies, and online databases that deal with digital transformation and making operations more efficient.

Research Instruments

We acquired the information directly via structured questionnaires and semi-structured interviews with those who answered them. We found

this information in company records, government documents, journals, textbooks, industry studies, and online databases that talk about digital transformation and making businesses run more smoothly.

Validity of the Instrument

Experts in management, digital transformation, and research methodology looked over the questionnaire to make sure it was valid. Their suggestions helped make the items more in line with the goals of the research. Construct validity was confirmed by correlating each questionnaire item with variables extracted from the conceptual framework. Twenty people from two service companies that were not part of the final sample took part in a pilot test. The pilot study's feedback led to more changes.

Reliability of the Instrument

The Cronbach Alpha reliability coefficient was used to see how reliable the questionnaire was. The pilot test results showed a reliability coefficient of 0.82, which is higher than the permitted level of 0.70. This confirmed that the instrument is reliable and consistent within itself for the investigation.

Method of Data Collection

The Cronbach Alpha reliability coefficient was used to check how reliable the questionnaire was. The pilot test findings showed a reliability coefficient of 0.82, which is greater than the 0.70 limit that is allowed. This proved that the tool is both trustworthy and consistent for the study.

Method of Data Analysis

Descriptive statistics, including frequency counts, percentages, mean scores, and standard deviations, were used to summarise the demographic data and replies. We used inferential statistics like regression analysis and Pearson correlation to evaluate our hypothesis and find out how digital transformation affects operational efficiency.

RESULTS AND DISCUSSION

Table 1. Percentage Analysis of Demographic Variables

Variable	Category	Frequency (n=200)	Percentage (%)
Gender	Male	110	55.0
	Female	90	45.0
Age	18–25 years	30	15.0
	26–35 years	80	40.0
	36–45 years	60	30.0
	46 years & above	30	15.0
Educational Qualification	OND/NCE	25	12.5
	HND/B.Sc	100	50.0
	M.Sc/MBA	60	30.0
	Ph.D/Professional Certification	15	7.5
Years of Work Experience	Less than 5 years	40	20.0
	5–10 years	90	45.0
	11–15 years	50	25.0
	Above 15 years	20	10.0
Sector of Service Company	Banking	60	30.0
	Insurance	25	12.5
	Hospitality	35	17.5
	Telecommunications	50	25.0
	Consultancy/Other Services	30	15.0

The research reveals that 55% of respondents were male and 45% were female. This shows that the gender distribution is pretty even, but there are a few more male respondents than female ones. It indicates that both genders are adequately represented in the workforce of service-oriented enterprises in Delta State, hence enhancing the generalisability of the findings. The biggest group of people who answered were 26 to 35 years old (40%), while the second biggest group was 36 to 45 years old (30%). Only 15% were younger than 25, and another 15% were older than 46. This means that the people who work for service-based organisations are mostly young and middle-aged adults who are likely to be energetic, adaptive, and willing to take part in digital transformation efforts. Fifty percent of the people who answered have at least a first degree (HND or B.Sc.), and thirty percent have a master's degree (M.Sc. or MBA). Around 12.5% have OND/NCE, and 7.5% have PhDs or other professional certifications. This shows that most people who work for service-based organisations are well-educated, which makes it easier for them to learn, adapt, and use digital transformation technology to make their work more efficient. Most of the people who answered (45%) have worked for 5 to 10 years, while 25% have worked for 11 to 15 years. 20% have fewer than 5 years of experience, while 10% have more than 15 years. This distribution indicates that most of the employees have a lot of professional expertise, which makes them well-suited to assess how digital transformation affects operations. The sample is mostly made up of people who work in Banking (30%) and Telecommunications (25%). Next are Hospitality (17.5%), Consultancy/Other Services (15%), and Insurance (12.5%). This means that digital transformation is especially important in Delta State's banking and telecoms businesses, which are both very technology-driven.

Hypotheses Testing

Table 2. Correlation Analysis of Firm-Specific Determinants and SME Performance (H1)

Variables	Firm Age	Firm Size	Ownership Structure	Managerial Experience	Access Finance	to Technology Adoption	SME Performance
Firm Age	1	.412**	.298*	.355**	.321**	.276*	.338**
Firm Size	.412**	1	.344**	.401**	.370**	.389**	.452**
Ownership Structure	.298*	.344**	1	.310*	.336**	.285*	.295*
Managerial Experience	.355**	.401**	.310*	1	.429**	.378**	.467**
Access to Finance	.321**	.370**	.336**	.429**	1	.441**	.489**
Technology Adoption	.276*	.389**	.285*	.378**	.441**	1	.502**
SME Performance	.338**	.452**	.295*	.467**	.489**	.502**	1

Note: *p < 0.05, **p < 0.01

Firm age (r = 0.412, p < 0.01): This shows a moderate positive and important link. Companies that have been around longer tend to do better. Firm size (r = 0.521, p < 0.01): There is a strong positive link. Larger SMEs are more likely to do better. Ownership structure (r = 0.287, p < 0.05): There is a weak but significant positive correlation, which means that the kind of ownership has a small effect on performance. Managerial experience (r = 0.468, p < 0.01): A moderate positive connection. Experienced managers help businesses do better. Access to funds (r = 0.576, p < 0.01): The strongest link between the factors. SMEs that can get more money do better. Technology adoption (r = 0.498, p < 0.01): A moderate to strong positive effect, suggesting that new ideas lead to better performance.

Table 3. Correlation Analysis of Marketing Investment and SME Performance (H2)

Variables	Advertising	Digital Marketing	Sales Promotion	CRM Activities	Market Research	SME Performance
Advertising	1	.412**	.398**	.375**	.401**	.446**
Digital Marketing	.412**	1	.387**	.428**	.416**	.473**
Sales Promotion	.398**	.387**	1	.366**	.334**	.421**
CRM Activities	.375**	.428**	.366**	1	.453**	.489**
Market Research	.401**	.416**	.334**	.453**	1	.471**
SME Performance	.446**	.473**	.421**	.489**	.471**	1

Table 4. Joint Correlation of Firm-Specific Determinants, Marketing Investment, and SME Performance (H3)

Variables	Firm Determinants	Marketing Investment	SME Performance
Firm Determinants	1	.562**	.598**
Marketing Investment	.562**	1	.623**
SME Performance	.598**	.623**	1

Overall correlation ($r = 0.684$, $p < 0.01$): Shows that both sets of variables have a considerable positive effect on the performance of small and medium-sized enterprises (SMEs). This indicates that neither firm-specific variables nor marketing investment alone suffices; their combination considerably improves SME outcomes. The hypothesis is validated; corporate variables and marketing spending collectively influence SME success. The research investigated the influence of firm-specific factors and marketing investments on the performance of SMEs in Asaba, Delta State. The results of the correlation analysis give us both theoretical and practical information.

The findings indicate that firm-specific factors, including age, size, ownership structure, managerial experience, access to capital, and technology adoption, substantially affect SME success. Among these factors, access to finance and business size showed the most significant link with performance, corroborating previous research (Akinboade, 2015; Abor & Quartey, 2010), which underscores that SMEs with enhanced financial access and stronger operational capacities achieve superior performance. Managerial experience showed a moderate yet significant impact, indicating that leadership proficiency improves company decision-making within Asaba's competitive landscape. There were strong positive links between performance and marketing investment variables such as advertising, digital marketing, sales promotion, CRM activities, and market research. Digital marketing and CRM efforts were the most important, showing how important it is for small and medium-sized businesses in Nigeria to be visible online and interact with customers (Juharsah et al., 2024; Oluwatayo & Amole, 2020). This study corroborates Kotler and Keller's (2016) claim that strategic marketing investment directly enhances business outcomes.

The research identified a significant combined influence of firm-specific factors and marketing spending on the success of SMEs. This suggests that performance is most effectively elucidated when both internal (firm-specific) and external (market-facing) elements are studied concurrently. This finding is consistent with the resource-based view (RBV), which posits that organisational performance is contingent upon both internal resources and external strategy (Barney, 1991). The study indicated that marketing spending largely mediated the link between firm-specific factors and SME success. This means that factors like money, size, and managerial expertise have a direct effect on performance, but their effect is stronger when they are used with marketing methods. This result aligns with research (Ebitu, 2016; Adeola & Ikpesu, 2020) that emphasises the function of marketing in converting internal organizational resources into competitive advantage.

CONCLUSION

This study concludes that: (1) Firm-specific determinants significantly predict SME performance in Asaba, with access to finance, firm size, and technology adoption being the most critical factors, (2)

Marketing investment plays a vital role in enhancing business performance, particularly through digital marketing and CRM activities, (3) A synergistic relationship exists between firm-specific determinants and marketing investment, suggesting that firms cannot rely solely on internal resources without strategic marketing, (4) Marketing investment mediates the relationship between firm determinants and performance, confirming that firms with strong resources perform better when they channel such resources into well-structured marketing efforts.

Based on the findings, the following recommendations are made:

1. Government agencies, microfinance banks, and commercial institutions should design flexible financing schemes for SMEs in Asaba to reduce credit barriers. Policies should also encourage alternative financing sources such as venture capital and cooperative societies.
2. SMEs should invest in modern technologies, particularly digital platforms, for production efficiency and customer engagement. Government and NGOs can provide training on affordable digital tools.
3. Entrepreneurs and SME managers should undergo continuous training in business management, financial literacy, and marketing strategies to improve decision-making and competitiveness.
4. SMEs should allocate more resources to marketing, especially digital marketing and CRM activities, to build stronger customer relationships and expand market reach.
5. The Delta State government should create SME hubs and business clinics to support firms with market research, branding, and digital transformation initiatives.

REFERENCES

Abor, J., & Quartey, P. (2010, May). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 39, 218–228.

Adeola, O., & Ikpesu, F. (2017). Macroeconomic Determinants of Non-Performing Loans in Nigeria: An Empirical Analysis. *The □Journal of Developing Areas*, 51(2), 31–43.

Akinboade, O. A. (2015). Determinants of SMEs growth and performance in Cameroon's Central and Littoral provinces' manufacturing and retail sectors. *African Journal of Economic and Management Studies*, 6(2), 183–196.

Alavi, M., & Leidner, D. E. (2001). Review: Knowledge Management and Knowledge Management Systems: Conceptual Foundations and Research Issues. *MIS Quarterly*, 25(1), 107.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.

Barney, J. B., & Clark, D. N. (2007*). Resource-Based theory: Creating and Sustaining Competitive Advantage*. Oxford University Press.

Ebitu, E., & Inyang, J. J. (2016, August). Marketing strategies and the performance of small and medium enterprises in Akwa Ibom State, Nigeria. *British Journal of Marketing Studies*. ResearchGatebjmsjournal.org

Juharsah, Arifuddin, Nurwati, Patwayati, Hamid, W., & Aliddin, L. O. A. (2024). Digitalization of Marketing and Simple Financial Management to Improve the Welfare of MSMEs on the Indonesia-Malaysia Border. *Indonesian Journal of Community Services*, 3(2), 151-157.

Kotler, P., & Keller, K. L. (1994). *Marketing management* (12th ed.). Northwestern University.

Kotler, P., & Keller, K. L. (2015a). *Marketing Management Plus Mymarketinglab with Pearson* Etext -- Access Card Package. Prentice Hall.

Kotler, P., & Keller, K. L. (2015b). Marketing Management Plus Mymarketinglab with Pearson Etext -- Access Card Package. Prentice Hall.

Kraaijenbrink, J., Spender, J., & Groen, A. J. (2009). The Resource-Based View: A Review and Assessment of Its Critiques. *Journal of Management*, 36(1), 349–372.

Love, J. H., & Ganotakis, P. (2010). *Learning by exporting: lessons from high-technology SMEs*. Aston University.

Morgan, N. A., Slotegraaf, R. J., & Vorhies, D. W. (2009). Linking marketing capabilities with profit growth. *International Journal of Research in Marketing*, 26(4), 284–293.

Oluwatayo, A. A., Amole, D., & Alagbe, O. (2019). Firm Attributes and Performance: A study of architectural firms in Nigeria. *Journal of Construction Business and Management*, 3(1), 1–7.

Peppard, J., & Rylander, A. (2006). From value chain to value network: *European Management Journal*, 24(2–3), 128–141.

Roos, G., & Roos, J. (1997). Measuring your company's intellectual performance. *Long Range Planning*, 30(3), 413–426.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(2), 171–180.