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Effect of Internal Business Environment on Marketing Performance of Small and Medium Enterprises in South-South Nigeria

UTORUWEI Bebai Sampson
bebaiutosam@yahoo.co.uk
Department of Business Administration, Nasarawa State University, Keffi

AHMED Abdullahi Ibrahim (Ph.D.)
ibrahimahmedabdullahi@nsuk.edu.ng
Department of Business Administration, Nasarawa State University, Keffi

YEPWI Saba Atnadu Isaac (Ph.D.)
Isaacasyepwi@gmail.com
Department of Entrepreneurship and Project Management, Phoenix University, Agwada, Nasarawa State

Abstract

This study assessed the effect of internal business environment on marketing performance of small and medium enterprises in South-South Nigeria; it specifically examined the effect of organizational structure and leadership styles on SMEs marketing performance in South-South Nigeria. The study was anchored on systems theory. Survey research design was adopted, the population of the study consists of Two hundred and twenty thousand, seven hundred and sixty-five (220,765) small and medium enterprises registered with Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) as at (2021) operating in South-South Nigeria. Primary data was collected through the use of five-point likert scale questionnaire from the sampled four hundred (400) owner/managers of the SMEs in South-South Nigeria. The data collected was analyzed using Partial Least Squares Structural Equation Modelling (PLS-SEM). The structural results reveal that both organizational structure and leadership styles has a significant positive effect on the marketing performance of SMEs in South-South Nigeria. Based on the findings, the study recommended that SMEs owners and managers South-South Nigeria should adopt more participative and transformational leadership approaches that encourage employee involvement in decision-making, motivation, and innovation. This will strengthen employee commitment and improve responsiveness to market opportunities, thereby enhancing overall marketing performance. They should also establish clearer and more flexible organizational structures with well-defined roles, responsibilities, and communication channels. This will reduce operational ambiguity, improve coordination, and enhance efficiency in delivering products and services to the market.

Keywords: Internal business environment, leadership styles, organizational structure, SMEs performance, South South Nigeria

Introduction

Small and medium-sized enterprises (SMEs) play a critical role in the economic development of countries across the globe. Globally, SMEs account for more than 90 percent of businesses and contribute over 50 percent of employment worldwide, making them central to economic diversification, innovation, and inclusive growth (World Bank, 2023). In both developed and developing economies, SMEs serve as engines of job creation, income generation, poverty reduction, and technological advancement. However, SMEs marketing performance is the measurable outcome of marketing efforts in terms of increased sales, market growth, customer acquisition, brand equity, and competitive advantage. Marketing performance reflects both financial and non-financial outcomes that result from effective marketing strategies and customer engagement practices (Shandy et al., 2023).

Similarly, In Nigeria, SMEs are also acknowledged as the backbone of the economy. According to national estimates, SMEs constitute over 96 percent of Nigerian businesses and contribute approximately 48 percent to the country's gross domestic product while accounting for a significant share of employment (SMEDAN, 2021). SMEs in South-South operate across diverse sectors including manufacturing, trade, agriculture, construction, and services, thereby supporting economic diversification away from oil dependence. Despite their economic relevance, Nigerian SMEs face high mortality rates and inconsistent performance, with many failing within the first five years of operation (Adeleke & Ogundele, 2023).

While several studies attribute SMEs performance challenges in Nigeria to external issues such as poor infrastructure, limited access to finance, multiple taxation, and policy inconsistency, recent empirical evidence suggests that internal business environment factors play a more decisive role in shaping performance outcomes (Ogunyomi & Bruning, 2022). As a result, improving the internal business environment of SMEs is essential for enhancing their performance and survival in Nigeria's challenging business environment (Yahaya, 2023).

The internal business environment involves all organizational factors within management's control that influence business operations and performance outcomes, unlike external environmental factors, internal business environment factors are largely controllable by SME owners and managers, making them particularly relevant for performance improvement initiatives (Atuahene et al., 2023). The internal business environment comprises multiple dimensions that collectively shape organizational functioning and performance. Scholars have identified various components of the internal environment such as organizational structure, leadership styles (Atuahene et al., 2023; Halmaghi et al. 2023; Wardhana et al., 2024) This study however, focused on these dimensions since they dominate the literary discourse.

Organizational structure is a fundamental dimension of the internal business environment. It defines how tasks, responsibilities, authority, and communication flows are arranged within an organization. Organizational structure tends to be less formalized and more centralized, often revolving around the owner-manager. While such structures can facilitate quick decision-making, excessive centralization and role ambiguity may hinder employee initiative, innovation, and accountability (Mbata et al., 2025). SMEs with clear role definitions, appropriate delegation of authority, and flexible structures tend to achieve higher operational efficiency, better coordination, and improved performance outcomes (Okafor et al., 2024).

Leadership style is another critical internal business environment factor influencing SME performance. It entails the behavioral patterns and approaches leaders employ to influence, supervisor, motivate, and direct organizational members toward goal achievement (Nwapi, 2024). Leadership is often personalized and closely tied to the owner-manager’s values and competencies. transformational and participative leadership styles positively influence employee commitment, creativity, and performance, thereby enhancing organizational outcomes (Maino et al., 2025). Effective leadership creates shared vision and inspires employees to transcend self-interest for organizational benefit, thereby improving collective performance.

Global and Nigerian evidence clearly demonstrates that SME performance is strongly influenced by internal business environment factors. For SMEs in South-South Nigeria, organizational structure, leadership styles, organizational culture, and interpersonal relations are particularly significant due to the region’s economic dynamics and operational challenges. Based on this view, the study sought to examine the effect of the internal business environment on marketing performance of SMEs in South-South.

Statement of the Problem

Despite the evidence which clearly demonstrated that SMEs performance is strongly influenced by internal business environment factors, yet they have not fully utilized it to enhance their performance, as they continue to experience low performance, Small and Medium Enterprises (SMEs) are widely recognized in driving economic growth and employment in Nigeria, and despite the supports received by these SMEs from government and private sector interventions such as provision of financial credit schemes, tax holidays, and creation of a regulatory agency to promote and stimulate their activities, the sector has continued to witness dwindling performance. This is seen in the drop of their contribution to the GDP. In addition, a good number of these SMEs have remained stagnant in terms of growth; others fail within their first five years of operation. Therefore, it is imperative to investigate how internal business environment affect the performance of SMEs in South-South Nigeria.

Although numerous empirical studies (Chen & Nguyen, 2025; Wanjuri et al., 2025; Boateng , 2025; Johnson, 2023; Ahmed & Yusuf, 2023; Bello et al., 2024; Adamu & Ibrahim, 2024; Okon et al., 2024; Uche & Chukwu, 2024; Musa et al., 2024) have examined the topic across various countries, sectors, and methodological approaches, the majority of this literature remains largely generalized, Specifically, there is a noticeable paucity of research focusing on the South-South Nigeria. Therefore, this study addresses this gap by investigating the effect of Internal business environment on the performance of SMEs in South-South Nigeria.

Objectives the Study

The main objective of this study is to examine the effect of internal business environment on marketing performance of small and medium enterprises in South-South Nigeria. However, the study has the following specific objectives:

i. Evaluate the effect of organizational structure on marketing performance of small and medium enterprises in South-South Nigeria; and
ii. To examine the effect of leadership style on marketing performance of small and medium enterprises in South-South Nigeria.

jmsrcifmstsu@gmail.com

Conceptual Review

Internal Business Environment

According to Oliveira (2022) internal business environment of an organization refers to the internal factors and conditions that shape its operations and decision-making processes. It encompasses various components, including organizational structure, culture, leadership styles, and capabilities. Additionally, internal business environment of an organization is the conditions, structures, and factors that exist within the organization and affect its ability to function and reach its objectives (Diaka, & Asenge, 2024). The internal business environment refers to all factors within a company that influence its operations, performance, and strategic decisions, including controllable elements like its organizational culture, leadership styles, financial resources, organizational structure, and internal relationships (Atuahene et al., 2023).In a similar view, David and David (2024) asserted that internal business environment refers to all the factors, elements, and conditions inside the organization that influence its operations, performance, and decision-making. These are aspects that the company has direct control over (or at least significant influence over) and can change or manage internally. Wardhana (2024) viewed internal business environment as the factors inside a company that can influence its operations and strategies.

Organizational Structure

Organizational structure is a set of activities required to achieve the company's objectives, along with the identification of the individuals responsible for carrying out these activities according to their abilities and skills, the requirements of the tasks, and the determination of authority centers, responsibilities, and methods of supervision and coordination among activities (Abdullah, 2025). Organizational structure is the formal system of authority, roles, responsibilities, communication patterns, and coordination mechanisms through which an organization arranges and directs its activities in order to achieve predetermined goals. It specifies how tasks are divided, grouped, and coordinated, how power and decision-making are distributed, and how information flows among different levels and units of the organization, thereby shaping employee behavior, efficiency, and overall organizational performance (Okumu, 2025). Mbata et al. (2025) opined that organizational structure is the deliberate framework that outlines how jobs are designed, how individuals and units are grouped, and how reporting relationships are established within an organization to ensure effective control, coordination, and integration of activities toward goal attainment.

Leadership Styles

Leadership style refers to the characteristic approach and behaviors a leader uses to guide, motivate, and manage individuals or groups toward achieving organizational goals. It encompasses how leaders make decisions, communicate expectations, resolve conflicts, delegate responsibilities, and influence team members. A leader's style shapes the work environment and determines how followers respond to guidance, challenges, and opportunities within the organization (Daramola, 2025). According to Northouse (2023) leadership style is the consistent pattern of behavior, decision-making, and interpersonal influence that a leader adopts when directing and motivating followers to achieve organizational objectives. This pattern determines how authority is exercised, how communication flows, and how employees respond to leadership actions. Yukl (2024) holds that leadership style is the manner in which leaders plan, organize, coordinate, and control organizational activities while influencing employee attitudes, commitment, and performance outcomes. It reflects a leader's values, personality, and approach to managing people and tasks.

Marketing Performance

According to Oduro and Mensah-Williams (2023), marketing performance refers to the ability of a firm to effectively implement marketing capabilities and strategies in ways that improve customer outcomes, adaptability, and competitive performance. it measures the extent to which marketing activities contribute to the achievement of organizational goals such as sales growth, market share, customer satisfaction, customer retention, and profitability. Similarly, Cao and Weerawardena (2023) viewed marketing performance as the extent to which marketing-related activities enhance customer relationship management, brand management, and overall firm competitiveness. In another perspective, Shandy et al. (2023) defined marketing performance as the measurable outcome of marketing efforts in terms of increased sales, market growth, customer acquisition, brand equity, and competitive advantage. The authors explained that marketing performance reflects both financial and non-financial outcomes that result from effective marketing strategies and customer engagement practices.

Empirical Review

Organizational Structure and Performance

Adi et al. (2025) analyzed the effect of organizational structure on performance of Dangote Sugar Company located at Lamurde LGA in Adamawa State. population of this study consists of 222 employees which include both junior and senior staff. Employing the Taro Yamane Statistical Formula, the sample size was calculated to be 142 employees, who were then selected through simple random sampling to ensure equal representation from all departments. Primary data was gathered with a structured questionnaire which incorporated five levels of agreement on a Likert scale. In ensuring enhanced instrument validity, both content and face validity were utilized. Peer review and suggestion protocols were solicited from the supervisor to polish the questionnaire, leading to its subsequent refinement and validity. The data collected was presented in frequency tables, and percentages was used for analysis. Hypotheses formulated for the study were tested using regression analysis, with the aid of the Statistical Package for Social Science (SPSS). From the results, it was established that organizational structure has a significant positive effect on performance. Given the study's specificity to Dangote Sugar Company, its conclusions may not directly translate to the SMEs due to fundamental sectoral differences.

Aldilami and Al-Murhadi (2025) studied the effect of organizational structure on performance of Yemeni business organizations. The study used a descriptive quantitative methodology, using a questionnaire for data collection. Statistical analysis was conducted using SPSS version (26) and Smart PLS version (4) for data analysis through Structural Equation Modeling (SEM). The study population included all large industrial and service business organizations that have been operating for over (15) years. A stratified random sample of (43) industrial and service organizations was selected, followed by the purposive selection of (305) managers from these organizations. The study reached several key findings, most notably that the organizational structure has a significant positive effect on the performance of Yemeni industrial and service business organizations. Given that this research was conducted in Yemen, its findings may not be directly applicable to Nigeria due to the distinct legal, cultural, and economic characteristics that differentiate the two countries.

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Leadership Styles and SMEs Performance

Angwaomaodoko (2025) studied the effect of leadership styles on academic performance: A study of Ibadan North Local Government Area, Oyo State, Nigeria. A descriptive research design was used for this study. The study population comprised 1224 teachers from 72 public secondary schools in Ibadan North Local Government Area of Oyo State. 300 teachers were selected for the study via a simple random sampling technique. A structured questionnaire was the research instrument used in the collection of data. The questionnaire consisted of closed ended questions with four Likert scale responses The validity of the research instrument was conducted by subjecting the questionnaires to three experts from the Department of Educational Management and Policy and one from Measurement and Evaluation both in the Faculty of Education, University of Ibadan. The collected data were analysed engaging multiple and hierarchical regression. The results revealed that leadership style has a significant positive effect on performance. The previous study relied on multiple and hierarchical regression, whereas this research distinguishes itself by employing the more robust and versatile Partial Least Squares Structural Equation Modeling (PLS-SEM).

Chege and Gakobu (2025) determined the effect of leadership styles on performance of telecommunication industry in Kenya. This study used a descriptive research design targeting all employees at Safaricom headquarters office in Westlands, Nairobi. A sample size of 98 respondents was picked by using stratified random sampling method. The study made use of both primary and secondary data. The Primary data was obtained by using structured questionnaires and interview guide. The questionnaires were later on self-administered using assistants. The interview guide was used differently to obtain information from managers to verify the responses from the questionnaires. Secondary data was obtained by analysing the annual financial records for a period of 10 years (2004-2014). Statistical data collected was analysed using statistical package for social sciences software (SPSS) version 20.0. This was conducted mainly by use of descriptive and inferential statistics. Descriptive statistics included frequencies, percentages, mean and standard deviation. Inferential statistical techniques such as correlation and regression coefficients. The data was then presented in form of tables, graphs and charts. Findings from the study proved that leadership style indeed had an influence on performance at Safaricom Limited. However, the study was hampered by

Theoretical Framework

Systems Theory

Systems Theory was developed by Bertalanffy (1950). The theory stated that an organization is a complex, interconnected, and interdependent system in which all components such as people, processes, technology, structure, and resources work together to achieve set goals (Bertalanffy, 1950). Systems Theory posits that the performance of any organization cannot be understood in isolation but must be viewed in terms of how well its internal subsystems coordinate, communicate, and adapt to both internal and external demands. Several scholars have expanded the theory. Senge (1990) contributed by introducing systems thinking as a discipline that enables organizations to learn, self-correct, and continuously improve.

The theory emphasizes the critical importance of environmental adaptation, recognizing that organizations are open systems that must continuously interact with and respond to external conditions to survive and thrive, which is particularly valuable for understanding organizational dynamics in changing contexts (Katz & Kahn, 1966). However, critics argued that the theory is sometimes too broad and abstract, making empirical testing difficult (Skyttner, 2005). Others note that its emphasis on harmony may oversimplify internal conflicts and power dynamics (Scott & Davis, 2007).

Systems theory provides a highly relevant theoretical framework for examining how the internal business environment affects SMEs performance in South-South Nigeria because it showed the importance of internal alignment and coordination for organizational success. SMEs function through interconnected internal subsystems such as leadership, and organizational structure. Systems Theory suggests that the performance of SMEs improves when these subsystems operate harmoniously, support one another, and adapt to changes in the environment.

Methodology

This study adopted the cross-sectional survey research, The choice of the survey method is deemed particularly appropriate for this study because it allows for the collection of data at a single point in time, providing a snapshot of the variables of interest. The population of the study consists of Two hundred and twenty thousand, seven hundred and sixty-five (220,765) small and medium enterprises registered with Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) as at (2021) operating in South-South Nigeria This geographical region includes six states: Akwa Ibom, Bayelsa, Cross River, Delta, Edo, and Rivers States. Table 1 shows the distribution of the SMEs across the various states in South-South Nigeria:

Table 1: Population of SMEs in South-South Nigeria

S/N	South-South States	SMEs Population
1	Akwa Ibom State	35,368
2	Bayelsa State	15,758
3	Cross River State	25,973
4	Delta State	40,210
5	Edo State	18,843
6	Rivers State	84,613
	Total	**220,765**

Source: SMEDAN, 2021

Given the large population of SMEs in South-South Nigeria, it is impractical to survey every individual. As such the minimum sample size for this study was ascertained using the following formula proposed by Taro Yamane for statistically attaining sample size from a given population (Yamane, 1967), which is 220,765 for this study. Calculations were made at 5% significance level as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n is sample size,

N is the population size,

e is the margin of error (commonly set at 5%, which is 0.05).

Given:

$$n = \frac{220,765}{1 + 220,765\ (0.05)^2}$$

n = 400

Thus; a sample size of four hundred (400) was required for this study.

Table 2: Sample According to South-South Nigeria

S/N	South-South States	SMEs Population	Sample
1	Akwa Ibom State	35,368	$\frac{35,368}{220,765} \times 400 = 64$
2	Bayelsa State	15,758	$\frac{15,758}{220,765} \times 400 = 29$
3	Cross River State	25,973	$\frac{25,973}{220,765} \times 400 = 47$
4	Delta State	40,210	$\frac{44,102}{220,765} \times 400 = 73$
5	Edo State	18,843	$\frac{18,843}{220,765} \times 400 = 34$
6	Rivers State	84,613	$\frac{84,613}{220,765} \times 400 = 153$
	Total	**220,765**	**400**

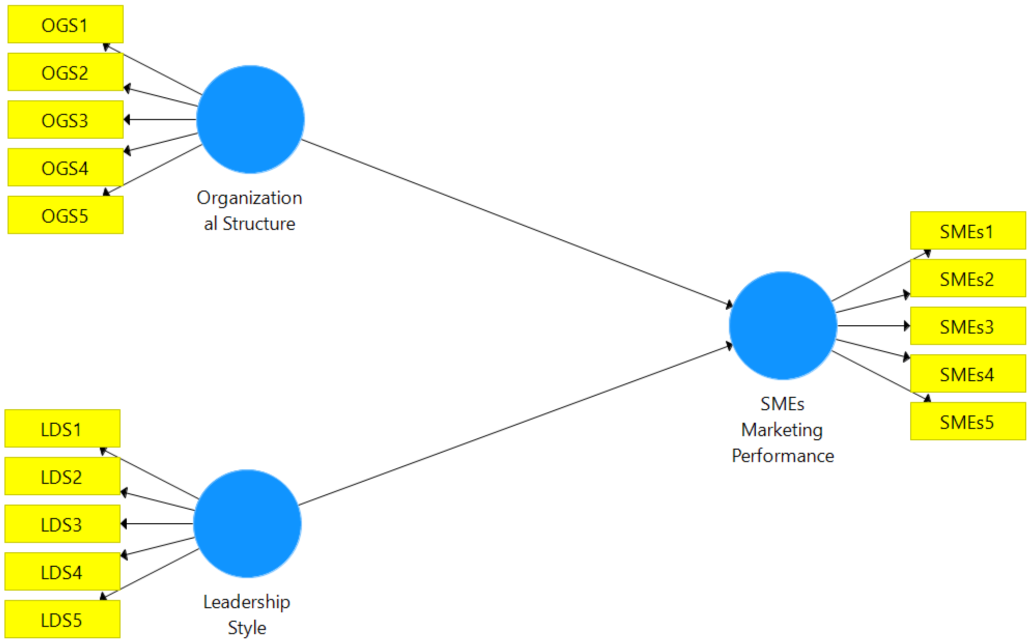
Source: Researcher Computation, 2026

The table 2 outlines the population and the computed sample sizes for each state in the South-South region. The sample sizes are determined proportionally based on the population of each state to ensure a representative subset for the study.

This study used stratified random sampling technique in selecting the respondents for the study, the respondents for the study were the owners/or managers of the SMEs. The stratification was based on the following criteria: dividing the SMEs into State of operation (to ensure geographical balance), business sector (retail, agriculture, manufacturing, services), business size (micro, small, and medium enterprises) and Formal vs. informal enterprises (registered vs. unregistered businesses). From each stratum, respondents were randomly selected in proportion to their representation in the overall SMEs population. By dividing the population into strata and selecting respondents randomly within each category, stratified sampling minimizes bias, enhances comparability across groups, and improves the reliability of results and generalizability of findings to the broader SMEs population.

This study employed the use of primary data through structured questionnaires to gather first-hand information from SMEs in the South-South. The questionnaire items are adapted from validated scales in existing literature and utilize a five-point Likert scale, ranging from 5 (Strongly Agree) to 1 (Strongly Disagree). The data collected was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 3, ensuring robust and efficient analysis.

Figure 1: Model for the Study



Source: *SmartPLS 3 Output (2026)*

Results and Discussion

Before carrying out the analysis, a total of four hundred (400) copies of questionnaires were distributed to the respondents, with all the 400 copies retrieved successfully from the respondents, and all were found useful and valid for the analysis after sorting and cleaning the data.

In testing the hypothesized model, reliability and validity of the measurement model were tested, while the path coefficient and the explanatory power of the model R^2 and the Adjusted R^2 were tested for the structural model.

jmsrcifmstsu@gmail.com

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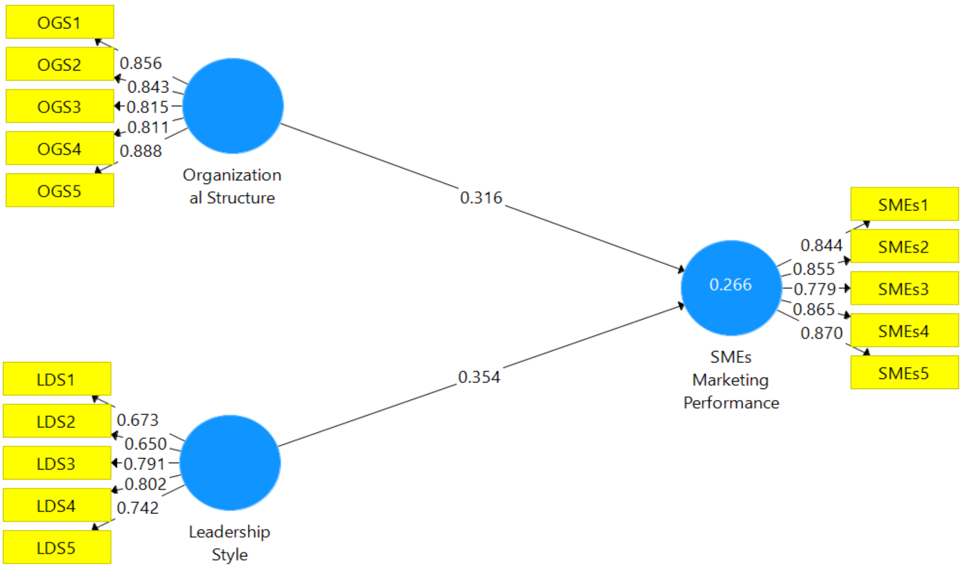
Measurement Model



Source: *SmartPLS 3 Output (2026)*

Outer Loading

	Leadership Style	Organizational Structure	SMEs Marketing Performance
LDS1	0.673		
LDS2	0.650		
LDS3	0.791		
LDS4	0.802		
LDS5	0.742		
OGS1		0.856	
OGS2		0.843	
OGS3		0.815	
OGS4		0.811	
OGS5		0.888	
SMEs1			0.844
SMEs2			0.855
SMEs3			0.779
SMEs4			0.865
SMEs5			0.870

Source: *SmartPLS 3 Output (2026)*

The indicator reliability results show that all items loaded strongly on their respective constructs, because the loadings for Leadership Style ranged from 0.650 to 0.802, Organizational Structure from 0.811 to 0.888, and SMEs Marketing Performance from 0.779

jmsrcifmstsu@gmail.com

to 0.870. In SEM/PLS, Hair et al. (2019) recommended that outer loadings should generally be at least 0.70, although loadings between 0.40 and 0.70 may still be retained if the construct's validity and reliability remain acceptable. By this rule, LDS2 at 0.650 is slightly below the ideal threshold, but the other leadership items are satisfactory, while all Organizational Structure and SMEs Marketing Performance indicators meet or exceed the 0.70 benchmark. Overall, the measures appear reliable and suitable for further structural analysis.

Internal Consistency Reliability and Convergent Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Leadership Style	0.784	0.786	0.853	0.539
Organizational Structure	0.9	0.924	0.925	0.711
SMEs Marketing Performance	0.902	0.941	0.925	0.711

Source: *SmartPLS 3 Output (2026)*

The internal consistency reliability results indicate that all three constructs are dependable. Leadership Style recorded Cronbach's alpha of 0.784, rho_A of 0.786, and composite reliability of 0.853, showing acceptable to good reliability. Organizational Structure posted 0.900, 0.924, and 0.925 respectively, while SMEs Marketing Performance recorded 0.902, 0.941, and 0.925, both showing very strong internal consistency. Hair et al. (2019) recommended 0.70 as the minimum acceptable threshold for Cronbach's alpha and composite reliability, though values above 0.80 are preferred for stronger measurement quality. For convergent validity, the AVE values were 0.539 for Leadership Style and 0.711 for both Organizational Structure and SMEs Marketing Performance. Since Fornell and Larcker (1981) recommended AVE of at least 0.50, all constructs met the standard, confirming that the indicators share sufficient variance with their constructs.

Discriminant Validity

	Leadership Style	Organizational Structure	SMEs Marketing Performance
Leadership Style			
Organizational Structure	0.252		
SMEs Marketing Performance	0.440	0.376	

Source: *SmartPLS 3 Output (2026)*

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The HTMT ratios suggest that the three constructs are distinct and that discriminant validity is acceptable. Leadership Style and Organizational Structure recorded an HTMT value of 0.252, Leadership Style and SMEs Marketing Performance was 0.440, and Organizational Structure and SMEs Marketing Performance was 0.376; all are well below the common cutoff values recommended in the literature.

Henseler, Ringle, and Sarstedt (2015) recommended HTMT values below 0.85 for a conservative standard, while a more liberal threshold of 0.90 is also often accepted. Since all the reported values are far below 0.85, the result shows strong evidence that the constructs are not overly similar and that the measurement model has good discriminant validity. In seminar terms, this means each variable is measuring a different concept clearly enough for further structural analysis.

Predictive Relevance

	R Square	R Square Adjusted
SMEs Marketing Performance	0.266	0.262

Source: *SmartPLS 3 Output (2026)*

The model explains a moderate share of the variance in SMEs Marketing Performance, because the R Square value is 0.266, meaning the predictors account for 26.6% of the changes in the dependent variable. The Adjusted R Square of 0.262 shows almost the same explanatory power after adjusting for the number of predictors, which suggests the model is stable and not inflated by unnecessary variables, this means Leadership Style and Organizational Structure together have a meaningful but not dominant effect on SMEs Marketing Performance. The remaining 73.4% of the variation is likely explained by other factors not included in the model, such as market conditions, funding, customer behavior, competition, or digital capability. So, the model is useful, but it does not fully explain marketing performance.

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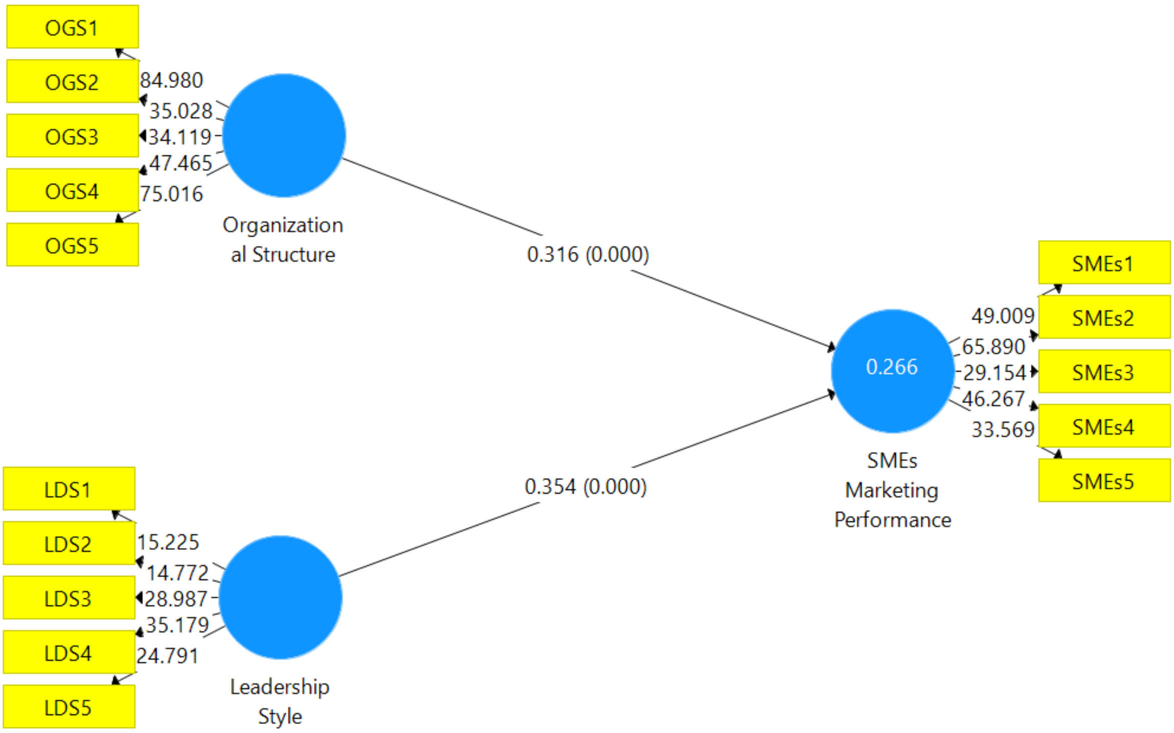
Structural Model



Source: *SmartPLS 3 Output (2026)*

Path coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Leadership Style -> SMEs Marketing Performance	0.354	0.357	0.034	10.362	0
Organizational Structure -> SMEs Marketing Performance	0.316	0.32	0.029	10.839	0

Source: *SmartPLS 3 Output (2026)*

The result revealed that leadership style has a positive and significant effect on SMEs' marketing performance, as indicated by the path coefficient of 0.354, a t-statistic of 10.362, and a p-value of 0.000, which is below the 0.05 level of significance. This implies that improvements in leadership style significantly enhance the marketing performance of SMEs. The positive coefficient indicates that effective leadership practices such as supportive, participative, and transformational styles that motivate employees, foster innovation, and strengthen communication contribute positively to customer attraction, retention, and market

jmsrcifmstsu@gmail.com

competitiveness. Since the t-statistic exceeded the threshold value of 1.96 and the p-value was statistically significant, the study concludes that leadership style is a strong predictor of SMEs' marketing performance. This finding is consistent with the study of Yusuf et al. (2024), who reported that autocratic, democratic, and transformational leadership styles significantly affect SME business performance in Abuja. It also agrees with Ochieng and Koshal (2023), who found that supportive and participative leadership styles positively and significantly influence the organizational performance of manufacturing SMEs in Nairobi. Similarly, Ametefe et al. (2025) showed that various leadership styles have substantial effects on SMEs' profitability, growth, and sustainability.

The findings further showed that organizational structure has a positive and significant effect on SMEs' marketing performance, with a path coefficient of 0.316, a t-statistic of 10.839, and a p-value of 0.000. This indicates that organizational structure contributes significantly to improving the marketing performance of SMEs. The positive beta coefficient suggests that well-designed structural arrangements such as clear roles, appropriate formalization, effective coordination mechanisms, and structural flexibility enhance efficiency and enable SMEs to respond quickly to market opportunities. The high t-statistic and low p-value confirm that organizational structure is a significant determinant of SMEs' marketing performance. Consequently, the study concludes that an effective and well-aligned organizational structure enhances SMEs' marketing performance. This finding is in agreement with Dewi et al. (2025), who established that organizational structure has a strong and significant direct effect on MSME performance. It also aligns with Restrepo-Morales et al. (2023), who showed that structural factors are positively related to SMEs' organizational performance. Furthermore, it is consistent with Kareem et al. (2024), who found that well-formulated organizational strategies and structural elements significantly and positively influence SMEs' organizational performance.

Conclusion

This study examined the effect of internal business environment on the marketing performance of SMEs in South-South Nigeria. Based on the findings, it was revealed that leadership style has a positive and significant effect on SMEs marketing performance, implying that effective leadership enhances employee motivation, coordination, and responsiveness to market demands. Similarly, organizational structure was found to have a positive and significant effect, indicating that clear roles, effective communication, and proper coordination improve efficiency and performance outcomes. Therefore, the study concludes that both leadership style and organizational structure are key internal determinants of SMEs marketing performance, and their effective improvement will enhance competitiveness, growth, and sustainability of SMEs in South-South Nigeria.

Recommendations

Based on the findings of the study, the following recommendations are made to enhance the marketing performance of SMEs in South-South Nigeria:

1. SME owners and managers should adopt more participative and transformational leadership approaches that encourage employee involvement in decision-making, motivation, and innovation. This will strengthen employee commitment and improve responsiveness to market opportunities, thereby enhancing overall marketing performance.
2. SMEs should establish clearer and more flexible organizational structures with well-defined roles, responsibilities, and communication channels. This will reduce operational ambiguity, improve coordination, and enhance efficiency in delivering products and services to the market.

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Appendix

Research Questionnaire

Instruction: kindly tick ☑the appropriate box for option which best address your answer

Key:

Strongly Agree = 5

Agree= 4

Undecided = 3

Disagree = 2

Strongly Disagree =1

	Organizational Structure	**5**	**4**	**3**	**2**	**1**
1	The hierarchy within the organization is clearly defined and understood by all employees					
2	Roles and responsibilities are well documented and communicated in the organization					
3	Decision-making authority is clearly allocated across different levels of the organization					
4	There is a proper balance between centralization and decentralization in decision-making					
5	The organizational structure supports effective communication among departments					
	Leadership Style					
1	My leader encourages innovative thinking and new ways of doing things					
2	My leader emphasizes adherence to rules, policies, and procedures					
3	My leader provides minimal direction and allows employees to make most decisions					
4	My leader monitors work performance and provides feedback regularly					
5	My leader inspires employees with a clear vision of the future					
	SMES Marketing Performance					
1	We consistently satisfy our customers in terms of product quality and services					
2	The business has recorded increase in market share in the last five years					
3	There is increase in the number of retained customers over the years					
4	Our business has experienced an increase in sales over the past few years					
5	We achieve our sales targets regularly					

jmsrcifmstsu@gmail.com