



Financial Re-Engineering and Growth in Performance of Small and Medium Enterprises (SMEs) in Nigeria

Adegbie Folajimi Festus*

Babcock University, School of Management Sciences, Department of Accounting, Ilishan-Remo, Ogun State, Nigeria

Olaore O. Oyindamola

Babcock University, School of Management Sciences, Department of Accounting, Ilishan-Remo, Ogun State, Nigeria

Abstract

Small and Medium Enterprises are the major engine room for growth of every nation. In recent times, studies have shown that business processes have become complex and these have affected the sustainability of SMEs. Changes in business processes require organizations to be dynamic and exploit opportunities perceived to influence performance of small and medium enterprises (SMEs). The study examined the effect of financial reengineering on the growth in performance of SMEs in Nigeria. The study employed survey research design. The sampled population was 11,663 SMEs in Lagos State, the business heartbeat of Nigeria. Using Taro Yamane formula, Sample size was 387. The owners/managers of these SMEs were selected through a multi-stage sampling technique involving stratified and proportionate sampling method. 387 copies of structured questionnaire were administered with a retrieval rate of 100%. Cronbach alpha coefficient ranged from 0.707 to 0.832. Descriptive and inferential statistics were used for data analysis. The findings revealed that financial re-engineering has significant effect on sales growth of SMEs ($Adj R^2 = 0.447$; $F_{(5,381)} = 63.459$, $p = 0.000 < 0.05$). Financial re-engineering has significant effect on liquidity growth of SMEs ($Adj R^2 = 0.504$; $F_{(5,381)} = 79.571$, $p = 0.000 < 0.05$). Financial re-engineering has significant effect on profitability growth of SMEs ($Adj R^2 = 0.448$; $F_{(5,381)} = 63.573$, $p = 0.000 < 0.05$). Financial re-engineering has significant effect on tangible asset growth of SMEs ($Adj R^2 = 0.353$; $F_{(5,381)} = 43.159$, $p = 0.000 < 0.05$). Financial re-engineering has significant effect on growth in capital of SMEs ($Adj R^2 = 0.347$; $F_{(5,381)} = 41.969$, $p = 0.000 < 0.05$). The study concluded that financial reengineering enhances the growth of SMEs in Nigeria. The study recommended that SME owners should implement reengineering process to improve the efficiency and reduce cost of their operations.

Keywords: Financial reengineering; Growth in capital; Growth in performance of SMEs; Liquidity growth; Profitability growth; Sales growth; Tangible asset growth.



CC BY: [Creative Commons Attribution License 4.0](https://creativecommons.org/licenses/by/4.0/)

1. Introduction

Change has become a general phenomenon of business environment in this age of globalization where business transactions are dynamic. Management is compelled to adapt to the change to be profitable, remain liquid, grow and at the same time survive. The markets are competitive and if once the enterprise is rejected by the market, it is hardly possible for the enterprise to recover instantly. The small and medium scale enterprises (SMEs) of the world are facing this situation like the large firms (Mason *et al.*, 2008). Blackwell (2012), warned that SMEs could well lose contracts in both the domestic and international markets if they remain slow in grasping and adopting financial models as a transformative technology and process. Small and medium enterprises (SME) performance forms an important part of the Nigerian economy. The SME sector is a major engine which encourages the growth of jobs and wealth creation in the country's economic system. SMEs performance act as a significant part that is linked to the strengthening and enhancement of the development of the country. The SME performance and growth in manufacturing, agriculture and services sectors have been considered as the engine drive and has contributed to the Nigeria economy. Sustainable Growth and the increase of SME performance, competitiveness will open numerous doors for Employment opportunities, tangible and intangible assets (investment) in the environment (Eniola *et al.*, 2014). Golla (2018), stated that growth and performance are key contributors to the gross domestic product (GDP), accounting for a significant proportion of exports. More than 51 million working enterprises employed over 117 million people and contributed nearly 8% to India's GDP. Though it contributes more to the growth of economy, the sector has been facing various hurdles in India since long. Government of India has taken various steps to overcome such constraints. It has passed Micro, Small and Medium Enterprises Development (MSMED) Act 2006 which brought big changes in this sector. In India, prior to the enactment of this very act, small industries were comprised of tiny, cottage, traditional, and village enterprises. Competitiveness will enhance in these enterprises with the help of this Act. It creates initial level framework for identifying the concept of 'enterprise' which includes both service and manufacturing entities. This act categorized medium enterprises three tiers namely micro, small and medium. It facilitates legal framework mechanism at the national level as well with balanced representation of stake holders in three categories of enterprises with a wide range of all functions. Small and medium enterprises (SMEs) have a role that contributed to the gross domestic product and employment, but the fact is that the success and growth of SMEs

*Corresponding Author

is still low, one indicator is the percentage of small and medium enterprises that have succeeded without financial bottlenecks for penetrating other markets with export potential compared to total existing SMEs in Lagos State (Goksoy *et al.*, 2012). This trend may continue if SMEs do not pay attention to investing in new technology and reforming their organizations to meet with the requirements of the industry and SMEs in Lagos State seem to be no exception to this. Many SMEs around the world remain heavily reliant on straight debt and are under-capitalized, which makes them more vulnerable to economic downturns and dependent on the health of the credit market. For instance, across eight continental European countries in 2014, bank loans constituted 23% of small and 20% of medium sized firms' balance sheets, compared with only 11% for large firms. Abdullahi (2016), opined that a more balanced financial and cost management, may increase the likelihood of attracting bank credit at good conditions, and is associated with higher growth in employment and turnover. SMEs progress will be determined based on the financial soundness. The financial position is determined based on the effective utilization of funds and the style of mobilizing the required funds. Revathy and Santhi (2012) observed that in order to measure the operating efficiency of the organization's, it is essential to analyze the extent of utilizing all the resources via, men, materials, machineries, money and methodology which represent the common problem of SMEs in Nigeria, thereby frustrating liquidity position and threatening the ease of doing business in a changing environment.

Jasra *et al.* (2011), opined that the business environment has become so fiercely competitive that it needs strong relationships between the customers and leading production, manufacturing, and service companies. Many of such companies are still experiencing various problems for their competitiveness in the world market and fulfilling customers' demands. This occurs because of several reasons. The first reason is when the companies are not well prepared to face rapidly changing technologies and the high pace of product development. The second reason arises when companies cannot control resource utilization, inventory level, and system performance. The third reason is that error rates of customer order fulfillment are high and their inquiries are ignored for long time. These management problems can lead to high turnover of the staff and loss of money. It can be observed that this critical situation threatens the survival of the companies despite restructuring and downsizing. It reflects the fact that the traditional methodology of improvement, such as restructuring, downsizing, rationalization, and automation, have not been able to solve the system performance problems in the companies concerned especially the SMEs.

Financial reengineering is one of such tools which many organizations have used to implement change. It involves how business financial processes are redesigned and reengineered to spur the organization's growth. According to Orogbu *et al.* (2015), business process reengineering initiatives have had low rates of success and such failures have raised a range of challenging questions about the effectiveness of reengineering especially financial reengineering to address the problem of business survival among the SMEs. The concept of reengineering calls for many debates, especially in its relation to a concept of restructuring. The traditional definition of reengineering claims that an enterprise reengineering represents a "vital re-thinking and radical reconstruction (redesign) of enterprise processes so that dramatically improvement can be obtained in terms of critical measures of efficiency such as: costs, quality, service and speed". Reengineering focuses on remodeling enterprise processes that are thus straightened – it strives for eliminating all useless duplicate activities, uniting the activities and innovating the ineffective ones. The changes of the basic corporate modules are reflected in internal processes of the firm. Nadeem and Ahmad (2016); Thakkar (2017) described financial reengineering as always trying to improve performance, services, and quality. They stated that, organizations are taking initiatives to provide better and different services to their customers in different ways to meet the expectations of the customers. Organizations need satisfied and loyal customers to survive and operate in the long run. Mergers and acquisitions are also playing their role as an important tool to enhance the resources, skills, abilities, operations, market access and performance and to meet the global requirements. Financial Reengineering is also important and organizations are using this approach in the present days to improve their performances, to become more efficient and effective. Financial Reengineering approach is better because it focus on those goals, objectives and targets which are not only understandable but also easy to attain to reduce the cost, improve the customer satisfaction, loyalty and performance of the organizations.

Financial reengineering can be successfully implemented in any company no matter the size, as long as the company owner has the determination for making changes and the vision for creating a new culture focused on people and innovation. Financial reengineering involves the development of innovative financial processes. These new processes reduce the cost of developments, time to product appearance, and generally the result of legislative or regulatory changes (for example, the low interest rate of loan from the Bank of Industry (BOI)), or of technological developments (electronic security trading). Equally important for measuring an organization's performance is process-oriented management or business process management (BPM), which Grover and Malhotra (1997) described as managing entire chains of events, activities and decisions that ultimately add value to the organization and its customers. These chains of events, activities and decisions are called processes. Ugochukwu and Patrick (2015), opined that though decision to undertake a radical redesign of financial processes to achieve dramatic improvement is not without risks, but an even greater risk would be not to embark on it at all. They also noted that the drastic change in the Nigerian economy has brought serious financial challenges to the small and medium scale enterprise in Lagos State in terms of growth in their performance. Wakkee *et al.* (2015), stated that the inability of SMEs to meet the conditions required by the financial institutions for advancing credit constitutes a limiting factor. For instance, a principle and model of lending requires that an SME provides collateral security and other evidences of creditworthiness to be able to secure a loan. Unfortunately, most SMEs are not able to meet these stringent requirements and the need for financial re-engineering. Thus, this study examines the effect of financial reengineering on the growth of small and medium scale enterprise in Nigeria.

Small and medium scale enterprises (SMEs) have been identified by researchers like [Eniola *et al.* \(2014\)](#), [Gibcus \(2003\)](#) as the catalysts and builders for economic growth and national development for both developed and developing countries, particularly Nigeria. The challenges affecting the performance of SMEs in Nigeria include financial constraints, infrastructural problems, management problems, marketing problems, technological problems, corruption problem, lack of skill labor, government unfavorable fiscal policy and policy inconsistency's, inadequate training, socio-cultural problem, strategic planning problem, multiple taxation, and location and business environment problem ([Abdullahi, 2016](#)). Small and medium enterprises have been perceived to be a very important sector for most economics in the world. SMEs in Nigeria are besieged with a lot of problems which have hindered the growth and development of the small and medium enterprises in the country. The financial problem however appears to be paramount, because there are a lot of claims that finance has either positive or negative effect on performance and profitability of small and medium enterprises, thus the ability to exist in a long run. Business environment is facing spontaneous and unpredictable changes mostly because of rapid evolution of financial engineering. The impact of this engineering revolution is directly felt by SMEs as it drastically changes their core and fundamental operational capabilities ([Mensah *et al.*, 2015](#); [Swierczek and Ha, 2003](#)). [Kurtulus \(2012\)](#) stated that, the business environment is increasingly becoming complex and businesses must become accustomed to changes posed by the complexity of the environment which requires the organization's new perceptiveness to be more competitive, but many organizations have not been able to complement their internal business environment with the external business environment thereby resulting in organizational deficit making them largely unproductive on the long run. Also, a positive connection has been recognized among operating environment and business growth in developed countries ([Harris and Gibson, 2006](#)).

The term performance is not new in all aspects of strategic management and management field at large. For example, performance management, performance measurement, performance assessment, or performance evaluation are used in various fields of management science. However, the meaning of the word is still relative, there may be no one accepted definition of performance rather it depends on the area and the person defining it. In numerous small business literatures, SMEs performance has been studied by a number of researchers. Most of these studies concentrated on examining causes of SMEs performance, in which quite a lot of variables were recognized as the factors influencing SMEs performance. SMEs performance can be seen as how the firm provides value to its stakeholders such as owners, customers, society and even government. In other words, it indicates how thriving the management manages the firm resources ([Aminu and Mohd, 2015](#); [Mulani *et al.*, 2015](#)). Despite the deluge of studies on the SME sector in Nigeria and Lagos specifically, few studies have critically investigated effect of how finance when acquired are used on the performance of SME, since the skills needed to set up a business is not same as those needed to run a business ([Edward, 2012](#)). Most of the existing studies often focus on Commercial Banks' Credit and SMEs Development ([Dada, 2014](#)), impact of micro-finance on small scale business ([Aregbeyen, 2011](#)) effect of SMEs financing on economic development ([Eniola *et al.*, 2014](#); [Taiwo *et al.*, 2016](#)), looked into the SME sustainable competitive advantage and emphasis on its growing importance, [Robert *et al.* \(2018\)](#) has attempted associating hostile operating environment as killing SMEs in Nigeria. Hence, the need for this study to examine the effect of financial reengineering on the growth in performance of small and medium scale enterprise in Nigeria using Lagos State being perceived as the most commercialized state in Nigeria and the business heartbeat of Nigeria

The main objective of this study was to evaluate the effect of Financial reengineering on the Growth in performance of Small and Medium scale Enterprise in Nigeria. The specific objectives were to;

1. determine the effect of financial re-engineering on sales growth of SMEs in Nigeria
2. evaluate the effect of financial re-engineering on Liquidity growth of SMEs in Nigeria;
3. assess the effect of financial re-engineering on profitability growth of SMEs in Nigeria
4. evaluate the effect of financial re-engineering on Tangible Asset growth of SMEs in Nigeria and
5. determine the effect of financial re-engineering on growth in capital of SMEs in Nigeria.

The following stated hypotheses were tested in the study

- H₀1: Financial re-engineering does not have significant effect on sales growth of SMEs in Nigeria.
 H₀2: There is no significant effect of financial re-engineering on Liquidity growth of SMEs in Nigeria.
 H₀3: There is no significant effect of financial re-engineering on profitability growth of SMEs in Nigeria.
 H₀4: Financial re-engineering does not significantly affect tangible asset growth of SMEs in Nigeria.
 H₀5: There is no significant effect of financial re-engineering on growth in capital of SMEs in Nigeria.

2. Literature Review/Theoretical Underpinning

2.1. Conceptual Review

2.1.1. SMEs Growth

SME's are generally regarded as the engine of economic growth in developing economies and developed nations ([Agwu and EmetiIssues, 2014](#)). [Alese \(2017\)](#), opined that this stems from the realization that almost all countries that have focused on SMEs sector have ended up in the significant reduction in poverty level and its attendant enhancement in the quality and standard of living, reduction in crime rate, increase in per capita income as well as rapid growth in national output among other salutary effects. Small Medium Enterprises (SMEs) are still an issue that is interesting to study because it is recognized that small businesses have a major role in employment and contribution to the gross domestic product. Previous research shows that the growth of SMEs is determined by the owner/manager characteristics (personal approach), and how the strategy is taken (managerial approach). Growth determinants of small businesses can be classified in many factors: individual, organizational, and environmental,

factor of organizational resources, the competence of the company, organizational culture and structure, competency of individuals in the entrepreneurial process (Li, 2009). SMEs performance is determined by the owner/manager characteristics and entrepreneurial competence (Nimalathan, 2008; Sarwoko *et al.*, 2013). Growth is the result of company strategies employed to achieve market-oriented and financial goals (Harash *et al.*, 2013; Harash *et al.*, 2014a). The level of success of a company within the small and medium enterprises (SMEs) sector is measured through its growth based over a period of time. In business, the concept of growth is sometimes used to refer to a company's survival (Islam *et al.*, 2011). Given that small and medium enterprises (SMEs) often play a significant role in improving the economy of a country and leads to economy development globally, this puts business growth as one of the key issues for small and medium enterprises (SMEs) where management is concerned. In the modern literature, the level of success of a company within the SMEs sector is measured through its financial performance based on a selected period of time (Harash *et al.*, 2014b).

2.1.2. Sales Growth

Hansen and Juniarti (2014), defined sales growth is an increase in sales from year to year or from time to time. Companies that have high sales growth rates will require more investment in the various elements of assets, either fixed assets or asset lancer, by knowing how big the sales growth, the company can predict how much profit you will get. According to Syafri and Sofyan (2011) explain the meaning sales growth illustrates the presentation out-posts company growth from year to year.

2.1.3. Liquidity Growth

Apart from financial management, liquidity management is also very key in the growth and survival of a business because it will help keep a business afloat. Liquidity is the lifeblood of an organization which enables it to pay its day-to-day expenditures and its persistent cash stream can be assured from a profitable scheme. The significance of liquidity as a pointer of ongoing commercial condition should not be unanticipated in view of its decisive part within the organization (Laloo, 2016). Liquidity management is mostly evaluated from the perspective of working capital management, as most of the indicators used for evaluating liquidity (such as liquidity ratios and cash conversion cycle) are derived from the components of working capital. A very essential part of this asset management is the determination of an optimal level of liquidity (Mohanty and Mehrotra, 2018). Prijadi and Desiana (2017) define liquidity as the ability of a firm to pay its current liabilities using its current assets. Liquidity is one of the most important goals of working capital management and central task of revenue optimization and company's financial performance (Wasswa *et al.*, 2018). Liquidity management is basically considered as life line for any economic unit and its management is considered as the most important functions of corporate management (Mohanty and Mehrotra, 2018).

2.1.4. Profitability Growth

Abdullah (2010), stated that a firm seeks its objectives through the medium of profit and, more specifically, through conversion of its resources into goods and/or services and then obtaining a return on these by selling them to customers. In this respect, survival of the firm depends on profit; unless profits are generated and used for generation of future profit and replacement of resources, the firm will eventually run down. Profitability is a primary measure of all overall success of a company. Indeed, it is a necessary condition for survival. Investors and creditors prefer a single measure of profitability that is meaningful in all situations unfortunately; no single measure can be devised to meet this comprehensive need. Test of profitability focused on measuring the adequacy of income by comparing it with one or more primary activities in factors that are measured in financial statement. To evaluate the profit margin of a company, consider the nature of the industry in which the company operates. The profit margin is also affected by the marketing strategy that the company uses. That is, a low margin strategy requires a high sales volume, while a high margin strategy allows a lower volume of sales to be adequate. Several different best of profitability measures are commonly used some include.

$$\text{Earning per shares} = \frac{\text{Profit available to ordinary shareholder}}{\text{Average number of shares of common stock outstanding}}$$

Banks' loan drives SMEs profitability and sales higher, but collateral limits the growth. Owners involvement in the business does not affect growth but adds profitability. Surprisingly, experience drives the growth and profitability down. Being in a capital city hurts SMEs' growth, but does not affect profitability. The SMEs sub-sectors influence growth and profitability (Prijadi and Desiana, 2017). Variable productivity and industry affiliation have a positive impact on profitability. Therefore, to further improve company's performance the manager should define a strategy to increasing profitability with focusing on productivity and industry affiliation (Margaretha and Supartika, 2016).

2.1.5. Tangible Asset Growth

Every company has a collection unique resource of tangible and intangible assets and capabilities of organization to take advantage of these assets. Each company develops competencies from these resources. When it is well developed, this competence will be a source of the company's Competitive advantage (Kurtulus, 2012).

2.1.6. Growth in Capital

Firms' capital structure is measured using three proxies: total debt; long-term debt, and; short-term debt ratios, in order to ascertain the impact of debt maturity on results (Abbasi *et al.*, 2017; Liběna, 2015).

One of the major mistakes entrepreneurs make is that they do not engage themselves in financial matters. This is one of the important factors SMEs should take note in starting the company. Irena (2013) stated that SMEs have financial problems may be because they do not have enough knowledge or interest in recording transactions, preparation and analysis of financial statements or are extremely involved in other aspects of the business like managing people or in production. Arthur *et al.* (2013), discovered in their study that the number of SMEs that engage in financial management is very low. The study discussed both internal and external financing and recommended that government of any nation should provide favorable platforms for SMEs to access financing that will help them run their business safely. They should also be sensitized about the essence of book keeping, financial reporting and analysis. Gorondutse *et al.* (2018), is of the opinion that the reasons for SMEs being financially constrained include that SMEs have less access to external finance compared to larger firms, therefore, growth has to be financed mostly internally. Retained earnings are considered the most important internal financing source for SMEs. However, in order to finance growth, debt is often needed as not enough funds are available to finance growth only internally (Dinku, 2013). Cassie (2017), explained that owning and operating a business is expensive which the larger companies find a way around it due to the financial backing they may have but for small businesses they have to be resourceful and efficient with the little they have. The researcher stated some cost management techniques for SMEs in order for them to keep afloat even when the economy is tough

2.1.7. Financial Reengineering

Thakkar (2017) stated that financial engineering uses tools and knowledge from the fields of computer science, statistics, economics and applied mathematics to address current financial issues as well as to devise new and innovative financial products according to finance Revathy and Santhi (2012). Financial engineering involves the design, the development, and the implementation of innovative financial instruments and processes, and the formulation of creative solutions to problems in the term "innovative" is used here to describe a solution that is non-trivial. Innovative financial solutions may involve a new consumer type financial instrument, such as IRA and Keogh accounts; a new security, such as money market preferred stock; a new process, such as the shelf registration process; or a creative solution to a corporate finance problem, such as the design of customized security arrangements for a project financing or a leveraged buyout. In the opinion of Thakkar (2017), financial engineering is a discipline which deals with the creating new and improving financial products through innovative design or repackaging of existing financial instruments. Small and medium enterprises (SMEs) are a policy priority for many countries, given their significance in terms of it play a key role in economic development and make an important contribution to employment (Harash *et al.*, 2013; Harash *et al.*, 2014b).

2.2. Theoretical Framework: Contingency and Goal setting Theories Were Used for This Study

2.2.1. Contingency Theory

Fieldler (1964), proposed the contingency theory. The contingency theory of organizational structure presently provides a major framework for the study of organizational design. It holds that the most effective organizational structural design is where the structure fits the contingencies. There are, however, several major challenges to it. Some of these are theoretical, while some are empirical. The contingency theory of organizational structure may also be referred to more succinctly as structural contingency theory. A challenge is that structural contingency theory is static and fails to deal with organizational change and adaptation (Donaldson, 2006). As you refine your organizational structure, you will have to review your managerial philosophy to determine its effectiveness. One popular strategy is to implement the contingency theory of management, which is premised on the idea that there are multiple ways for managers to make decisions in an organization based on different factors. In other words, the contingency theory of management requires flexibility on the part of your managers to evaluate each situation and make decisions unique to those situations. Applying the contingency theory of management requires managers to stay alert and avoid relying on rules, policies and tradition as the only guides for their choices. To improve productivity and employee morale, managers must understand the importance of contingency theory and its positive implications at the workplace. It is true to say the heart of structural contingency theory is statics, in the sense that it deals with how a static state of fit between structure and contingency causes high performance. To this study the theory explains the need for financial reengineering to be addressed at a contingent situation, or a need by way of introducing a financial model to sustain business growth when necessary.

2.2.2. Goal Setting Theory

Locke and Latham (2002) goal-setting theory, one of the most effective motivational theories. It was formulated inductively based on empirical research conducted over nearly four decades. Its roots are based on the premise that conscious goals affect action (where goals are considered the object or aim or an action) (Locke and Latham, 2002). While goal setting theory is generally analysed at individual level, its principles are considered relevant at organizational level, too. They further argues that goal-setting is effective for any task where people have control over their performance. Research in this field currently explores goal setting theory at both individual and organizational level. Latham (2016), stated that with regard to causal relationships, goal setting theory makes three

assertions. First, specific, high goals lead to higher performance than setting no goals or even a vague goal such as the exhortation to “do your best.” Second, the higher the goal, the higher an individual’s performance. Third, such variables as feedback or knowledge of one’s results, participation in the making of decisions, or competition with others have little or no effect on a person’s behavior unless they lead to the setting of a goal that is both specific and difficult. The mediators that explain why specific, high goals increase an individual’s performance are four-fold. First, consistent with the definition of motivation, a specific goal involves the choice to take action to pursue X to the exclusion of other factors. Thus a goal that is specific enables people to focus, to have a purpose in what they do rather than to meander relatively aimlessly. Second, a goal that is difficult as well as specific engenders effort, a second cornerstone of motivation. Hence, the higher a specific goal, the more effort that is expended. The third mediator is persistence. When a goal that is chosen is specific rather than vague, and difficult rather than easy, people persist in their pursuit of the goal until it is attained. Goal setting theory is integrated into a longitudinal high performance cycle (HPC) which provides a framework for understanding motivation more thoroughly by [Locke and Latham \(2002\)](#). According to HPC, goal setting theory predicts,

explains, and influences an employee’s job performance and satisfaction which triggers employees’ commitment to organization ([Locke and Latham, 2002](#)). Job satisfaction affects organizational commitment, and job dissatisfaction leads to reduce employee commitment to the organization. Essentially job satisfaction increases organizational commitment and high organizational commitment leads to the setting high goals, which indicates the recursive nature of HPC. According to high performance cycle (HPC), goal specificity and level of difficulty, which are referred to as demands, affect job performance positively. High goals lead to high performance, which in turn leads to contingent rewards, which can be external or internal, and through these, to job satisfaction. Therefore rewards mediates the role between demands and job performance [Locke and Latham \(2002\)](#), [Kenneth et al. \(2018\)](#), stated that Goal setting theory is integrated into a longitudinal high performance cycle (HPC) which provides a framework for understanding motivation more thoroughly. According to HPC, goal setting theory predicts, explains, and influences an employee’s job performance and satisfaction which triggers employees’ commitment to organization ([Locke and Latham, 2002](#)). Job satisfaction affects organizational commitment, and job dissatisfaction leads to reduce employee commitment to the organization. Essentially job satisfaction increases organizational commitment and high organizational commitment leads to the setting high goals, which indicates the recursive nature of HPC. According to high performance cycle (HPC), goal specificity and level of difficulty, which are referred to as demands, affect job performance positively. High goals lead to high performance, which in turn leads to contingent rewards, which can be external or internal, and through these, to job satisfaction. Therefore rewards mediates the role between demands and job performance [Locke and Latham \(2002\)](#). In organizational context, personal empirical observations highlight that the goals of individuals, teams and the entity as a whole can be in conflict. Goal conflict can motivate incompatible actions and this has the potential to impact performance. Thus, alignment between individual goals and group goals is important for maximizing performance ([Locke and Latham, 2002](#)).

2.3. Empirical Review

[Thakkar \(2017\)](#), examined financial engineering as a factor leading to growth of financial market in India with the major aim of understanding the concept of financial engineering, the functions carried out by it and also factors that can affect financial engineering. It was stated in the study that financial engineering involves itself with the designing, development and implementation, processing and also formulation of creative solution to financial problems. These solutions are carefully examined and created and applied to financial market problems that will provide already processed solutions. These processes are used to hedge against future risks some of which are elements of forward, future options and swaps and foreign currency risks. The study concluded that financial engineering is one of the basics of a good financial system that is the life blood of an effective and efficient system. Financial engineering and its innovative products have played an important role in expanding sources of finance and meeting investors and issuers’ requirements which can also help managers abreast of their rivals, controlling volatility, risk management and reduce stock risk. [Sanjo and Ibrahim \(2017\)](#), studied the effect of international business on SMEs growth in a competitive environment, using Nigeria as a case study. This study adopted ordinary least square method of data analyses. And it was discovered from the findings of the study that trade openness as a proxy of competitiveness and FDI has no significant effect on SMEs growth in Nigeria. However, findings revealed that the exchange rate has a significant effect on SMEs growth in Nigeria, and the extent at which exchange rate affects SMEs growth is relatively high. It was further revealed that the exchange rate has a negative coefficient indicating that, as the exchange rate reduces SMEs growth increases. [Shinozaki \(2014\)](#), conducted a research on how capital market financing for SMEs can needs to grow in Asia. The study was conducted with the aim of exploring the potential of capital market financing for SMEs in emerging Asia and also reviewing the challenges of existing SME capital markets and assessing demands on SMEs, regulators, policy makers, market organizes, securities firms and investors for developing an SME market. It stated that due to the emerging Asia’s rapid growth, it has ensured that the SMEs long term funding needs and require robust capital markets as an alternative channel for providing their capital growth. The study concluded that SME capital market can raise demand creation focusing on target segments such as social enterprises and women-led SMEs with designing a low cost structure for SME access to capital market, establishment of investor base that provides initial risk capital for potential growth-oriented SMEs with fostering the venture capital industry, facilitate measures for access to an SME market backed by a comprehensive policy support framework and strengthen market literacy for potential SME issuers and investors.

Sanjo and Ibrahim (2017), studied the effect of international business on SMEs growth in a competitive environment, using Nigeria as a case study. This study adopted ordinary least square method of data analyses. And it was discovered from the findings of the study that trade openness as a proxy of competitiveness and FDI has no significant effect on SMEs growth in Nigeria. However, findings revealed that the exchange rate has a significant effect on SMEs growth in Nigeria, and the extent at which exchange rate affects SMEs growth is relatively high. It was further revealed that the exchange rate has a negative coefficient indicating that, as the exchange rate reduces SMEs growth increases. (Shinozaki, 2014) conducted a research on how capital market financing for SMEs can needs to grow in Asia. The study was conducted with the aim of exploring the potential of capital market financing for SMEs in emerging Asia and also reviewing the challenges of existing SME capital markets and assessing demands on SMEs, regulators, policy makers, market organizes, securities firms and investors for developing an SME market. It stated that due to the emerging Asia's rapid growth, it has ensured that the SMEs long term funding needs and require robust capital markets as an alternative channel for providing their capital growth. The study concluded that SME capital market can raise demand creation focusing on target segments such as social enterprises and women-led SMEs with designing a low cost structure for SME access to capital market, establishment of investor base that provides initial risk capital for potential growth-oriented SMEs with fostering the venture capital industry, facilitate measures for access to an SME market backed by a comprehensive policy support framework and strengthen market literacy for potential SME issuers and investors.

Nwanyanwu and Ogbonnaya (2018), worked on the budgetary control and financial performance of small and medium sized enterprises in rivers state with the major aim of determining if any relationship exists between budgetary control and financial performance. The study which has a population of 74 companies who are manufacturing, construction, engineering and related services was finally slimmed down to 63 through Taro Yamani formula for which copies of questionnaire were administered to the management of the sampled companies. The findings showed that there is a significant relationship between budgetary control and financial performance and also budgetary control can be used to drive growth and sustainability of small and medium sized enterprises in Rivers State. At the end of the study, it was recommended that the Trade Association and organized private sectors like the Port Harcourt Chamber of Commerce, Mines and Industries, Manufacturers' Association of Nigeria and other related associations should periodically organize sensitization workshops for small and medium-sized enterprises on the benefits of implementing budgetary control in their businesses. Katarzyna (2017), examined how the impact of training on employees motivation in SMEs industry. It was stated categorically that micro, small and medium sized enterprises constitute the dominant form of business organizations in all countries of the European Union. Using figures, 23 million representing 99% of enterprises in the European Union are SMEs and this shows the importance of the SME to those countries involved. It stated that training are in four stages which are adaptive (acquiring new knowledge and skills needed by the organization), Modernization (continuous improvement of the already gained knowledge and skills in order to respond to changes in the organization), innovation (creating the right conditions for development) and social (integration of members of the organization with each other). 70 copies of questionnaire were administered to employees of different organization and the results showed that forms of trainings are most effective and indicate what the expectations for the future on how to conduct trainings. Organizations are also advised to pay attention to useful trainings because in greater extent they motivate employees. The Securities and Exchange Commission (SEC) of Nigeria conducted a research in 2016 on how capital market financing for SMEs can strengthen then and also boost their possibility of survival. They identified that micro, small and medium enterprises face a financing gap that restricts their economic success. The SEC is now coming into the discussion on how the SMEs can raise capital from the capital market. It was stated in the report that SMEs that are not well structured and with no strong financial ground will continue to have high staff turnover due to the fact they may not have the financial strength to keep their staff. Also, as part of the reports' recommendation, it was stated that is it important for regulators to set up training and education initiatives in order to promote SMEs compliance with the SEC regulations. If SMEs can invest carefully and efficiently on their staff, they will be able to explore opportunities available to them not just from the capital market alone but every other forms of raising finance not common to the general public.

Gervasoni *et al.* (2018), opined that the value of a company has important implications for a successful differentiation strategy. This was stated in their study on the analysis of differentiation strategy and profitability of business auto parts industry in Brazil. The study aimed at investigating how costs and expenses explain profitability of companies' most especially statistical analysis of differentiation strategy in product quality. Data were obtained from 10 companies in the auto part business through questionnaire and interview. This study which was first discussed by Porter in 2004 concluded that expenses are directly or indirectly goods or services consumed for obtaining revenue thus this shows that cost and expenses explains the profitability of the company with emphasis on generic strategy of differentiation in product quality. Shafiwu and Mohammed (2016), examined the effect of product differentiation on profitability in the petroleum industry of Ghana. The study stated that firms differentiate their products to avoid various competitions but performance depends critically on the degree of location. 15 oil marketing companies in Ghana were carefully examined for this study with questionnaires and interviewed used in obtaining information for the purpose of the study. At the end of the research, it was discovered that there exist a positive relationship between product differentiation and profitability in the companies examined. These figures are low due to the fact that the petroleum industry as not really benefited from differentiation compared to other industries. It was recommended to the companies under review that more products should be differentiated in order to increase their profitability and also existing product should be improved and awareness should be created for them. Mugori (2012), sought to determine the effects of access to microfinance on the financial performance of

small and medium enterprises owned by youths in Nairobi Kenya by examining how venture capital can influence the performance of SMEs owned by youth financing in Nairobi, Kenya. A sample of 100 youths' owned SMEs was selected from a population of over 235,000 SMEs using a simple random sampling technique. The study found that most SMEs borrow investment capital with few inheriting their business from their parents or guardians. The empirical results further revealed that loan had the largest significant effect on the financial performance of small and medium enterprises with a beta coefficient of 0.309 followed by savings mobilization with a beta coefficient of 0.210 and training in micro enterprise investment had the least but significant effect with a beta coefficient of 0.048. Based on the findings, the study concluded that provision of microfinance services has a significant effect on the financial performance of the youths' owned enterprises in Kenya.

2.4. Justification for the Study

The main objective of this study was to empirically survey the effect of financial reengineering on the growth in performance of SMEs in Nigeria using Lagos State as the sampled population. Many factors are inherent in successful financial re-engineering within the small and medium scale enterprise. First, it is important that management at the director's level commit ensure that financial initiative is maintained and focused on providing customers with greater value as well as higher return for the entrepreneurs (Cameron and Braiden, 2004). Although, the studies of Erić and Stefanović (2008) show that quality was improved by 84%, time to product appearance was decreased by 75%, communication was improved by 61%, development costs were reduced by 54 and profit was increased by 35%. Indicating that a successfully implemented financial reengineering process in any company no matter the size, as long as the company owner has the determination for making changes will be a success and given that the vision for creating a new culture focused on people and innovation using financial reengineering model. There is still paucity on literature on this subject matter with focus on Lagos State, Nigeria. Furthermore, it can be deduced from literature that any change in the financial strategy could cause a change in the business process, which can hamper on the operational growth of any organization especially the small and medium scale enterprise. This reflects the position of Revathy and Santhi (2012) in their study on Financial Re-Engineering with Particular Reference of State Bank of India, Dindigul. As well as Financial Engineering Guide for MSME Manufacturing Businesses in India. Not many studies in Nigeria have focused on effect of financial reengineering on growth in performance of SMEs. Kenneth *et al.* (2018), empirically studied business process reengineering to Small and Medium Scale Enterprises in the developing world. The researchers looked at a particular set of processes in a particular SME in the oil and gas industry in Nigeria. Therefore, the study was designed empirically to examine the efficacy of the concept of financial reengineering on how it could influence the growth in performance of small and medium scale enterprise in Lagos State. However, few studies have critically investigated effect of how finance when acquired are used on the performance of SME since the skills needed to set up a business is not same as those needed to run a business (Edward, 2012). Existing studies often focus on Commercial Banks' Credit and SMEs Development (Dada, 2014), impact of micro-finance on small scale business (Aregbeyen, 2011), effect of SMEs financing on economic development (Taiwo *et al.*, 2016) among others. Thus, the gap this study sets to fill which is the effect of financial reengineering on performance growth in SMEs.

3. Methodology

This study adopted the survey research design type because the study obtained firsthand information without manipulating them which took the form of primary data in order to study the effect of financial re-engineering on growth of SMEs in Nigeria using Lagos State as the sampled population. The research was subject to the Nigeria population based on geographical location, and in this rationality the population was SME's in Lagos State which was 11,663 based on the approved National Bureau of Statistics figure as at December 2017. Lagos State was selected for this research purpose as it is the most commercialized and most economically important state in the country

Using Taro Yarmane sampling technique the sample size for this research was three hundred and eighty seven (387)

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

Where n = Sample size

N = Population of the study (11663)

e = Tolerable error (5%)

$$n = \frac{11663}{1 + 11663(0.05)^2}$$

$$n = 387$$

Stratified and Proportionate random sampling techniques were adopted in this study by the researcher. The reason for the adoption of these techniques in this study is that SMEs were grouped to align with the five divisions of Lagos State.; and these divisions are Badagry, Epe, Ikeja, Ikorodu and Lagos Island. Proportionate random sampling technique was used because there are variations in the number of SMEs in these locations. To ensure heads of units from various divisions that all the elements or groups under investigation were well represented in the sampling and selection, proportionate sampling technique was adopted.

See application below (Adeeko, 2017).

$$H = \frac{y}{N}(n)$$

Where:

H= is the proportionate sample size

y= represent the total number of element in each stratum

N= represent the total population size for the study

n= represent sample size derived for the study

Therefore:

$$\begin{aligned} \text{Ikorodu} &= \frac{687 \times 387}{11,663} = 23 \\ \text{Epe} &= \frac{517 \times 387}{11663} = 17 \\ \text{Ikeja} &= \frac{5111 \times 387}{11663} = 170 \\ \text{Badagry} &= \frac{609 \times 387}{11663} = 20 \\ \text{Island} &= \frac{4742 \times 387}{11663} = 157 \end{aligned}$$

The computation above represented each number of respondents from each division in Lagos State while the total sum of 387 was the sample size.

Therefore, copies of the questionnaires were administered to each of the five divisions as indicated in Table 3.1.

Table-3.1. Proportionate distribution of sample amongst the selected SMEs in Lagos State

S/N	Divisions	Population Size for each Division	Total study Population	Sample Size	Proportionate Sample Size	Sample percentage (%)
1	Ikorodu	687	11,663	387	23	5.9%
2	Badagary	609			20	5.2%
3	Ikeja	5111			170	43.9%
4	Lagos Island	4742			157	40.6%
5	Epe	517			17	4.4 %
Total		11,663			387	100%

Source: Developed by the Researcher 2019

The instrument used for data collection for the purpose of the research work was questionnaire. This was due to the none availability of secondary data that address the research objectives. The questionnaire was broken into two sections namely: Section A - on factual information about the respondent which included age range, gender, and number of years in employment, qualification and marital status while section B – (question section) comprised questions relating to performance in the organization. The questionnaire was self-structured in accordance with the objectives of the research work. The section B consists of five sections. The study used the following likert scale. Strongly Agree (SA)= 5, Agree (A)=4, Undecided (U)= 3, Disagree (D)= 2, Strongly disagree (SD)=1

The explanation and understanding of the vital concepts, theories and models, was elucidated to link the growth strategies to the performance of the sampled companies. The study traced the link in this regard to the questionnaire so that the respondents would understand the concepts and theories highlighted. Validity is important in this sense of the pre-test of the questionnaire and this has been done by some competent and specialized expert opinion to test face validity. Therefore, the research instrument has been subjected to expert opinion validity various researchers.

Furthermore, reliability refers to the degree to which the instrument to be adopted for the study consistently measure what it intends to measure. A pilot study was carried out using thirty copies of questionnaire. The data collected was coded into the Statistical Package for Service Solution (SPSS) and Cronbach’s Alpha coefficient for all the variables was above the acceptable limit of 0.7. Is a global acceptance that 0.7 to be an acceptable reliability coefficient. The results of the pilot testing indicate that the instrument is reliable since each of the variables Cronbach alpha is above 0.70. minimum coefficient reliability rate

Table-3.2. Reliability of variables table

Variables	No of Item	Cronbach Alphas'
Sales Growth	4	0.813
Liquidity Growth	5	0.900
Profitability Growth	4	0.939
Tangible Asset Growth	4	0.843
Growth in Capital	4	0.904
Strategic Planning	4	0.894
Budgetary Control	4	0.934
Product Differentiation	4	0.889
Market Segmentation	4	0.818
Integrated Information Technology	4	0.807

Source: Researcher’s Study, 2019

The study employed quantitative technique of data analysis. The data were analyzed in two stages; descriptive statistics showed the graphical and numerical representation of the data while inferential statistics evaluated the effects and relationships between the variables. Multiple Regression statistical tool was used to test the hypotheses. Data were double checked for verification to minimize human data entry error. Statistical Packages for Social

Sciences (SPSS) were used for all statistical analyses. Errors, inconsistencies, and missing data were verified with the original questionnaires. The coefficient of determination for R-square and the Adjusted R-square which were used to explain the degree to which the independent variable(s) affect the variations in the dependent variable to complete this study

3.1. Model Specification

The model used in establishing the relationship between the variables of the independent and dependent variables is specified in this section as:

$$Y = f(X)$$

Y = Dependent Variable

X = Independent Variable

Where

Y = Growth in performance of SMEs (GPS)

X = Financial re-engineering (FRE)

GPS = f(FRE)

Dependent Sub-Variables

y₁ = Sales Growth (SLG)

y₂ = Liquidity Growth (LQG)

y₃ = Performance Growth (PFG)

y₄ = Tangible Asset Growth (TAG)

y₅ = Growth in capital (CPG)

Independent Sub-variables

X = Financial reengineering

X = (x₁, x₂, x₃, x₄, x₅)

x₁ = Strategic Planning (STP)

x₂ = Budgetary Control (BGC)

x₃ = Product differentiation (PDD)

x₄ = Market Segmentation (MTS)

x₅ = Integrated Information Technology (IFT)

The functional relationships are as follow:

$$SLG = f(STP, BGC, PDD, MTS, IFT) \text{ ----- equation 1}$$

$$LQG = f(STP, BGC, PDD, MTS, IFT) \text{ ----- equation 2}$$

$$PFG = f(STP, BGC, PDD, MTS, IFT) \text{ ----- equation 3}$$

$$TAG = f(STP, BGC, PDD, MTS, IFT) \text{ -----equation 4}$$

$$CPG = f(STP, BGC, PDD, MTS, IFT) \text{ ----- equation 5}$$

$$GPS = f(FRE) \text{ ----- equation 6}$$

$$y = f(x_1, x_2, x_3, x_4, x_5)$$

The Models

$$SLG = \beta_0 + \beta_1STP + \beta_2BGC + \beta_3PDD + \beta_4MTS + \beta_5IFT + \mu_t \text{ -Model 1}$$

$$LQG = \beta_0 + \beta_1STP + \beta_2BGC + \beta_3PDD + \beta_4MTS + \beta_5IFT + \mu_t \text{ -Mosel 2}$$

$$PFG = \beta_0 + \beta_1STP + \beta_2BGC + \beta_3PDD + \beta_4MTS + \beta_5IFT + \mu_t \text{ -Model 3}$$

$$TAG = \beta_0 + \beta_1STP + \beta_2BGC + \beta_3PDD + \beta_4MTS + \beta_5IFT + \mu_t \text{ -Model 4}$$

$$CPG = \beta_0 + \beta_1STP + \beta_2BGC + \beta_3PDD + \beta_4MTS + \beta_5IFT + \mu_t \text{ -Model 5}$$

$$GPS = \beta_0 + \beta_1STP + \beta_2BGC + \beta_3PDD + \beta_4MTS + \beta_5IFT + \mu_t \text{ -Model 6}$$

Where:

β₀ = Constant term

β₁ – β₅ = Parameters to be estimated

μ_t = Error term captures other variables that are not captured by other variables

4. Findings

4.1. Descriptive Statistics

Table-4.1. Descriptive Result

	Minimum	Maximum	Mean	Std. Dev.
SLG	2.25	5.00	4.31	0.45
LQG	1.60	5.00	4.35	0.48
PFG	1.50	5.00	4.27	0.49
TAG	1.00	5.00	4.26	0.51
CPG	1.25	5.00	4.36	0.51
STP	1.00	5.00	4.35	0.48
BGC	1.00	5.00	4.37	0.50
PDD	1.00	5.00	4.19	0.55
MTS	1.25	5.00	4.23	0.55
IFT	1.25	5.00	4.14	0.56

Source: Authors' Computation; underlying data are obtained from survey 2019

Note: SLG represents Sales Growth, Liquidity Growth (LOG), Profitability Growth (PFG), Tangible Asset Growth (TAG), Growth in Capital (CPG), Strategic Planning (STP), Budgetary Control (BGC), Product Differentiation (PDD), Market Segmentation (MTS), and Integrated Information Technology (IFT)

In Table 4.1, the descriptive statistics show that the results obtained from 387 observations. The score range from 1 and 5 pointing to the fact that the series are composite score of a 5-point rating scale (1 being strongly disagree and 5 being strongly agree). The basic statistical features include the mean, minimum and maximum values, standard deviation, skewness and kurtosis. The standard deviation indicates that the response varies significantly among the sampled respondents. Financial re-engineering indicators are SLG, LQG, PFG, TAG and CPG while the control variables are strategic planning (STP), product differentiation (PDD), market segmentation (PDD), budgetary control (BGC) and integrated information technology (IFT). Among all the dependent variables, SPG tends to have the highest (4.36) average score while on the other extreme, TAG has the lowest average score of 4.26. However, budgetary control (BGC) has the highest mean among the independent variables (4.37) while integrated information technology on the other hand appears to have the least (4.14) average score. The mean of the variables are above average of 3 points which means that the variables are very compatible to resolve the problem. The standard deviation of each variable which is below one scale unit showed the close dispersion from the mean

4.2. Correlation Analysis

Table-4.2. Correlation Result

	SLG	LOG	PFG	TAG	CPG	STP	BGC	PDD	MTS	IFT
SLG	1									
LQG	.241**	1								
PFG	.370**	.334**	1							
TAG	.315**	.467**	.530**	1						
CPG	.284**	.413**	.263**	.338**	1					
STP	.646**	.321**	.388**	.311**	.306**	1				
BGC	.290**	.713**	.429**	.486**	.584**	.409**	1			
PDD	.218**	.175**	.527**	.423**	.111*	.215**	.181**	1		
MTS	.320**	.295**	.472**	.337**	.301**	.250**	.395**	.377**	1	
IFT	.340**	.190**	.409**	.301**	.224**	.270**	.232**	.380**	.386**	1

Source: Authors' Computation; underlying data are obtained from survey 2019

Note: SLG represents Sales Growth, Liquidity Growth (LOG), Profitability Growth (PFG), Tangible Asset Growth (TAG), Growth in Capital (CPG), Strategic Planning (STP), Budgetary Control (BGC), Product Differentiation (PDD), Market Segmentation (MTS), Integrated Information Technology (IFT), Sales Growth (SLG), Liquidity Growth (LQG), Performance Growth (PFG), Tangible Asset Growth (TAG), and Growth in Capital (CPG)

The purpose of the correlation analysis' result presented in Table 4.3.1 is to check the nature of the relationships that exist among the variables considered for our models and to ensure that the correlations among the explanatory variables are not so high to the extent of posing multicollinearity problems. From the correlation coefficients result shown in the Table, it can be seen clearly that no variable correlate highly with other variables, hence this is an indication that the variables are free from multicollinearity problem. Specifically, the correlations reported among the variables especially among explanatory variables: STP, BGC, PDD, MTS, and IFT have all shown positive coefficients and weak associations. The positive correlations ranged between .175 and .646.

4.3. Test of Hypotheses

4.3.1. Test of Hypothesis One

Objective 1: To determine the effect of financial re-engineering on sales growth of SMEs in Nigeria.

Research Question 1: How does financial re-engineering affect sales growth of SMEs in Nigeria?

Hypothesis 1: Financial re-engineering does not have significant effect on sales growth of SMEs in Nigeria

Table-4.3.1. Effect of Financial Re-engineering on Sales Growth

Variable	Coefficient	Std. Error	T-Stat.	Prob.
Constant	1.189	.208	5.715	.000
STP	0.557	.040	14.012	.000
PDD	0.007	.034	.197	.844
MTS	0.089	.041	2.168	.031
BGC	-0.023	.039	-0.575	.566
IFT	0.094	.039	2.434	.015
R ²	0.454			
ADJ. R ²	0.447			
F-STAT.	63.459			
PROB (F-STAT)	0.000			

Source: Authors' Computation; underlying data are obtained from survey 2019

Note: The Dependent variable is Sales Growth (SLG) while the independents are Strategic Planning (STP), Budgetary Control (BGC), Product Differentiation (PDD), Market Segmentation (MTS), Integrated Information Technology (IFT). Adopted level of significance =0.05

$$\text{Model One: } \text{SLG} = \beta_0 + \beta_1\text{stp} + \beta_2\text{bgc} + \beta_3\text{pdd} + \beta_4\text{mts} + \beta_5\text{ift} + \mu_t$$

$$\text{SLG} = 1.189 + 0.557\text{STP} - 0.023\text{BGC} + 0.07\text{PDD} + 0.089\text{MTS} + 0.094\text{IFT}$$

Table 4.3.1 revealed that financial re-engineering variables measured as strategic planning (STP), product differentiation (PDD), market segmentation (MTS) and integrated information technology (IFT) exerted a positive effect on Sales Growth (SLG) except budgetary control (BGC) which exerted a negative effect. This is indicated by the coefficient β_1 0.557, β_3 0.007, β_4 0.089, β_5 0.094 and β_2 - 0.023. Furthermore STP, MTS, and IFT significantly affected sales growth while BGC and PDD are insignificant. This implies that a 1% change in STP, MTS, PDD and IFT will bring about 0.557, 0.089, 0.007 and 0.094 changes in sales growth while a 1% change in BGC will bring about -0.023 change in sales growth. This is further confirmed by the coefficient of determination (*Adj R²*) indicating that 44.7% variation in sales growth can be explained by financial re-engineering (FRE) strategies the SME adopts while the remaining 55.3% were not captured in the model. The model is statistically significant at a level of significance 0.05 the F –statistics is 63.459 while p-value of the f-statistics of 0.000 < 0.05 indicating that financial re-engineering does exert a significant effect on sales growth. Therefore, the null hypothesis was rejected while the alternate hypothesis which states that financial re-engineering has significant effect on sales growth was accepted.

4.3.2. Test of Hypothesis Two

Objective 2: To evaluate the effect of financial re-engineering on Liquidity growth of SMEs in Nigeria.

Research Question 2: In what way does financial re-engineering affect liquidity growth of SMEs in Nigeria?

Hypothesis 2: There is no significant effect of financial re-engineering on Liquidity growth of SMEs in Nigeria.

Table-4.3.2. Effect of Financial Re-engineering on Liquidity Growth

Variable	Coefficient	Std. Error	T-Stat.	Prob.
Constant	1.173	0.210	5.595	.000
STP	0.027	0.040	0.665	.506
PDD	0.037	0.034	1.075	.283
MTS	-0.008	0.041	-0.193	.847
BGC	0.662	0.040	16.667	.000
IFT	0.010	0.039	0.246	.806
R ²	0.511			
ADJ. R ²	0.504			
F-STAT.	79.571			
PROB (F-STAT)	0.000			

Source: Authors' Computation; underlying data are obtained from survey 2019

Note: The Dependent variable is Liquidity Growth (LQG) while the independents are Strategic Planning (STP), Budgetary Control (BGC), Product Differentiation (PDD), Market Segmentation (MTS), and Integrated Information Technology (IFT). 0.05level of significance was adopted for this study.

$$\text{Model Two: } \text{LQG} = \beta_0 + \beta_1\text{STP} + \beta_2\text{BGC} + \beta_3\text{PDD} + \beta_4\text{MTS} + \beta_5\text{IFT} + \mu_t$$

$$\text{LQG} = 1.173 + 0.027\text{STP} + 0.662\text{BGC} + 0.037\text{PDD} - 0.008\text{MTS} + 0.010\text{IFT}$$

Table 4.3.2 showed the effect of financial re-engineering on liquidity growth. Financial re-engineering variables measured as strategic planning (STP), product differentiation (PDD), budgetary control (BGC), and integrated information technology (IFT) exerted a positive effect on Liquidity Growth (LQG) except market segmentation (MTS) which had a negative effect. This is indicated by the coefficient β_1 0.027, β_2 0.662, β_3 0.037, β_5 0.010 and β_4 - 0.008. Furthermore, only BGC significantly affected liquidity growth while STP, PDD IFT and MTS exert an insignificant effect on liquidity growth. This implies that a 1% change in STP, BGC, PDD and IFT will bring about 0.027, 0.662, 0.037 and 0.010 changes in sales growth while a 1% change in MTS will bring about -0.008 change in liquidity growth. This is further confirmed by the coefficient of determination (*Adj R²*) indicating that 50.4% variation in liquidity growth can be explained by financial re-engineering (FRE) strategies the SME adopts while 49.6% variation were not captured in the model. The model is statistically significant at a level of significance 0.05 the F –statistics value of 79.571 while p-value = 0.000<0.05 indicating that financial re-engineering does exert a significant effect on liquidity growth. Therefore, the null hypothesis was rejected while the alternate hypothesis which states that financial re-engineering has significant effect on liquidity growth was accepted.

4.5.3. Test of Hypothesis Three

Objective 3: To assess the effect of financial re-engineering on profitability growth of SMEs in Nigeria.

Research Question 3: To what extent does financial re-engineering affect profitability growth of SMEs in Nigeria?

Hypothesis 3: There is no significant effect of financial re-engineering on profitability growth of SMEs in Nigeria.

Model Three

Table-4.3.3. Effect of financial re-engineering on Profitability Growth

Variable	Coefficient	Std. Error	T-Stat.	Prob.
Constant	0.381	0.228	1.674	.095
STP	0.163	0.044	3.734	.000
PDD	0.321	0.037	8.583	.000
MTS	0.145	0.045	3.235	.001
BGC	0.211	0.043	4.887	.000
IFT	0.073	0.042	1.727	.085
R ²	0.455			
ADJ. R ²	0.448			
F-STAT.	63.573			
PROB (F-STAT)	0.000			

Source: Authors' Computation; underlying data are obtained from survey 2019

Note: The Dependent variable is Profitability Growth (PFG) while the independents are Strategic Planning (STP), Budgetary Control (BGC), Product Differentiation (PDD), Market Segmentation (MTS), Integrated Information Technology (IFT). 0.05level of significance was adopted for this study

$$PFG = \beta_0 + \beta_1STP + \beta_2BGC + \beta_3PDD + \beta_4MTS + \beta_5IFT + \mu_t$$

$$PFG = 0.381 + 0.163STP + 0.211BGC + 0.321PDD - 0.145MTS + 0.073IFT$$

Table 4.3.3 showed the effect financial re-engineering variables measured as strategic planning (STP), product differentiation (PDD), market segmentation (MTS) , budgetary control (BGC), and integrated information technology (IFT) exerted a positive effect on profitability Growth (PFG). This is indicated by the coefficient β_1 0.163, β_2 0.211, β_3 0.321, β_4 0.145 and, β_5 0.073. Furthermore STP, BGC, PDD and MTS significantly affected profitability growth while IFT have an insignificant effect on profitability growth. This implies that a 1% change in STP, BGC, PDD, MTS and IFT will bring about a 0.163, 0.211, 0.321, 0.145 and 0.073 changes in profitability growth. This is further confirmed by the coefficient of determination (*Adj R²*) indicating that 44.8% variation in profitability growth can be explained by financial re-engineering (FRE) strategies the SME adopts while 55.2% variation were not captured. Hence, the model is statistically significant at a level of significance 0.05 the F – statistics value of 63.573 while p-value = 0.000<0.05 indicating that financial re-engineering does exert a significant effect on profitability growth. Therefore, the null hypothesis was rejected while the alternate hypothesis which states that financial re-engineering has significant effect on profitability growth was accepted.

4.3.4. Test of Hypothesis Four

Objective 4: To evaluate the effect of financial re-engineering on Tangible Asset growth of SMEs in Nigeria.

Research Question 4: In what way does financial re-engineering affect tangible asset growth of SMEs in Nigeria?

Hypothesis 4: Financial re-engineering does not significantly affect tangible asset growth of SMEs in Nigeria.

Table-4.3.4. Effect of Financial Re-engineering on Tangible Asset Growth

Variable	Coefficient	Std. Error	T-Stat.	Prob.
Constant	0.742	0.257	2.892	.004
STP	0.070	0.049	1.430	.153
PDD	0.285	0.042	6.765	.000
MTS	0.012	0.050	.230	.819
BGC	0.390	0.049	8.018	.000
IFT	0.065	0.048	1.355	.176
R ²	0.362			
ADJ. R ²	0.353			
F-STAT.	43.159			
PROB (F-STAT)	0.000			

Source: Authors' Computation; underlying data are obtained from survey 2019

Note: The Dependent variable is Tangible Asset Growth (TAG) while the independents are Strategic Planning (STP), Budgetary Control (BGC), Product Differentiation (PDD), Market Segmentation (MTS), and Integrated Information Technology (IFT). 0.05 level of significance was adopted for this study

$$\text{Model Four: TAG} = \beta_0 + \beta_1STP + \beta_2BGC + \beta_3PDD + \beta_4MTS + \beta_5IFT + \mu_t$$

$$TAG = 0.742 + 0.070STP + 0.390BGC + 0.285PDD + 0.012MTS + 0.065IFT$$

Table 4.3.4. Revealed the effect financial re-engineering variables measured as strategic planning (STP), product differentiation (PDD), market segmentation (MTS), budgetary control (BGC), and integrated information technology (IFT) exerted a positive effect on Tangible Asset Growth (TAG). This is indicated by the coefficient β_1 0.742, β_2 0.390, β_3 0.285, β_4 0.012 and β_5 0.065. Furthermore only BGC and PDD significantly affected tangible asset growth while STP, IFT and MTS exert an insignificant effect on tangible asset growth. This implies that a 1% change in STP, BGC, PDD and IFT will bring about a 0.742, 0.390, 0.285, 0.012 and 0.065 change in tangible asset growth. This is further confirmed by the coefficient of determination (*Adj R²*) indicating that 35.3% variation in

tangible asset growth can be explained by financial re-engineering (FRE) strategies the SME adopts while 64.7% variation were not captured. The model is statistically significant at a level of significance 0.05 the F –statistics value of 43.159 while p-value = 0.000<0.05 indicating that financial re-engineering does exert a significant effect on tangible asset growth. Therefore, the null hypothesis was rejected while the alternate hypothesis which states that financial re-engineering has significant effect on tangible asset growth was accepted.

4.3.5. Test of Hypothesis Five

Objective 5: To determine the effect of financial re-engineering on growth in capital of SMEs in Nigeria.

Research Question 5: To what extent does financial re-engineering affect growth in capital of SMEs in Nigeria?

Hypothesis 5: There is no significant effect of financial re-engineering on growth in capital of SMEs in Nigeria.

Table-4.3.5. Effect of Financial Re-engineering on Growth in Capital

Variable	Coefficient	Std. Error	T-Stat.	Prob.
Constant	1.406	0.257	5.470	0.000
STP	0.073	0.049	1.478	0.140
PDD	-0.041	0.042	-0.981	0.327
MTS	0.047	0.050	0.927	0.354
BGC	0.537	0.049	11.022	0.000
IFT	0.064	0.048	1.344	0.180
R ²	0.355			
ADJ. R ²	0.347			
F-STAT.	41.969			
PROB (F-STAT)	0.000			

Source: Authors’ Computation; underlying data are obtained from survey 2019

Note: The Dependent variable is Growth in Capital (CPG) while the independents are Strategic Planning (STP), Budgetary Control (BGC), Product Differentiation (PDD), Market Segmentation (MTS), Integrated Information Technology (IFT). 0.05 level of significance was adopted.

$$\text{Model Five: CPG} = \beta_0 + \beta_1\text{STP} + \beta_2\text{BGC} + \beta_3\text{PDD} + \beta_4\text{MTS} + \beta_5\text{IFT} + \mu_t$$

$$\text{CPG} = 1.406 + 0.073\text{STP} + 0.537\text{BGC} - 0.141\text{PDD} + 0.047\text{MTS} + 0.064\text{IFT}$$

Table 4.3.5 revealed the effect financial re-engineering variables measured as strategic planning (STP), market segmentation (MTS), budgetary control (BGC), and integrated information technology (IFT) exerted a positive effect on Growth in capital (CPG) except product differentiation (PDD), had a negative effect. This is indicated by the coefficient β_1 0.073, β_2 0.537, β_4 0.047, β_5 0.064 and β_3 -0.041. Furthermore only BGC significantly affected growth in capital while STP, PDD IFT and MTS exert an insignificant effect on growth in capital. This implies that a 1% change in STP, BGC, PDD and IFT will bring about a 0.073, 0.537, 0.047, 0.064 change in growth in capital while 1% change in PDD will bring about -0.041 change in capital growth. This is further confirmed by the coefficient of determination (*Adj R²*) indicating that 34.7% variation in growth in capital can be explained by financial re-engineering (FRE) strategies the SME adopts while 65.3% variation were not captured. Hence the model is statistically significant at a level of significance 0.05 the F –statistics value of 41.969 while p-value = 0.000<0.05 indicating that financial re-engineering does exert a significant effect on growth in capital. Therefore, the null hypothesis was rejected while the alternate hypothesis which states that financial re-engineering has significant effect on growth in capital was accepted.

4.3.6. Combined Model

Model Six: GPS = $\beta_0 + \beta_1\text{STP} + \beta_2\text{BGC} + \beta_3\text{PDD} + \beta_4\text{MTS} + \beta_5\text{IFT} + \mu$

$$\text{GFP} = 1.278 + 0.713\text{FRE}$$

The main objective of this study was to evaluate the effect of Financial reengineering on the Growth in performance of Small and Medium scale Enterprise in Nigeria.

Table-4.3.6. Financial re-engineering and Growth in Performance

Variable	Coefficient	Std. Error	T-Stat.	Prob.
Constant	1.278	.134	9.547	0.000
FRE	0.713	.031	22.739	0.000
R ²	0.573			
ADJ. R ²	0.572			
F-STAT.	517.084			
PROB (F-STAT)	0.000			

Source: Authors’ Computation; underlying data are obtained from survey 2019

Note: GPS represents Growth in Performance (GFP), Financial re-engineering (FRE). 0.05 level of significance was adopted.

Table 4.3.6. revealed the effect financial re-engineering exerted a positive effect on Growth in performance (GPS). This is indicated by the coefficient β 0.713. Furthermore FRE significantly affected growth in performance. This implies that a 1% change in FRE will bring about a 0.713 change in growth in performance of SMEs. This is

further confirmed by the coefficient of determination (R^2) indicating that 57.3% variation in growth in performance can be explained by financial re-engineering (FRE) strategies the SME adopts while 42.7% variation were not captured. The model is statistically significant at a level of significance 0.05 the T –statistics value of 9.547, while coefficient of constant β_0 was 1.278 and p-value= 0.000<0.05 indicating that financial re-engineering does exert a significant effect growth in performance. Therefore, the null hypothesis was rejected while the alternate hypothesis which states that financial re-engineering has significant effect on growth in performance was accepted.

4.4. Discussion of Findings

Table 4.3.1 revealed that all financial re-engineering variables had positive effect on Sales Growth (SLG) except budgetary control (BGC) which exerted a negative effect. This is indicated by the coefficient β_1 0.557, β_3 0.007, β_4 0.089, β_5 0.094 and β_2 – 0.023. Also STP, MTS, and IFT significantly affected sales growth while BGC and PDD are insignificant. Table 4.3.2 revealed that Strategic Planning, Budgetary Control, Product Differentiation, Market Segmentation and Integrated Information Technology jointly and significantly explain changes in liquidity growth [$F(5,381) = 79.571$; $p = 0.000 < 0.05$ and $Adj R^2$ value is 51.1%]. This result is consistent with the findings of Abdullahi (2016) and Adebisi *et al.* (2017). He investigated whether the re-engineering efforts of companies to leverage potential benefits of using Information Technology (IT) in their business processes improve their productivity in terms of liquidity growth or overall firm performance. They analyzed firm-level data that covers the period between 1984 and 2004 using a panel data model. We upheld that if financial re-engineering strategies are satisfactory it should increase liquidity growth. The study confirmed in Table 4.3.3 that there is significant effect of financial re-engineering on profitability growth of SMEs in Lagos State. All financial re-engineering variables had positive effect on profitability growth. STP, BGC, PDD and MTS significantly affected profitability growth while IFT have an insignificant effect on profitability growth. This is consistent with Aregbeyen (2011) study who found that the re-engineering project positively improved the profitability of the banks in Nigeria. Strategic planning, Product differentiation, market segmentation and integrated information technology are positive and statistically significant while integrated information technology had a positive but insignificant effect. We thereby upheld that if financial re-engineering strategies are good it should increase profitability growth. From the result in Table 4.3.4, all financial re-engineering variables had effect on tangible asset indicated by the coefficient β_1 0.070, β_2 0.390, β_3 0.285, β_4 0.012 and β_5 0.065. Furthermore only BGC and PDD significantly affected tangible asset growth while STP, IFT and MTS exert an insignificant effect on tangible asset growth. Hence, we sustained that if financial re-engineering strategies are good enough it should increase tangible asset growth. The study revealed that financial re-engineering and growth in capital, the findings from the results in Table 4.3.5. This is further confirmed by the coefficient of determination ($Adj R^2$) indicating that 34.7% variation in growth in capital can be explained by financial re-engineering (FRE) strategies the SME adopts. At a level of significance 0.05 the F –statistics value of 41.969 while p-value = 0.000<0.05 indicating that financial re-engineering does exert a significant effect on growth in capital. Hence, we sustained that if financial re-engineering strategies are good enough it should increase growth in capital.

From Table 4.3.6, our findings revealed that all the financial re-engineering indicators are jointly statistically significant in explaining variation in growth in performance of SMEs. At a level of significance 0.05 the T –statistics value of 9.547, while coefficient of constant β_0 was 1.278 and p-value= 0.000<0.05 indicating that financial re-engineering does exert a significant effect growth in performance. Our findings are consistent with the work of Aregbeyen (2011). Similarly we further upheld that financial re-engineering strategies impacts on growth of performance of SMEs in Lagos State Nigeria.

4.5. Implications of Findings

Findings from analysis of the study have some implication for SME operators, potential investors, researchers, and government. Each implication is discussed subsequently;

Proper strategic planning, adequate budgetary control, proper product differentiation, market segmentation and integrated information technology support are critical factors in the business growth in performance and, thus, necessary for perceived sales growth, liquidity growth, profitability growth, tangible asset growth and growth in capital. At present, the existing security falls below satisfaction and, therefore, does not support dynamism and operational expansion of the SMEs. For this reason, the SME sector will be able to formulate policies to enhance performance level (Adeeko, 2017).

Potential investors should understand that business organizations are complex systems, there is a need for the organization to be capable of learning how to respond to changes in its operation as well as changing its internal formation and subsequently changing the individual elements behavior for survival and growth. Changes in the business processes are capable of leading to instability in the business, organization in response to swift, unanticipated alteration in the operating environment; the owner/managers must be in tune with these changes and formulates strategies in order to manage these changes effectively. Potential investors should implement effective management practice to enhance growth in performance

Empirical work done by previous researchers focused on other variables of SME performance, but not the ones used in study. This shows that a significant association exists among the variables of financial reengineering and enterprise performance. Thus, the finding of this current study helps to improve the understanding of the financial reengineering and growth in performance of an enterprise. This means that the implementation of financial reengineering strategies is important in the area of enterprise performance.

Findings on the effect that financial reengineering strategies has on the growth in performance of SMEs can assist government in identifying shortcomings and loop holes affect business operations and performance and also how improving the enterprise operating environment can improve performance and survival of SMEs. When the SME sector has advanced in aspect of performance and effectiveness, it enables them to contribute their level best to the improvement of the economy. Accordingly, the environment within which the SMEs function becomes the instantaneous in terms of benefit that will roll out from them. Government can also put in place policies that will favor SME smooth operation,

5. Conclusion

The conclusion which was made from the analysis conducted is as follows:

There is a significant effect of financial re-engineering on sales growth. This is manifested by the positive association that was found in the analysis. In addition, the coefficient of determining value that was gotten in the analysis affirms the conclusion that financial reengineering has a significant effect on sales growth. Financial re-engineering has a significant effect on liquidity growth of SMEs in Lagos State. Considering, p value of the analysis which was below 0.05, it can be therefore concluded that financial re-engineering has a significant effect on liquidity growth. Financial re-engineering has a significant effect on profitability growth of SMEs in Lagos State, it was discovered by the coefficient of determination ($Adj R^2$) indicating that 44.8% variation in profitability growth can be explained by financial re-engineering (FRE) strategies the SME adopts. This therefore concluded that financial re-engineering has a significant effect on profitability growth. There is a significant effect of financial re-engineering on tangible asset growth of SMEs in Lagos State. This is manifested by the positive association that was found in the analysis. In addition, the coefficient of determining value that was gotten in the analysis affirms the conclusion. Financial re-engineering has a significant effect on growth in capital of SMEs in Lagos State. Considering, p value of the analysis which was below 0.05, it can be therefore concluded that financial re-engineering has a significant effect on growth in capital. Individually, all the independent variables of budgetary control, integrated information technology, market segmentation, product differentiation and strategic planning have positive significant effect on growth in performance of SMEs in Lagos State. Using the aggregated values of the both financial re-engineering and growth in performance variables; the F – statistic value = 517.084, P – value = 0.000 < 0.05 and coefficient of determination ($Adj R^2$) of 57.2%. The study therefore concluded that financial re-engineering has significant effect on growth in performance of SMEs in Lagos State.

5.1. Recommendations

The study recommended that;

Operators of SMEs should adopt financial reengineering strategies in order to enhance performance growth which is sustainable though the adoption of financial reengineering strategies SME owners should ensure they offer products and services which have distinguishable features from that of their competitors. They should also implement the use of technology in their processes process in order to improve the efficiency and reduce cost of their operations this in turn boost sales and liquidity growth.

SME owners should set priorities, focus energy and resources, strengthen operations; ensure that employees and other stakeholders are working toward common goals to improve profitability of the organization as a whole. SMEs should always ensure that they observe their business environment to identify opportunities which the business can benefit from and also threats which the business should guide against in order to increase the overall profitability of the business.

SMEs owners should put in place policies that encourage good use of resources, focus on segmented customers and introduce technology in their business processes to improve efficiency this in turn improves return on capital.

In order to increase tangible asset growth of SME, owners should do a proper division of potential customers into groups, or segments, based on different characteristics so as to take advantage of various sectors of customers.

SME proprietor and operations head should do away with processes that are no longer effective and embrace all the selected financial reengineering strategies used in this study at different levels to improve their performance.

5.2. Contribution to Knowledge

In accordance with the nature of the study, there were ideas and concepts that molded the various contributions that this current study made to the knowledge base of financial re-engineering along with enterprise performance. These contributions are made in the area of concepts, theories and empirics.

5.2.1. Concepts

In relation to contribution to concepts this study proposes, the introduction of financial reengineering strategies to enhance growth in performance of SMEs as an additional factors to existing literature. A reasonable amount of studies in the past had focused on the performance of SMEs but with no sub variables to indicate what effect of financial reengineering variables used in the study can have on the growth in performance. Therefore, the conceptual model of this study brought the different variables of financial reengineering and growth in performance indicators together which include the independent, dependent and sub- variables.

5.2.2. Theories

The Financial reengineering aspect was based on the Contingency Theory and survival based theory; while the performance indicators were anchored on the goal setting theory approach. This is because of the complexity in the business environment and the need of business to re-strategize to react to problems so as to ensure their survival in the long run. The study was also based on Goal setting theory was formed because goal setting is essentially linked to task performance. Also, the model recognizes that the internal environmental factors necessitate the need for a business enterprise including the SMEs to operate strategically in order to survive and boost effectiveness in their performance. The study was finally based on survival based theory as this focus on the basis that firms need to always adapt to its competitive environment for it to survive.

5.2.3. Empirics

Although there have been a range of compilations of empirical studies in the areas of SMEs and performance, nonetheless this study contributes to existing knowledge by adding another empirical work on sub-variables on both financial reengineering and performance indicators (such as, market segmentation, product differentiation, integrated information technology, strategic planning and budgetary control.). This model can continue to predict the future of growth in financial performance with positive coefficients-

$$\text{Model Six: GPS} = \beta_0 + \beta_1\text{STP} + \beta_2\text{BGC} + \beta_3\text{PDD} + \beta_4\text{MTS} + \beta_5\text{IFT} + \mu$$

$$\text{GFP} = 1.278 + 0.713\text{FRE}$$

To the practice of Accounting: The study was able to prove that financial strategies are creative factors to be considered by the business managers when facing the challenges of financial distress, insolvency and non-performance.

References

- Abbasi, W. A., Wang, Z. and Abbasi, D. A. (2017). Potential sources of financing for small and medium enterprises and role of government in supporting SMEs. *Journal of Small Business and Entrepreneurship Development*, 5(2): 39-47.
- Abdullah, T. M. (2010). Profit maximization theory, survival-based theory and contingency theory : A review on several underlying research theories of corporate turnaround. *Journal Ekonom*, 13(4): 136-43.
- Abdullahi, M. (2016). Challenges affecting the performance of small and medium scale enterprises (smes) in Nigeria. *Journal of Human Capital Development. Universiti Teknikal Malaysia Melaka*, 9(4): 1-18.
- Adebiyi, A. J., Hassan, A. B. and Oko-Oza, O. R. (2017). Performance of small and medium enterprises in Lagos State: The Implications of Finance. *ACTA Universitatis Danubius*, 13(5): 72-83.
- Adeeko, A. E. (2017). *External business environment and entrepreneurial performance of small and medium enterprises(SMEs)*. Lagos State, Nigeria.
- Agwu, M. O. and EmetiIssues, C. I. (2014). Challenges and prospects of small and medium scale enterprises (SMEs) in Port-Harcourt city, Nigeria. *European Journal of Sustainable Development*, 3(1): 101-14.
- Alese, O. J. (2017). *Strategic management and the development of small and medium enterprises in south-west, Nigeria*. An unpublished PhD Thesis of Olabisi Onabanjo University, Ogun state, Nigeria.
- Aminu, I. and Mohd, S. (2015). Determinants of smes performance in Nigeria: A pilot study. *Mediterranean Journal of Social Sciences*, 6(1): 156-64.
- Aregbeyen, O. (2011). Business Re-engineering and Organizational performance in Nigeria. *International Business Management Journal*, 5(3): 151-58.
- Arthur, S., Aluonzi, B. and Byamukama, E. (2013). Financial management practices in small and medium enterprises in selected districts in Western Uganda. *Research Journal of Finance and Accounting*, 4(2): 29-42.
- Blackwell, B. (2012). Industrial strategy: Government and industry in partnership – Building Information Modelling. HM Government. *Journal of Automation in Construction*, 7(5): 45-55.
- Cameron, N. and Braiden, P. (2004). Using BPR for development of production efficiency in companies making engineered to order products. *International Journal of Production Economics*, 8(9): 261-73.
- Cassie, T. (2017). Cost management techniques for small businesses. Available: <https://www.business.org/finance/cost-management/cost-management-techniques-for-small-businesses/>
- Dada, R. M. (2014). Commercial banks' credit and SMES development in Nigeria: An empirical review. *International Journal of Research*, 1(8): 305-19.
- Dinku, T. (2013). Impact of working capital management on profitability of micro and small enterprises in Ethiopia: The Case of Bahir Dar City Administration. *International Journal of Accounting and Taxation*, 1(1): 11-14.
- Donaldson, L. (2006). The contingency theory of organizational design: Challenges and opportunities. Chapter from book organization design: The evolving state-of-the-art. 19-40. Available: https://link.springer.com/chapter/10.1007/0-387-34173-0_2
- Edward, N. W. (2012). The Asset price meltdown & wealth of the middle class. Available: <http://www.ecineq.org>
- Eniola, A., Ektebang and Entebang, H. (2014). SME Firms performance in Nigeria: Competitive advantage and its impact. *International Journal of Research Studies in Management*, 3(2): 75-86.
- Erić, M. and Stefanović, M., 2008. "Comparative characteristic of TQM and reengineering." In *International Quality Conference*.
- Fieldler, F. (1964). Fred Fieldler theory of contingency on Leadership.

- Gervasoni, V. C., Rossi, G. B. and Silva, D. (2018). Analysis of differentiation strategy and profitability of business auto parts industry in Brazil. *Brazilian Journal of Marketing, Opinion and Media Research*, 4(13): 34-45.
- Gibcus, P. (2003). Transforming an idea into a strategic decision in SMEs: The underlying decision making process, Scales Research Report H200311, EIM Business and Policy Research.
- Goksoy, A., Ozsoy, B. and Vayvay, O. (2012). Business process reengineering: Strategic tool for managing organizational change an application in a multinational company. *International Journal of Business and Management*, 7(2): 23-56.
- Golla, S. (2018). Growth and Performance of Micro Small and Medium Enterprises in India after MSMED Act 2006. *International Journal of Research in Management, Economics and Commerce*, 8(1): 52-59.
- Goronductse, A. H., Abubakar, A., Abass, A., R. and Naala, M. N. (2018). The effect of working capital management on SMES profitability in Malaysia.
- Grover, V. and Malhotra, M. (1997). Business process reengineering: A tutorial on the concept, evolution, method, technology and application. *Journal of Operations Management*, 1(5): 193-213.
- Hansen, V. and Juniarti (2014). Pengaruh family control, size, sales growth, and leverage terhadap profitabilitas dan nilai perusahaan. *Business Accounting Review*, 2(1): 121-30.
- Harash, E., Al-Tamimi, K. and Al-Timimi, S. (2014a). The relationship between government policy and financial performance: A Study on the SMEs in Iraq. *Journal China-USA Business Review*, 13(4): 23-78.
- Harash, E., Fatima, J., Alsaad, B. and Essia, R., 2013. "Moderating effect of market practices on the government policy -performance relationship in Iraq SMEs." In *4th Global Conference for Academic Research on Economics, Business and Management. (GCAR-EBM)*.
- Harash, E., Al-Timimi, S. N., Alsaad, F. J., Al-Badran, A. Y. Z. and Ahmed, E. R. (2014b). Contingency factors and performance of research and development (r&d): The moderating effects of government policy. *Journal of Asian Scientific Research*, 4(2): 47-58.
- Harris, M. L. and Gibson, S. G. (2006). Determining the common problems of early growth of small business in Eastern North California. *Sam Advanced Management Journal*, 71(2): 39-46.
- Irena, J. (2013). Financial management in SMEs. *European Research Studies*, 14(1): 80-96.
- Islam, M. A., Khan, M. A., Obaidullah, A. Z. M. and Alam, M. S. (2011). Effect of entrepreneur and firm characteristics on the business success of small and medium enterprises (SMEs) in Bangladesh. *International Journal of Business and Management*, 6(6): 289.
- Jasra, J. M., Khan, M. A., Hunjra, A. I., Rehman, R. A. U. and Azam, R. I. (2011). Determinants of business success of small and medium enterprises. *International Journal of Business and Social Science*, 2(20): 274-80.
- Katarzyna, L. (2017). The impact of training on employees' motivation in SMEs industry. *Zeszyty Naukowe Politechniki*, 3(1): 96-109.
- Kenneth, N., Enefaa, T. and Deedam, F. (2018). Applying business process reengineering to small and medium scale enterprises (smes) in the developing world. *European Journal of Computer Science and Information Technology*, 6(8): 10-22.
- Kurtulus, Y. G. (2012). The response of the entrepreneurship to the changing business environment: strategic entrepreneurship. *International Journal of Economic Administrative Studies*, 5(9): 72-73.
- Laloo, I. (2016). Impact of working capital management on financial performance of SMEs across industries. Available: https://www.academia.edu/29824492/Impact_of_working_capital_management_on_financial_performance_of_SMEs_across_industries
- Latham, G. P. (2016). *Goal-setting theory: Causal relationships, mediators, and moderators*. Industrial and Organizational Psychology Online Publication. 1-15.
- Li, X. (2009). Entrepreneurial competencies as an entrepreneurial distinctive: An examination of the competency approach in defining entrepreneurs. Available: https://ink.library.smu.edu.sg/cgi/viewcontent.cgi?article=1013&context=etd_coll
- Liběna, T. (2015). *Concept of corporate restructuring and reengineering a research work to institute of economics*. Faculty of Economics, University of Pardubice.
- Locke, E. A. and Latham, G., P. (2002). Building a practically useful theory of goal setting and task motivation. *American Psychologist*, 57(9): 705-17.
- Margaretha, F. and Supartika, N. (2016). Factors affecting profitability of small medium enterprises (SMEs) firm listed in Indonesia stock exchange. *Journal of Economics, Business and Management*, 4(2): 132-37.
- Mason, C., Castleman, T. and Parker, C. (2008). Communities of enterprise: developing regional SMEs in the knowledge economy. *Journal of Enterprise Information Management*, 21(6): 571-84.
- Mensah, H., Azinga, K. and Akwele, M. S. (2015). Challenges faced by small and medium-size enterprises in accessing credit facilities from financial institutions: an empirical assessment incorporating the perceptions of both borrowers and financiers. *International Journal of Economics, Commerce and Management*, 3(1): 24-75.
- Mohanty, B. and Mehrotra, S. (2018). Relationship between Liquidity and Profitability: An Exploratory Study of SMEs in India. *Emerging Economy Studies*, 4(2): 169-81.
- Mugori, W. M. (2012). *The effects of access to microfinance on the financial performance of small and medium enterprises owned by youths in Nairobi Kenya*. Unpublished Masters Dissertation, University of Nairobi, School of Business.

Mulani, J., Chi, G. and Yang, J. (2015). Effects of the budgetary process on SMEs performance: An exploratory study based on selected SMEs in India. *Research Journal of Finance and Accounting*, 6(14): 135-53.

Nadeem, M. and Ahmad, R. (2016). Impact of business process re-engineering on the performance of banks in Pakistan. *Business and Economics Journal*, 7(2): 25-45.

Nimalathasan, B. (2008). A relationship between owner-managers characteristic and business performance. *Les ET Scientia International Journal*, 15(1): 41-54.

Nwanyanwu, I. A. and Ogbonnaya, A. N. (2018). Budgetary control and financial performance of small and medium sized enterprises in River State. *International Journal of Economics and Financial Management*, 3(1): 66-73.

Orogbu, O. L., Onyeizugbe, C. U. and Onuzulike, N. F. (2015). Business process reengineering and organizational performance of selected automobile firms in southeast of Nigeria. *European Journal of Business, Economics and Accountancy*, 3(5): 2056-6018.

Prijadi, R. and Desiana, P. M. (2017). Factors affecting the profitability and growth of small and medium enterprises (smes) in Indonesia. *International Journal of Economics and Management*, 11(1): 35-44.

Revathy, S. and Santhi, V. (2012). A study on financial re-engineering with particular reference of state bank of India, Dindigul. *Journal of Business Management and Social Sciences Research*, 1(3): 2319-5614.

Robert, L., Roy, M., Nhung, T. H. V. and Stephen, Z. (2018). Do microfinance institutions benefit from integrating financial and nonfinancial services? *Applied Economics*, 50(21): 2386-401.

Sanjo, O. M. and Ibrahim, M. O. (2017). The effect of international business on SMES growth in Nigeria. *Journal of Competitiveness*, 9(3): 67-80.

Sarwoko, E., Surachman and Armanu (2013). Entrepreneurial characteristics and competency as determinants of business performance in SMEs. *IOSR Journal of Business and Management*, 3(7): 12-34.

Shafiwu, A. and Mohammed, A. (2016). The effect of product differentiation on productivity in the petroleum industry of Ghana. *European Center for Research Training and Development UK*, 1(4): 49-65.

Shinozaki, S. (2014). *Capital market financing for SMEs: A growing need in emerging Asia*. Asian Development Bank. 1-60.

Swierczek, F. W. and Ha, T. T. (2003). Entrepreneurial orientation, uncertainty avoidance and firm performance: an analysis of Thai and Vietnamese SMEs. *The International Journal of Entrepreneurship and Innovation*, 4(1): 46-58.

Syafri, H. and Sofyan, J. (2011). *Teori akuntansi edisi revisi 2011*. Raja Grafindo Persada: Jakarta.

Taiwo, J. N., Falohun, T. O. and Agwu, M. E. (2016). SMEs financing and its effects on Nigerian economic growth. *European Journal of Business, Economics and Accountancy*, 4(4): 37-54.

Thakkar, F. M. (2017). Financial engineering: Factors leading to its growth in Indian financial market. *National Journal of Multidisciplinary Research and Development*, 2(3): 38-41.

Ugochukwu, C. N. and Patrick, M. (2015). Business process reengineering and performance of courier service organizations in Anambra State, Nigeria. *American Journal of Social and Management Sciences*, 10(5): 2151-1559.

Wakkee, I., Van der Veen, M. and Eurlings, W. (2015). Effective growth paths for SMEs. *Journal of Entrepreneurship*, 24: 169-85. Available: <https://journals.sagepub.com/doi/abs/10.1177/0971355715586894>

Wasswa, C., Mukras, M. and Oima, D. (2018). Effect of liquidity on financial performance of the sugar industry in Kenya. *International Journal of Education and Research*, 6(6): 29-44.

Appendix II

Questionnaire

Effect Of Financial Reengineering On The Growth Of Small And Medium Scale Enterprises In Nigeria.

Section A: Demographic

Please tick as applies to you

1. **Gender:** Male (), Female ()
2. **Marital Status:** Single (), Married (), Divorced ()
3. **Educational Qualification:** OND/NCE (), BSc /HND (), MSc/MBA (),
Others.....
4. **Experience on the Job:** Less than 5 years (), 5-10 years (), above 10 years ()

Please tick accordingly

Ranking scale

Strongly Agree	SA
Agree	A
Undecided	UN
Disagree	D
Strongly Disagree	SA

Section B

S/N	Items	SA	A	UN	D	SD
A	Sales Growth					
1	Sales increase yearly					
2	Firm's export turnover changed over the past three years					
3	Compared to domestic sales, your foreign transactions are generally about the same					
4.	We pay attention to sales trend of our competitors					
B	Liquidity Growth					
1	We prepare cash flow projections					
2	We can cover our operational costs					
3	We maintain a minimum cash balance as a core aspect of business					
4.	There are proper strategies for managing cash available					
5	Solvency and liquidity of the entity is normally affected by an accounting entry					
C	Profitability Growth					
1.	Number of clients have increased					
2	Employee-motivation is high, as operations run smoothly					
3	management strategies are good/clear enough for staff to understand					
4	We can cover our operational costs					
D	Tangible Asset Growth					
1	There is a team that evaluates, monitors and approves practices relating to asset management					
2	There is increase in benefit earned from tangible asset over the past two years					
3	An entity's ability to earn a higher rate of return on an assembled collection of net assets than would be expected if those net assets had to be acquired separately					
4	There are proper strategies for managing assets available					
	Growth In Capital					
1	There are periodic reviews (including internal audits) to ensure that staff are complying with efficient use of capital					
2	There are specific policies on how to manage your capital					
3	We cover our cost of capital					
4	Application of controls promotes more efficient operation of the company capital					
	Strategic Planning					
1	There are proper strategies for managing cash available					
2	Departments have been successful to date in implementing strategic initiative linked to strategic planning					
3	Decisions on resource and budget requirements to accomplish set objectives are easier made					
4	Review of performance is done regularly to monitor achievement of strategic goals and objectives					
	Budgetary Control					
1	Budgetary resources are allocated to strategic initiatives					
2	Achievement of common goal is monitored through budgets					
3	The budgets of the business have clear goals and objectives					
4	Heads of department always take timely corrective actions when adverse variances are reported in budget					
	Product Differentiation					
1	Our product quality is among the highest in the industry					
2	We have the power to control the price of our product					
3	The market we exist in is competitive					
4	We introduce and improve products regularly					
	Market Segmentation					
1	Our product is custom designed for each client					
2	Opportunities to improve existing and launch products to meet the requirements of segments which improves business performance is possible through market					

	segmentation					
3	Market segmentation can be used to identify what is working well for a business and what is not in terms of their offerings to the customers					
4	Product pricings for different markets and the price sensitivity of the customers in each market is made easier					
	Integrated Information Technology					
1	The production techniques used in manufacturing our products are among the most advanced in the industry					
2	The technology used for our product is superior					
3	Error rate in production and operation has drastically reduced through the use of technology					
4	Through having integrated information in one system, all of the data is up to date and this eliminates idle time in retrieval process					