

Access to Finance and Performance of Foods and Beverages Enterprises in Sokoto, Nigeria: Moderating role of Attractive Quality Packaging

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ABSTRACT

The research investigates the influence of access to finance and attractive quality packaging on performance of foods and beverages enterprises. Specifically, to examine the moderating role of attractive quality packaging on the relationship between access to finance and performance of foods and beverages enterprises in Sokoto, Nigeria. The study used a sample firms of 140 firms would be considered as sample frame for this study. The data would be collected from the 140 foods and beverages enterprises in the state, The data was analyzed through using Statistical Package for Social Sciences (SPSS) version 22.0 and Partial Least Square Structural Equation Modeling (PLS-SEM) version 3.0. The findings of this study suggest that Attractive Quality Packaging influence the performance of foods and beverages industry in Sokoto Nigeria. Therefore, managers of foods and beverages firms should focus more on attractive quality packaging to boost their business performance.

Key Words: Access to Finance, Attractive Quality Packaging, Foods, and Beverages Enterprises.

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I. Introduction

In Nigeria, the SMEs have been considered as one of the effective means of eradicating poverty. SMEs contribute greatly to the employment generation as well as economic development in the country. The contribution of SMEs to employment generation in Nigeria was 25% and 46.54% to GDP in 2016 (SMEDAN, 2017). Their contribution to employment generation in the country was 25% and 46.54% to GDP in 2016 and 2017 (SMEDAN, 2018).

Food and beverages enterprises as important sector of SMEs have stands not only responsibility for feeding a populous but also being acknowledged as one of the major contributor to the GDP in Nigeria (Gorondutse and Hilman, 2019). The industry has shown strong growth over the last 15 years (Cadbury Nigerian Plc, Annual Report, 2018), largely as a result of the relatively stable economy climate. The industry's products are fast becoming an essential part of the nation's diet in both rural and urban areas. Similarly, the industry is at the forefront of manufacturing dairy products, hot beverages, pasta and noodles. The demand for the industry's products from Nigerian consumers is estimated to now be in excess of \$500 billion per annum (Cadbury Nigerian Plc, Annual Report, 2018). Still, the review of the literature indicates the industry performance is less comparing to other developing nations such as Malaysia, South Africa, and India.

Further investigation on financial intervention provided by both federal and the state governments to the many SMEs included foods and beverages enterprises in Nigeria with a view to improved their performance revealed that, the SMEs specially foods and beverages performance is per below expectation. This indicates access to funds by these important enterprises does not improve their performance even though early and more recent studies indicate access to finance is associated to performance of business enterprises (Aminu, 2015; Singh, 2012; Tadele, 2013; Zakaria, Hashim, & Ahmad, 2018).

In attempting to prosper solution for this inconsistency, a review of the literature on the inconsistent findings suggest that the relationship between access to finance and performance of foods and beverages enterprise may be influenced by a moderating variable, in particular, attractive quality packaging (Baron & Kenny, 1986; Jose, 2015). In addition, the studies by Mellat-Parasta, Golmohammadib, McFaddenc (2015), Murray, Barrick and Thurgood (2015), Yuliansyah et al., (2017) and Linton and Kask (2017) have found that attractive quality packaging has interaction effect on the organisational performance.

Base on this information and research gap, this study proposed a model that will investigate the influence of access to finance and attractive quality packaging on performance of foods and beverages enterprises in Sokoto, Nigeria. Specifically, the objective of this research is stated below.

To investigate the moderating role of attractive quality packaging on the relationship between access to finance and performance of foods and beverages enterprises in Sokoto, Nigeria.

II. Literature Review

Performance

Enterprises are created for specific objectives. For the enterprises to achieve their objectives, they must be able to perform their operations efficiently and effectively. Enterprises need to adopt effective practices to help them accomplish their objectives as well as sustain their organizational performance. The performance of enterprises is measured in terms of their abilities to achieve their specific organizational objectives.

The literature indicates that different enterprises use different methods and measurement to determine their level of performance as well as to know the extent to which they are able to achieve the specific organizational objectives. Different organizations in different industry use different methods and measurement of performance because each different organization has different set of organizational objectives to accomplish.

In measuring the performance of an organization, it is necessary to identify as well as know its primary objectives. Organizations establish their primary objectives based on their business mission or the purpose they are created. Once the organizations have determined their specific objectives, they need to work on how best to achieve all of their objectives in a given period of time (Drucker, 1977).

Although the literature reveals that different organizations in different industries and countries tend to emphasize on different performance measurement, findings of past studies indicated that financial profitability and growth to be the most common measures of organizational performance.

For instance, the earlier study by Nash (1993) claimed that profitability is the best indicator to measure whether an organization is performing. According to the author, profitability can be used as the primary measure of organizational success. Doyle (1994) further considered profitability not only as the most common measure of performance but also claimed that western companies primarily used profitability measures to determine the extent to which their companies are performing.

The studies by Robinson (1982) and Galbraith and Schendel (1983) specifically found that financial indicators such as profit margin, return on assets, return on equity and return on sales are considered to be the common measures of financial performance of organizations. Similarly, in the context of the performance of foods and beverages enterprises, the study by Abu Kasim, Minai and Chun (1989) found sales, sales growth, net profit and gross profit as the common financial measures.

Access to Finance

Access to finance is the accessibility of financial capital and other related financial services to the business. Access to finance may also be seen as the accessibility of financial capitals such as debt borrow and equity for the SMEs. SMEDAN (2012) define Access to finance as the financial facilities provide by financial institution. Financing may be defined as the difference between SMEs demand and supply of the necessary financial resources. Therefore, one can conclude that, the access to finance as the lack of financial and non-financial barriers in accessing financial incomes and services.

Reports have shown that, most of the SMEs in developing nations are limited in supply of finances resources. Past studies have reveal that, these constraints of accessing financial resources consequently affect the performance of these import institutions. Many studies show that efficiency of SMEs depends not only on their good practices but on their access to capital as well. Therefore, the incapability of access to finance of SMEs can be a constraint for their development.

However, previous studies shown that the shortage of capital by SMEs is connected to SMEs peculiar features and strategic operation. Access to finance determines not only SMEs success but also varied phases of their development. The accessible of financial capital may also characterized by gathering up an forceful position by the SMEs and accomplish in getting more target customers. According to Steinerowska-streb and Steiner (2014) getting adequate financial resources is determined by the firm peculiar process, characteristics and strategic activities that mark the development of the SMEs.

Attractive Quality Packaging

Packaging is often important to the customer's first impression of a brand, its quality, or its value (Harckham 2019). Research shows that customers make choices between products within seconds when they are shopping. Within those few seconds the package needs to be a "silent salesman" that markets the product, attracts the customer, and holds the attention against the visual clamor of competitive products (ludd, Aalders, & Melis 2018).

Packaging has traditionally been thought as an important part of the physical product changing customer expectations, however; as customers become more demanding, means that the role of packaging becomes more important, as it can be used to provide information and functions. This may mean that certain functions of the package are modified or intensified, compared to the package's previous function of merely protecting the merchandise, and facilitating storage and transportation. This addition of new services or functions to the packaging of the goods can be viewed as a product transition on the goods-to-services continuum. Since customers perceive goods and services in different ways, such a transition makes it important for organizations to reconsider what quality means and how it is related to customer satisfaction. Companies consequently need to develop, design, and provide packaging with high customer experienced quality. The concern for foods and beverages enterprises is how packaging should be designed to increase the competitiveness of the product and to have customers associate it with attractive high quality (Löfgren & Witell, 2018).

A review of the literature on the relationships between access to finance and enterprises performance present mix findings. For example study by Tadele (2013) and (Manawaduge, Zoysa, Chowdhury and Chandarakuma (2011) indicates positive relationships between access to finance and organisational performance. however, in another studies by Kamukama, Ahiauzu, and Ntayi, (2010) and Leon (2013) shows no association between the access to capital and enterprises performance. According to Baron and Kenny (1986), where the previous research presents inconsistency findings there are possible existence of third variable, moderating variable. Therefore, the inconsistent findings suggest that the relationship between access to finance and performance of foods and beverages enterprise may be influenced by a moderating variable, in particular, attractive quality packaging. In addition, the studies by Mellat-Parasta, Golmohammadib, McFaddenc (2015) have found that attractive quality packaging has interaction effect on the organisational performance. Given this, this study proposed the following hypothesis:

Ha: Access to finance influence the Performance of foods and beverages industry in Sokoto Nigeria.

Hb: Attractive Quality Packaging Moderate the relationship between Access to finance and the Performance of foods and beverages industry in Sokoto Nigeria.

Theoretical Frameworks

The underpinning theory of the research will be resource-based view (RBV) theory. According to the resource-based view (RBV) theory, in order for enterprises resources to provide competitive advantage to a firm, they need to fulfill four important requirements. The four requirement are that the resources must be valuable, rare, inimitable and non-substitutable (Barney, 1991; Mahoney & Pandian, 1992). The resources can be tangible as well as intangible. The resources may include; brand names, knowledge, skills, attractive designing, capabilities, technology, machinery, computers, efficient procedures and financial capital (Wernerfelt, 1984). The RBV theory states that firms can derive their competitive advantage from their organizational resources that are valuable, rare, inimitable and non-substitutable. By having competitive advantage, firms are able to perform better their competitors. In this study, attractive quality packaging and access to finance are considered organizational capabilities that have implication on the performance of the foods and beverages enterprises. Following, is the research developed in line with the RBV theory.

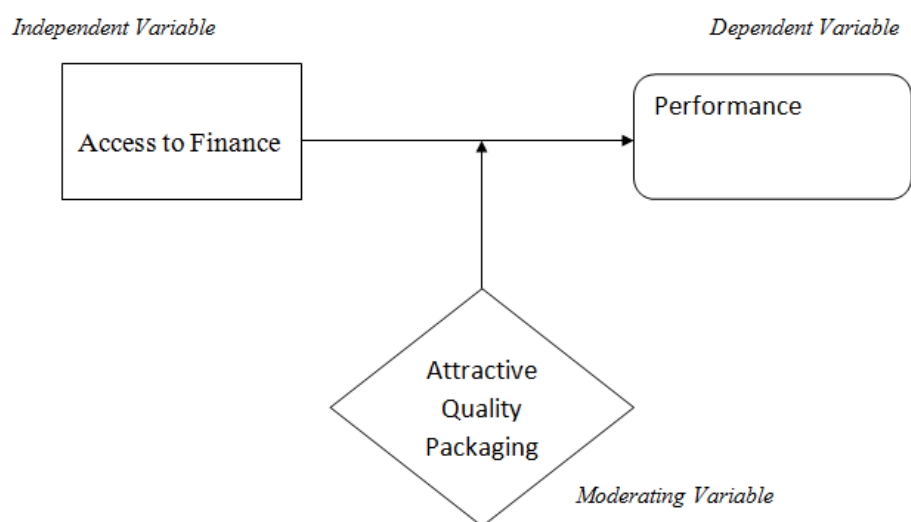


Fig.1 Framework for moderating role of Influence of Attractive quality Packaging on relationship between access to finance and performance.

III. METHODOLOGY

Samples, Data Collection, and Data Analysis

The subjects of the research would be all the registered foods and beverages enterprises in the twenty three (23) local government areas of Sokoto states. According to Sokoto State ministry of commerce, there are 140 registered foods and beverages enterprises in the state. The total of 140 firms would be considered as sample frame for this study. The data would be collected from the 140 foods and beverages enterprises in the state. The items/questions/measures to be asked in the questionnaires would be developed base on the review of the literature, the data will be analyzed through using Statistical Package for Social Sciences (SPSS) version 22.0 and Partial Least Square Structural Equation Modeling (PLS-SEM) version 3.0.

This study used the Least Squares Structural Modeling (PLS-SEM) to analyze the data collected as well as to test the hypotheses of the study. The first part of the data analysis involved descriptive statistics. This involves determining the percentages, means, modes, standard deviations, minimum and maximum value of the items used in collecting the data for the study. In the second part, the partial least squares (PLS) regression modeling was used for testing the research hypotheses. The PLS analyses used in this study involves the assessment of measurement as well as the structural models. The following section briefly describes the statistical procedures used in this study.

In the PLS regression analysis, assessment of measurement model was required for testing hypotheses. The assessment of measurement model in this study involves examining the individual item reliability, ascertaining internal consistency reliability, ascertaining convergent validity as well as discriminant validity. More specifically, this method was employed for testing the reliability and validity of the items and the focal variables used in this study.

IV. THE RESULTS

Access To Finance, Attractive Quality Packaging And Performance

Table below presents the regression results between the access to finance, attractive quality packaging and the performance of the 140 foods and beverages firms that participated in the study. The results indicate that there were positive significant relationship between business practices and the performance. Specifically, the correlations between marketing, competition and the performance of foods and beverages. The results ranged from ($\beta = 0.81$, $t = 8.1$, $p < 0.000$).

Table 1
Regression between Access to finance, Attractive Quality Packaging and Performance

Hypothesis	Beta	Standard Error	T-Statistics	P-Value	Decision
Ha: AF-> P	0.90	0.12	4.1***	0.000	Supported
Hb: AF, AQP -> P	0.50	0.34	5.3***	0.000	Supported

Note: ***P<0.01, **P<0.05, *P<0.1

V. CONCLUSIONS

The objective of this paper was to examine the influence of influence of access to finance and attractive quality packaging on performance of foods and beverages enterprises. At general level, the results of the regression analyses as presented in table 1. The result of this study provides some empirical evidence that suggest attractive quality packaging moderate relationship between access to finance and performance of foods and beverages enterprises in sokoto. The findings of this study concur with the findings of previous studies that suggests attractive quality packaging moderate the relationship between access to finance and performance of foods and beverages (John and Joseph, 2019; Nurr and Nurr, 2020). This study offers implications for owners and managers of foods and beverages . The study is able to demonstrate that attractive quality packaging have influence on access to finance and the performance of foods and beverages industry.

The conclusions of this study suggest that Attractive Quality Packaging influence the performance of foods and beverages industry in Sokoto Nigeria. Therefore, managers of foods and beverages firms should focus more on attractive quality packaging to boost their business performance. Notwithstanding these conclusions which are based on one study, the findings should be regarded as only suggestive. More empirical research is therefore needed and will be particularly useful in providing more empirical evidence to support the theory that strategic management can help improve the performance of foods and beverages industry.

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