

Market Driven Forecasting and Performance of SMEs in Business Competition in Ogun State, Nigeria

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Abstract: *This study investigated the influence of market driven forecasting on the business performance of SMEs in Ogun State, Nigeria. The study selected 375 SMEs totaling the population of 1275 respondents. Well structured questionnaires were used to facilitate the survey. The study used descriptive method and regression model to analyze the data collected. Results of the study show that market driven forecasting has no significant influence on the business performance of SMEs in Ogun State, Nigeria. Findings show that market driven forecasting is not a guaranteed techniques for influencing business performance, but for planning and decision making. The finding of this study may not be generalized based on its nature, particularly, the sample size. The practical implication is that when market driven forecasting is embraced, it can aid effective planning and decision-making, which may lead to business performance improvement. Thus, the study concluded that investment in market driven forecast is not sufficient enough to enhance a guaranteed business performance in business competition. The study therefore recommends that SME owner/managers should carefully adopt the outcome of forecast for effective planning and decision-making; as this minimizes/prevents uncertainty about the business performance in business competitive situations.*

Keywords: *Market Driven Forecast, Business Competition, Planning and Decision Making, Business Performance*

I. Introduction

In Nigeria today, it appears that many Small and Medium Scale Enterprise owners are yet to achieve their desired pay-off in business competition at the market place due to their perception of market driven forecast. According to Herbig et al (1994), marketing oriented forecasts play an important role in the planning of production, finance and other corporate activities. Marketing oriented forecast, when appropriately adopted, has significant implications on planning in various functional areas of an organization, and can enhance proactive measures to uncertainty about the future. Thus, forecasting in the real sense focuses on what the future has in stock (favourable or unfavourable) so that appropriate protective measure is put in place.

It is no doubt that some SME owners rarely use forecast in their planning and decision making. Imaga (1993) posited that they have through the rule-of-thumb to make the best out of the future conditions. According to him, the rule-of-thumb consists of deciding the future in terms of the past experience and familiarity with the problem at hand. The problems that often face these SME owner-managers' ability to use forecasting techniques reflect on their wrong impression about its ambiguity, the required resources and its efficacy towards the achievement of the desired pay-off (business performance). They may not understand either the circumstances in which the techniques are appropriate or the limitations of the technique (Nyor and Idama, 2014). In their study, Augustine, Bhasi and Madhu (2012) also discovered that small firms considered forecasting as less important and put less effort because of low operation volume, less competition and lack of knowledge and resources. Nevertheless, one of the paramount qualities of forecasting technique is its simplicity. A good forecasting technique should be simple to understand and use (Stevenson, 2002).

To be successful in business, SME owners need to seek for models and be ready to invest in learning (Augustine et al, 2012). It is more likely that the business performance of SMEs is affected by market driven forecasting as a key success factor. Sharma and Bhagwat (2006) posited that the key success factors of SMEs include more involvement in operational decisions, long planning horizons, IT infrastructure, cultural dimensions, customer specific demand management and strategic use of forecasting planning and control. Based on these perspectives, pilot study was conducted to investigate the influence of market driven forecasting on performance of SMEs in Ogun State, Nigeria.

1.1 Objectives of the Study

The study has one main objective, which is to investigate the influence of market driven forecasting on the business performance of SMEs in Ogun State, Nigeria. However, to pursue the main objective, some specific objectives are:

- i. To determine the significance of market driven forecast outcome for effective planning and decision-making of SMEs in Ogun State, Nigeria.
- ii. To examine the influence of market driven forecasting on competitive advantage, profitability, customers' satisfaction and product success of SMEs in Ogun State, Nigeria.
- iii. To motivate SME owners to invest in the learning of forecasting models necessary for planning and decision making.

1.2 Research Hypothesis

Thus, the study's testable hypothesis is that:

H₁: Market driven forecasting has no influence on the business performance of SMEs in Ogun State, Nigeria.

H₂: Market driven forecast outcome has no significant effect on effective planning and decision-making of SMEs in Ogun State, Nigeria.

II. Conceptual framework

Forecasting is a managerial planning and decision making tool that provides a base for proactive approach to uncertainty in the future through the analysis of historical data. Kotler (2004) defines forecasting as the art of estimating future demand by anticipating what buyers are likely to do under a given set of future conditions. In his view, Hudson (1999) expressed that forecasting quantitatively measures market demand. It is basically an organization's estimate of future demands for and sales of its product(s) or service(s).

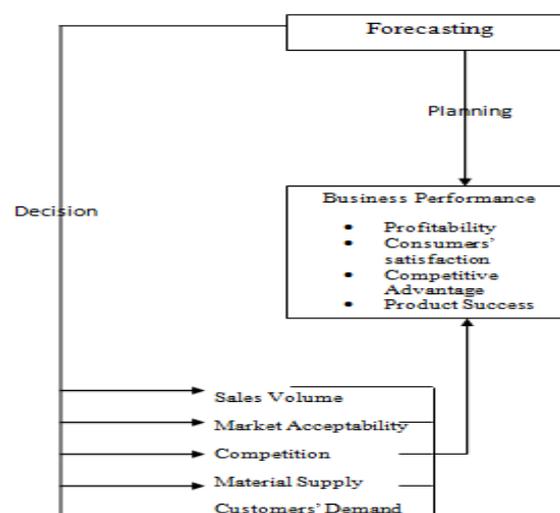
Saffo (2007) opined that one must look for the turns, not the straight-aways, and thus one must peer far enough into the past to identify patterns. This can be an especially important factor for businesses seeking to emerge from an economic downturn (Walsh, 1999). Forecasting is a decision-making tool used by many enterprises to help in budgeting, planning, and estimating future growth, (Vanguardsw.com). Armstrong and Brodie (1999) posited that significant gains have been made in forecasting for marketing, especially since the 1960. Cohen and Cyert (1965) discussed forecast in two aspects:

- i. Competition aspect: *Forecast of competitors' reactions*, which is basically a straightforward extrapolation of the past observed reactions of competitors.
- ii. Firm's demand aspect: *Forecast of firm's demand*, which is based on an estimate of demand function from past observations.

One critical focus of forecasting is the risk and uncertainty about the future event in production, marketing, demand management and finance. The goal of forecasting is not to predict the future but to tell you what you need to know to take meaningful action in the present (Saffo, 2007). What can make a business proactive rather than being reactive to uncertainty of the future is the competent and strategic use of forecasting techniques in planning and decision making. Small businesses are encouraged to adopt a moderate stance in their long-range forecasting (Nardi Spiller, 2003; Arnold, 2002).

This study thus designed a conceptual framework as shown below. The rationale behind this is to give the study a direction. The conceptual framework is based on adjudging whether market driven forecast has significant influence on the performance of SMEs or the general position of scholars and researchers regarding the influence of market driven forecast on planning and decision making should be held.

Fig 1: Market Driven Forecasting and Business Performance



Source: The Authors

2.1 Theoretical Consideration

According to Nafiu, Sule and Orugun (2014), competition among business firms could be considered 'a game' because, each competitor strives to gain a competitive advantage or formulate and implement strategies to outwit others in order to have a larger market share. Competition as a game of interest shows that one cannot survive for a long time without rivalry. For this study, game theory is adopted to explain the need of market driven forecast as an essential tool for planning and decision making. Nik and Nik (2008) posited that game theory has developed its application mainly in mathematics since its inception in 1944 by John von Neumann and Oskar Morgenstern.

In Game theory, it assumed that all business firms are aware of just two pay-off (which amount to zero-sum game, that is, $+1-1=0$), and are doing similar market driven forecast to gather necessary information for managerial planning and decision making purpose such that the positive pay-off can be achieved.

Thus, many business owner/managers will strive to do market driven forecast better because they value possible outcomes; as it relates with how well their desired pay-off can be achieved in a game of conflict. Sport games are good paradigm of a business competition situation where one player's action stimulates reaction from the other. Armstrong, Brodie and McIntyre (1987) stressed that competitors may alter their actions in response to changes in the environment, actions by other firms, or dissatisfaction with their own past performance. This means that forecasting is necessary to inform how a firm must craft its strategy to counteract another in a business competition. The development of a successful marketing strategy sometimes depends upon having a good forecast of the actions and reactions of competitors (Armstrong and Brodie, 1999).

2.2 The imperatives of Marketing Forecasting for SMEs in Nigeria

Most often, managers of SMEs are within the cycle of wrong perceptions regarding the essence of forecasting in market situations. There are popular notion that small business as they appear are too small for market forecasting, and that large businesses are eligible based on budgetary considerations. Though, it is observable in Nigeria that large number of SMEs has varieties of products which do not provide basis for forecasting. Those that have varieties of products which provide basis for forecasting do generally have products with steady sales, or sales growth in a stable competitive situation, and some owner-managers seem to be comfortable about non-inclusion of forecasting in their marketing activities. These owner-managers are believed to have benefited from the kind of competition in the past business environment outlook; but the market today is gradually witnessing changes and the entries of giant players (tough competitors) who use forecasting models to overhaul strategic issues around their products, customer needs and production processes. Kotler (2004) posited that existing small businesses must track changes in customer needs and wants, reactions to new products, and changes in the competitive environment.

Forecasting aids marketing organization with relevant knowledge regarding change in the market environment. For example Gupta (2011) stressed that forecasting business change involves more than an analysis of statistical data. It also embodies the prediction of economic change, such as secular trend, seasonal variation and a consideration of cause and effect. Most importantly, Nigerian economic change is observed as unsterilized event, given some indispensable factors (such as political, socio-cultural, environmental and technological factors) causing variation in trends within the shortest period. However, SME owner-managers can take advantage of market related forecasting for:

- i. Sales and production planning
- ii. Budget planning
- iii. New product development decision
- iv. Determining future customers' demand
- v. Projection of market behavioural trends
- vi. Proactive approach rather than being reactive at all times.

2.3 Tackling Marketing Oriented Forecasting Problems

Generally, a number of techniques have been developed to guide and remedy marketing forecasting problems. Each of the forecasting techniques is best fit for variety of managerial forecasting problems when they are appropriately selected and applied. Chambers, Mullick and Smith (1971) stressed that the manager as well as the forecaster has a role to play in technique selection; and the better they understand the range of forecasting possibilities, the more likely it is that a company's forecasting efforts will bear fruit. The following are some of the important ones:

- i. **Regression Analysis:** This involves the prediction of relationship between variables. It is a tool that provides information necessary to predict new values.
- ii. **Econometric methods:** Econometric methods use prior knowledge (theory) to construct a model, and it involves selecting causal variables, identifying the expected directions of the relationships, imposing

constraints on the relationships to ensure that they are sensible, and selecting functional forms (Armstrong and Brodie, 1999).

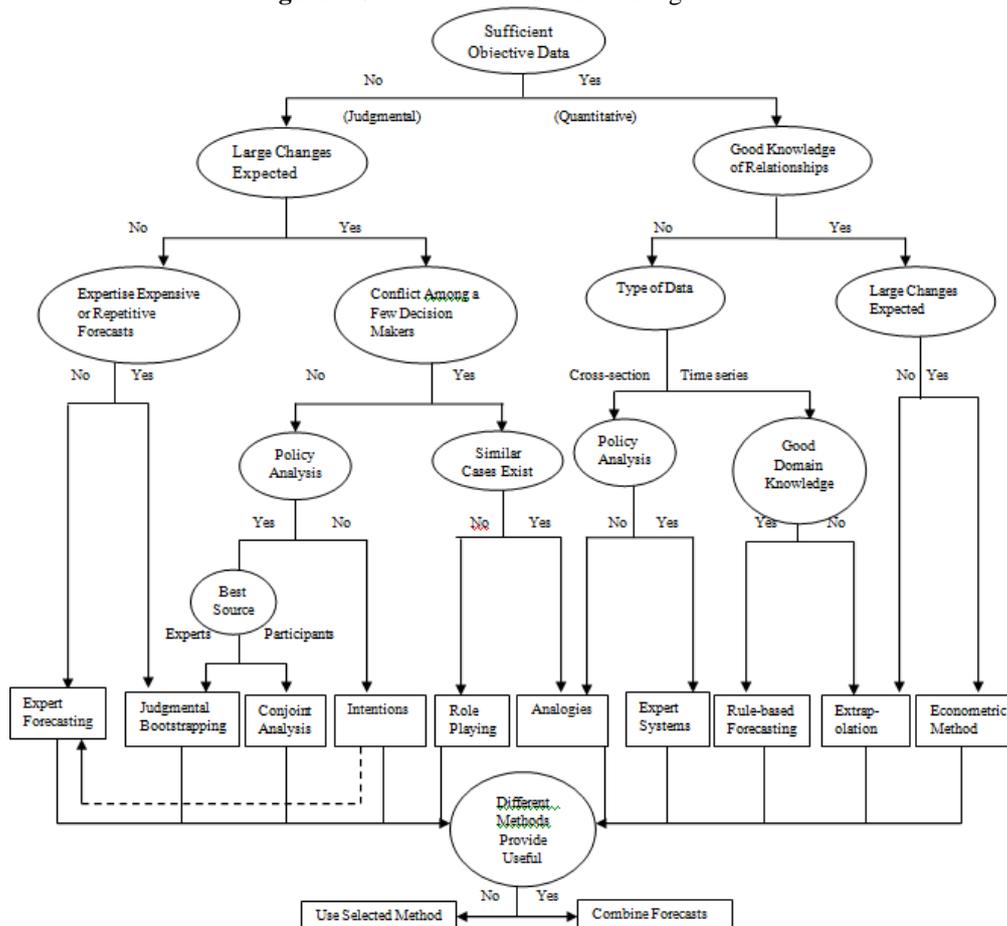
- iii. **Time series analysis:** This involves data obtained at regular intervals. It premises on historic values to determine the future; considering that influencing factors on previous sales are critical to future performance (Gupta, 2011).
- iv. **Opinion Polling:** From experiences gained in practice, we have established that opinion polling is a basis for forecasting (Imaga, 1993).
- v. **Causal Models:** This involves the use of mathematical approach to explain the linearity of two variables.
- vi. **Survey method:** This involves the use of instruments (questionnaire and interview) for data gathering regarding consumer buying behavior.

However, the choice of any of the aforementioned techniques depends on some secluded factors which must be constantly reviewed. Chambers *et al.* (1971) added that this selection depends on many factors—the context of the forecast, the relevance and availability of historical data, the degree of accuracy desirable, the time period to be forecast, the cost/ benefit (or *value*) of the forecast to the enterprise, and the time available for making the analysis. For the purpose of adoptability for SMEs, Hudson (1999) classified the techniques:

- i. **On the basis of what people say;** this involves the opinion of buyers, salesmen or outside experts. According Kotler (2004), three methods are employable under this aspect, such as surveys of buyers’ intentions, composites of sales force opinions and expert opinion.
- ii. **On the basis of what people do;** this involves prototyping a product to determine its acceptability at a concentrated market.
- iii. **On the basis of what people have done;** which involves analyzing mathematical records of past buying behavior using time series analysis or statistical demand analysis, (Kotler, 2004).

In their distinctive study, Armstrong and Brodie (1999) designed a selection tree to help solve the barriers of forecasting choice. Their concern was principally on when the right tool should be used. This study adopted the diagram as shown below.

Figure2. Selection Tree for Forecasting Methods



Armstrong, J.S. and Brodie, R.J. (1999). *Forecasting for Marketing*. In Graham J. Hooley and Michael K. Hussey (Eds.), *Quantitative Methods in Marketing*, Second Edition. London: International Thompson Business Press. pp. 92-119.

The diagram above shows that forecasting can be done in no one special way. However, Beattie (2016) stated that all forecasting follow the same process as shown below:

- i. *A problem or data point is chosen.* This involves determining future demand and sales.
- ii. *Theoretical variables and an ideal data set are chosen.* This is where the forecaster identifies the relevant variables that need to be considered and decides how to collect the data.
- iii. *Assumption time.* To cut down the time and data needed to make a forecast, the forecaster makes some explicit assumptions to simplify the process.
- iv. *A model is chosen.* The forecaster picks the model that fits the data set, selected variables and assumptions.
- v. *Analysis.* Using the model, the data is analyzed and a forecast made from the analysis.
- vi. *Verification.* The forecaster compares the forecast to what actually happens to tweak the process, identify problems or in the rare case of an absolutely accurate forecast, pat himself on the back.

III. Research methodology

In this study, survey research method was adopted. Aldridge & Levine (2001) deduces that survey design is useful based on its predictability of behavioural trends, and its ability to assist researchers in collecting identical information concerning all the cases in a sample. For this study, market driven forecast is the predictor variable and business performance is the explained variable. This study measures business performance with competitive advantage, profitability, customers’ satisfaction and product success. A well structured questionnaire was used to facilitate this survey research. For the purpose of reliability of the instrument, Cronbach’s alpha was used.

Table1. Reliability of Constructs in the Questionnaires.

Constructs	No. of Items	Cronbach Alpha Coefficient
<i>Competitive Advantage</i>	2	0.74
<i>Profitability</i>	2	0.83
<i>Customers’ Satisfaction</i>	3	0.75
<i>Product Success</i>	4	0.81
<i>Market Driven Forecast</i>	9	0.72

The table above shows that the reliabilities of constructs in the Questionnaires were: competitive advantage- 0.74; profitability- 0.83, customers’ satisfaction- 0.75; product success- 0.81; and market driven forecast- 0.72. It is revealed by the result that the cronbach alphas for all the constructs are above the recommended limit of 70%. This implies that the research instrument is reliable. Thus, the instruments were considered reliable for data collection.

The study gathered its data from 375 selected SMEs that have existed for at least five years in Ogun State, Nigeria. The total population of the study was 1,275 potential respondents. The study determined its sample size using Taro Yamane method as shown below:

$$n = \frac{N}{1 + N(e)^2} \quad \text{where } n = \text{sample size; } N = \text{population of the study; } e = \text{error estimated at 5\% (0.05).}$$

$$n = \frac{1275}{1 + 1275(0.05)^2} = \frac{1275}{1 + 1275(0.0025)} = \frac{1275}{1 + 3.1875} = \frac{1275}{4.1875} = 304 \text{ approx.}$$

The study adopted cluster sampling techniques, and further used simple random sampling techniques to choose the required sample size. The study was accomplished with combined effort from twelve trained research assistants. The questionnaires were administered patiently for the period of 48 days excluding the Christian Sabbath days. This study thus analyzed the data collected with descriptive method and regression model from SPSS version 17.

IV. Result and discussion

Table II: Demographic Characteristics of the Respondents

Variables	Frequency	Percentage
Experience		
0 – 5	48	24.9
5 – 10	20	10.4
10 – 15	95	49.2
15 – 20	26	13.5
20 & above	4	2.1
Total	193	100
Sex		
Male	105	54.4
Female	88	45.6
Total	193	100
Educational Qualification		
FSLC	10	5.2
SSCE	47	24.4
NCE / OND / DIPLOMA	67	34.7
HND / BSC	57	29.5
MSC & above	12	6.2
Total	193	100
Categories of Products		
Single	28	14.5
Double	60	31.1
Multiple	105	54.4
Total	193	100
Forecast Adopted		
Opinion Polling	68	35.2
Regression Analysis	11	5.7
Survey	61	31.6
Time Series	11	5.7
Others	42	21.8
Total	193	100

Source: Field Survey, 2016

Table II shows that 48 respondents (24.9%) have business experience of up to 5 years; 20 respondents (10.4%) have the business experience of 5 to 10 years; 95 respondents (49.2%) have the business experience of 10 to 15 years; 26 respondents (13.5%) have the business experience of 15 to 20 years; and 4 respondents (2.1%) have the business experience of 20 years and above. It is evident that majority of respondents have the experience which is significant for the authentication of the findings of the study. From the table, it is depicted that 10 respondents (5.2%) hold first school leaving certificate; 47 respondents (24.4%) hold Senior School Certificate; 67 respondents (34.7%) hold National Certificate (or its equivalent); 57 respondents (29.5%) hold Higher National Diploma/ Bachelor of Science Certificate; and 12 respondents (6.2%) hold Master of Science (or its equivalent) and above. This is helpful to the study in that the respondents have distinctive knowledge of the subject matter, and can provide factual data to a reasonable extent.

The table shows that 28 respondents (14.5%) possess a single product; 60 respondents (31.1%) possess double categories of products; and 105 respondents (54.4%) possess multiple categories of products. Regarding forecasting adoption, 68 respondents (35.2%) adopt opinion polling; 11 respondents (5.7%) adopt regression analysis; 61 respondents (31.6%) adopt survey method; 11 respondents (5.7%) adopt time series; and 42 respondents (21.8%) adopt other techniques.

Table III: Responses on Fluctuation of Sales and Customer Demand

Question	Frequency			MeanScore	Cutoff Point
	INC(%)	MOD(%)	DEC(%)		
1. Sales volume	83(43.0)	87(45.1)	23(11.9)	2.311	2.050
2. Customer demand	38(19.7)	38(19.7)	117(60.6)	1.591	2.050

Source: Field Survey, 2016

Note: INC- Increase; MOD- Moderate; DEC- Decrease; Significant at 0.05 level; Cut off Point = Mean point of scale + tolerable level of error

Table III empirically shows that sales volume of SMEs in Ogun State has witnessed increased fluctuation overtime, given that the mean score is greater than the cut-off point (that is, $2.311 > 2.050$). The table also empirically shows that SMEs has witnessed decreased fluctuating customer demand, given that the mean score of 1.591 is less than 2.050 (that is, $1.591 < 2.050$).

Table IV: Responses on Product Success and Market Driven Forecast Adoption

Question	Frequency					MeanScore	Cutoff Point
	VGE(%)	GE(%)	MOD(%)	LE(%)	VLE(%)		
1. Product Success	59(30.6)	32(16.6)	29(15.0)	52(26.9)	21(10.9)	3.290	3.050
2. Market driven forecast Adoption	60(31.1)	82(42.5)	13(6.7)	29(15.0)	9(4.7)	3.803	3.050

Source: Field Survey, 2016

Note: VGE- Very Great Extent; GE- Great Extent; MOD- Moderate Extent; Low Extent; Very Low Extent; Significant at 0.05 level; Cut off Point = Mean point of scale + tolerable level of error

Table IV empirically shows the mean score of product success of SMEs in Ogun State. The mean score of 3.290 is greater than the cut-off point of 3.050 (that is, $3.290 > 3.050$). This implies that the product of some SMEs have been successful over times. The table also empirically shows the mean score of market driven forecast adoption of SMEs in Ogun State. The mean score of market driven forecast adoption is greater than the cut-off point of 3.050 (that is, $3.803 > 3.050$). This implies that some SME owner/managers have adopted market driven forecast overtimes.

Table V: Responses on Performance Uncertainty and Effect of Market Driven Forecast

Question	Frequency					MeanScore	Cutoff Point
	SA(%)	A(%)	UD(%)	D(%)	SD(%)		
1. There is uncertainty about business performance	43(22.3)	68(35.2)	47(24.4)	9(4.7)	26(13.5)	3.482	3.050
2. Market driven forecasting outcome affects planning & decision making.	86(44.6)	59(30.6)	19(9.8)	21(10.9)	8(4.1)	4.005	3.050

Source: Field Survey, 2016

Note: VGE- Very Great Extent; GE- Great Extent; MOD- Moderate Extent; Low Extent; Very Low Extent; Significant at 0.05 level; Cut off Point = Mean point of scale + tolerable level of error

From Table V, for statement one, the mean score is 3.482. Since the mean score of 3.482 is greater than the cut-off point of 3.050 (that is, $3.482 > 3.050$), it is deduced that there is uncertainty about the business performance of SMEs in Ogun State. The table also empirically shows for question two that the mean score is 4.005. Similarly, since the mean score of 4.005 is greater than the cut-off point of 3.050 (that is, $4.005 > 3.050$), it is deduced that market driven forecasting outcome has significant effect on planning and decision making of SMEs in Ogun State.

Table VI: Summary of regression analysis regarding the effect of market driven forecasting on Performance

Predictor	Explained	Co-efficient	S.E β	Value of R ²	Value of Statistics (ANOVA)
MDF	CA	0.152	0.086	0.023	4.517**
MDF	PF	0.424	0.076	0.179	41.774**
MDF	CS	0.634	0.068	0.402	63.779**
MDF	PS	-0.443	0.245	0.188	21.944**

Note: **. Correlation is significant at the 0.01 level; N = 193; MDF= Market Driven Forecast; CA= Competitive Advantage; PF = Profitability; CS= Customer Satisfaction; PS= Product Success.

From Table V above, it is observed that 2.3% of the variation in competitive advantages of SMEs is explained by market driven forecasting. The presence of unexplained variation suggests that there are other predictor variables which affect variations in competitive advantages of SMEs in Ogun State, Nigeria. The co-efficient (0.152, p= 0.01) shows that an increase in the effort of market driven forecasting will lead to about 15.2% increase in the level of competitive advantages of SMEs. With the very low value of ANOVA (4.517, p= 0.01), we therefore uphold that market driven forecasting has a very weak effect on competitive advantages of SMEs in Ogun State, Nigeria.

From the table, it is also observed that 17.9% of the variance in profitability is explained by market driven forecasting. This is a weak predictor, given that higher percentage of variation in profitability is explained by other strong variables. Given the value of ANOVA (41.774, p= 0.01), we therefore deduce that market driven forecasting has a weak effect on profitability of SMEs in Ogun State, Nigeria.

The table above also shows that 40.2% of the variations in customer satisfaction are explained by market driven forecasting. The variation indicates that market driven forecasting is a weak predictor. Given that the ANOVA value is 63.779, p = 0.01; we therefore deduce that market driven forecasting has a weak effect on customer satisfaction of SMEs in Ogun State, Nigeria.

Finally, the table shows that 18.8% of the variation in product success is explained by market driven forecasting. The negative co-efficient (-0.443, p= 0.01) shows that an increase in the effort of market driven forecasting will lead to about 44.3% decrease in the level of product success of SMEs. Given the ANOVA value (21.944, p = 0.01), we therefore uphold that market driven forecasting has a negative effect on product success of SMEs in Ogun State, Nigeria.

Discussion of Findings

It was discovered that majority of the respondents have the business experience of 10 to 15 years which is quite favourable to the study. Similarly, majority of the respondents held National Certificate (or its equivalent), and this implies that they are at least fairly educated, and have distinctive knowledge of the subject matter. This range of experience and educational qualification are significant for the authentication of the findings of the study in that adequate data that are complete in whole are supplied for scientific verification.

This present study discovered that majority of SMEs possess multiple categories of products, and that the owner/managers adopt opinion polling, regression analysis, survey method, time series and other techniques for market related forecasting in Ogun State, Nigeria. This implies that SME owner/managers in this area are familiar with forecasting as being significant in business competition in Ogun State.

It is also observed that sales volume of some SMEs in Ogun State has witnessed increased fluctuation overtime and decreased fluctuating customer demand. This is attributed to the result that reveals that there is uncertainty about the business performance of SMEs in Ogun State. With regard to the fluctuation in sales volume and customer demand, it is deemed that the performances of SMEs are uncertain; thus, market driven forecasting is highly imperative for planning and decision-making. The result of the study further revealed that market driven forecasting outcome has significant effect on planning and decision making of SMEs in Ogun State. This logically implies that market driven forecasting can aid effective planning and decision-making, which may lead to business performance improvement.

This present study reveals that market driven forecasting is not a guaranteed techniques for influencing business performance parameters (such as competitive advantages, profitability, customer satisfaction, product success). It was discovered that market driven forecasting has a very weak effect on competitive advantages, profitability and customer satisfaction of SMEs in Ogun State, Nigeria. This implies that market driven forecasting without effective planning and decision-making will lead to little or no achievement of improved competitive advantages, profitability and customer satisfaction. The finding of this study validate the position of Armstrong and Brodie (1999) that forecast is to only ask decision makers to decide in advance what decisions they will make given different possible forecasts.

Finally, it was discovered that market driven forecast has a negative effect on product success of SMEs in Ogun State, Nigeria. This implies that investment in market driven forecast will lead to no success for their

product, but failure due to the fact that customers are faced with a range of substitutes at the market. Product failure may occur as a result of poor management of quality for SMEs' products in Ogun State, Nigeria. Factually, it is observed that total quality management is avoided by owner/managers based on the scope of their businesses.

V. Conclusion

Market driven forecast is a task that must be considered as being very paramount for SMEs. Experience and educational qualification are viewed as significant factors that illuminate the choice and handling of forecasting techniques. It is clear today that economic situation of the nation affects sales volume of some SMEs, and also customer demand. This creates uncertainty about the business performance of SMEs in business competition. In this regard, market driven forecasting is highly imperative for planning and decision-making to rescue SMEs in an unforeseen event in business competition.

Nevertheless, market driven forecasting is not a guaranteed technique for influencing business performance parameters (such as competitive advantages, profitability, customer satisfaction, product success). Forecasting only induce effective planning and decision-making which have implications on business performance at the long-run. Investment in market driven forecast is not sufficient enough to enhance a guaranteed business performance in business competition.

VI. Recommendations

The study recommends that:

- i. SME owner/managers should obtain a reasonable knowledge and experience concerning market driven forecast in Nigeria. In the case of new birth firms, SME owner/managers should tap from the experience of matured firms. This will be helpful in choice making and also the handling of forecasting techniques.
- ii. SME owner/managers should carefully adopt the outcome of forecast for effective planning and decision-making. This will help to minimize/prevent uncertainty about the business performance of SMEs in business competition.
- iii. SME owner/managers should view forecasting as a strategic approach to diagnosing business strategic issues, and as such do it better. This is because; other firms are interested in the same pay-off, and as such, are doing forecasting in their own best way.

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