Change Management and Capacity Utilisation: A Critical Requirement for Business Sustainability among Small and Medium-Sized Enterprises (SMEs) in Nigeria

Daniel E. Ufua[a*], Romanus, A. Osabohien[b], David Imhonopi[c], Olusola J. Olujobi[d], Mercy.E. Ogbari[e], [a,b,c,d,e]Covenant University, Ota, Ogun State, Nigeria, Email: [a*]daniufua@gmail.com

This study focuses on the practice of change management and operational resilience among Small and Medium Enterprises (SMEs) in Nigeria. The research adopts an empirical approach, relying on secondary data sourced from the 2014 enterprise survey of the World Bank and applied the logit regression analysis. Results showed that product development and experience are statistically significant and positively related to capacity utilisation. While political instability, spoilage (loss of product in transit, due to theft, breakage or spoilage) and financial constraint are negatively related to capacity utilisation. This implies that the increased level of product development is capable of increasing capacity utilisation by approximately 0.4, 0.5 and 0.7 units, respectively. In the same way, the manager's experience increase capacity utilisation by 0.44units, which conforms to the 'a priori' expectation, for managers to be resilient, the experience is highly required. Similarly, the results show that political instability is statistically significant and has negative (0.61, 0.69, 0.50, 0.80 and 0.65) impacts on capacity utilisation. Based on findings, the study recommends the need for further research to consider other approaches such as longitudinal research, comparative research to unearth learning about the factors that affect change management practice. It is also suggested for further research to consider critical change management effects such as resistance and ethical balance in practice, especially in developing economy like Nigeria.

Key words: *Change Management, Entrepreneurship, Capacity Utilisation, Nigerian Economy, SMEs.*

Introduction

The strive for survival amid changes in the environment poses uncontrollable challenges to the business, especially Small and Medium-Size Enterprises (SMEs) and entrepreneurship practitioners. Most of these changes tend to be imposed on these businesses, requiring the skills and resilience of the SMEs' managers to develop adaptive approaches to address them in their operational processes (Matthew, Ufua, Osabohien, Olawande & Edafe, 2020; Ufua, Salau, Dada, & Adeyeye, 2020).

 Operational changes, especially for SMEs are influenced or based on business environmental issues such as change among SMEs can emerge from the external business environment such as technological change, political systems, financial systems, the transport and logistics, public services, weather conditions, market competition, government regulations, and legal requirements for operations customers' preferences. It can also be internal, covering the operational process, the change Manager's experience in handling capacity utilisation within SME operational practices. All these are considered with the aim to achieve operational resilience by the change managers (Onugu, 2005; Yakubu, Yalo & Halilu, 2019).

These change factors can affect the expectations and demands of the organisational members, the process layout, and customer services delivery. The main issues for the change manager tend to be how the change management can whether internal or external can be aligned to meet the organisational objectives and how can the practicing SMEs keep up with the pace of change in their business environments (Nassar & Faloye, 2015; Ugoani, 2017).

Changes in business practice are bound to occur, and the practicing SMEs are therefore required to be fully ready for structural change of their operational processes to suit the emerging changes at each stage of their business operations. For instance, Du and Banwo (2015), explain in their comparative study between SMEs in Nigeria and China that changes in the business environment are likely to be due to changes in governmental policies which can determine the directions of SMEs operations in the economy. This places the task of continuous personal and process development, building capacity with resilience to address these emerging changes in their operational processes. This requires consultation as well as a commitment to the relevant stakeholders and partners in the change management process in an organisation (Chikwe, Charles & Boma, 2016; Coleman & Adim, 2019).

The current research aims to study the impact of operational business changes, focusing on the resilience responses of the SMEs operators. The key change variables focused on in the current research include the product development abilities, experience, financial constraint and logistic as well as capacity utilisation abilities factors that inform the managerial reactions to change in Nigeria. The research is based on an empirical study based on

secondary data, the subject of change management practices among entrepreneurs and SME operations in Nigeria. Nigeria, being a developing economy which tends to have a challenge with environmental stability for business operations such as the SMEs (Olayiwola & Adeleye, 2005; Akanbi, 2016), would provide new learning on how the practice of change management is appropriated among SMEs and entrepreneurs.

The current study assumes the following structure: the next section presents an overview of entrepreneurship and SME practice in Nigeria. This is followed by a conceptual review of change management and SME practice in Nigeria. The following section presents the methodology, data presentation and analysis. The other subsections cover further discussion and conclusion as well as suggestions for further research on the topic.

Entrepreneurship and Small and Medium Enterprises (SMEs) Practice in Nigeria

The Federal Government of Nigeria has enacted a plethora of legal framework and several soft laws to regulate the operations of SMEs to promote a friendly business environment (Olujobi 2017). That will guarantee employment opportunities for its populace, to boost the nation's economy and to produce indigenous entrepreneurs that will transform business enterprises for efficiency with the capacity to develop the nation's economy to promote sustainable development in Nigeria (Ufua, Olujobi, Ogbari, Dada & Edafe, 2020).

According to Aderoba and Babajide (2015), entrepreneurship is a process of providing needed goods and services to make profit. The current authors agree but further affirm that enterprises have evolved beyond profit-making to positive impacts on society through transformation and innovative ideas that will make life better and more comfortable for living. This entails entrepreneurship practices with significant impacts on innovations and the introduction of new products or services that will add values to the lives of customers. This is supported by developing indigenous entrepreneurs through financial supports, managerial and technical capacity building in Nigeria's SMEs operations.

Moreover, the Industrial Development Centres with many zonal centres are to provide workshops and training for entrepreneurship development in Nigeria to support their businesses and to reduce business risks. It is also the view of these eminent scholars (e.g., Kabuoh, Ogbuanu, Chiexe, & Adeoye, 2017), who explain that entrenched entrepreneurial culture is a guiding principle for entrepreneurs toward achieving their set business goals. Therefore, non-adherence to these cultural practices can lead to low performance, notwithstanding the various governmental interventions and regulatory policies enacted to enhance their performance. It is further opined that SMEs should inculcate creative innovations with entrepreneurial culture for economic development, poverty alleviation,

employment generation to improve their business performance and resilience in the Nigerian economy.

Furthermore, section 29 of the Companies Incomes Tax (Amendment) Act Cap. 60 Laws of the Federation of Nigeria offers tax exemption to SMEs incomes such as the first ₦6,000:00 of their profits are free from tax. Section 33 of the same Act provides reliefs to SMEs from double taxation. Similarly, the Industrial Development (Income Tax Relief) Act Cap 17, Laws of the Federation of Nigeria, 2004 grants tax exemption to "Pioneer Companies" for three (3) years and this may be extended for another two (2) years to enable such SMEs to stabilize and to promote investment opportunities in Nigeria. For any SMEs to qualify for this relief, it must be a public company, its nature of business must relate to agro-allied, exportation of goods and solid minerals in Nigeria. Other statutory incentives made by the government to encourage SMEs are 100% import duty-free for packing materials used in the manufacturing of goods that are exported. 100% import duty-free for papers used for manufacturing educational materials. Besides, there are also grants, and micro-credits offer by the National Economic Reconstruction Fund, Bank of Industry, Development Banks and Microfinance Banks to boost SMEs operations in Nigeria (Obi, 2015).

Similarly, the Small and Medium Industries Equity Investment Scheme was also established to promote industrialization and viable commercial projects by SMEs in Nigeria. However, legal, regulatory, inadequate finance and negative posture of the Federal Government to provide enabling environment for SMEs business to succeed due to persistent insecurity and corruption of some government officials have hampered SMEs growth in Nigeria (Agwu &Emeti, 2014). The strong political will to combat corruption, double taxations and other anti-social behaviours by government agencies in the sector this will enhance the economy of the nation, combat fraud and boost SMEs operations in Nigeria (Olujobi & Ufua,2020).

Overview of Change Management and SMEs in Nigeria

There seems to be no universal definition of the concept of change management. Researchers and practitioners tend to focus their understanding on the vital factor which is deliberate action taking in an operational process to depart from a current state to assume a new status in an operational process (Hayes, 2018). This demands the taking of some deliberate but subtle steps in an operational process that can affect members and partners in an organisation to create a new context that will underpin their operation systems (Aladwani, 2001). Change, therefore, requires the active management abilities of the managers and entrepreneurs to achieve the desired turnaround in their business organisations. This is because uncertainties and setbacks may be inevitable in a change process. There is a need for understanding and skills of the change architects to effectively address these concerns (Kotter, Kim, & Mauborgne, 2011). Change management researchers (e.g. Coleman & Adim, 2019; Ufua &

Adebayo, 2019), emphasise on critical factors such as adaptive capacity. The commitment of organisational members and partners that can inform a joint proactive decision-taking based on the level of awareness of the depth of change intended in the organisation.

Change in operational process, especially among SMEs, could be imposed by the regulatory authorities such as government agencies. Another source of change experienced among Nigerian SMEs operators could be a reaction to changes in the industry or market trends where an organisation operates (Adegbuyi, Akinyele & Akinyele, 2015). There could also be cases of planned or deliberate change in which case the SMEs operator or entrepreneur, initiate change across their operational process.   All of these change factors compel actions and reactions from the SMEs practitioners based on their perceptions of the depth of changes and their operational focus (Apulu, 2012; Terungwa, 2012; Ufua, Olokundun, Ogbari, & Atolagbe, 2019).

The effectiveness of the change management approach can determine the success of an organisation. This is a wakeup call for practicing entrepreneur and SMEs operators to the reality of change occurring in the Nigerian business environment. Thomas (2014) notes that a manager's ability on the job is subject to critical test in terms of his pro-activeness to adapt his performance to changes in the business environment. It, therefore, seems that the measurement of a manager's resilience can be ascertained via critical review of his approach to changes while keeping on with other operational factors such as efficiency, effectiveness. This observation provides an insight into the challenge of commitment to the change process, especially among internal organisational members. It leaves the change manager with the task of creating the needed awareness and understanding of the intentions and process of change that can enhance empathy and supports to change process especially among the Nigerian SMEs who mostly bear the risks of change alone (Waziri, Ali & Aliagha, 2015).

Similarly, Agwu (2018) reckons that the Nigerian entrepreneurs and SMEs operators assume the task of developing and implementing suitable strategic plans to assists in safeguarding SMEs' sustenance in the midst of a turbulent business environment. This is due to unpredictable changes that demand their ability to effectively manage the challenges of change management in their operational processes while striving to preserve the pursuit of their set business operational goals and objectives. He cautions that the failure of these SMEs operators can result in chaotic experiences that may lead to wastage of resources and loss of business opportunities. it also unravels the combined effects of change management among SMEs and their partners, which shows that change initiation, implementation and management requires the involvement of the key relevant stakeholders who either affect or involved with the change process (Ufua, Papadopoulos & Midgley, 2018).

Furthermore, Ugoani (2017), explains that effective management of change that considers organisational members and partners can lead to long-run competitive advantages to the firm. For instance, he reckons that the ability of the change managers to engage his emotional intelligence skills in collaborating with bosses, peers, subordinates and the environment is an essential competence for organisational change. This can create a platform for effective change practice that can be beneficial in the long run. Nevertheless, on a short run business task, Ufua et al (2018), observe that such process of collaborative approach *via* deliberation and agreement can slow down the pace of change management process, especially in the Nigerian context where there could be a prolonged disagreement. This could, therefore, pose critical issues of concern to the change managers, especially in some cases, where time factor can be a determinant. The change managers would need to engage their proficiency in change management that are suitable in addressing such an exceptional situation of change demand. Therefore, it is arguable to state that the ability of the change managers is a principal factor to change management practice in Nigeria.

Change management, while it is embedded in the process of arduous tasks for managers especially among SMEs in a developing economy like Nigeria, researchers observe that it entails opportunity for learning and improvement, especially is the process of change that is effectively managed. Change management approach places an advantageous window for resilient SME managers who can easily become familiar with the business environments and sometimes be able to predict the trend of change activities and proactively engage their scarce resources to address them productively in their business operations process (Eti, Ogaji, & Probert, 2006). It, therefore, follows that what engenders a positive change can be the amount of authentic information available to the change manager. The use of the right information can help the change manager in addressing critical operational issues of change while striving for efficiency in the use resources via the practice of sourcing the right information from the right channels and through the right medium, or platform to ensure optimal change practices that can enhance operational effectiveness (Amade, Akpan, Amaeshi, Okorocha, & Ogbonna, 2017). These can create a considerable challenge for the practicing SMEs; it also compels positive, innovative drives, that can result to advancement via disruptive innovation that can enhance their positions in the market and facilitate enhanced customer' loyalty to their brands (Idowu, 2013; Akanji, 2016; Muddaha, Kheng & Sulaiman, 2018; Olokundun, Ogbari, Obi & Ufua, 2019).

Extant literature on change management specifies the awareness and commonality of change issues among SMEs in Nigeria (Adelowo, Olaopa & Siyanbola, 2012; Nongo, & Ikyanyon, 2012; Lawal, Ajonbadi & Otokiti, 2014). However, the observed trends tend to show that little attention has been focused on proactive change management practice. The subject of change among SME operators has, therefore, remained a critical challenge for managers which present the practicing manager with the task of update of knowledge that can address

change management issues. This requires the enactment of change management education, especially for upcoming SMEs managers who are not familiar with the subject of change management. This can help the SMEs operators to identify and analyse business change activities and facilitate the development of suitable approaches to address while focusing on the organisational objectives (Agwu, 2018). This is necessary because organisational change is continuous though in different structural demarcations and timings (Grint, 2005).

Change management education can, therefore, enhance the manager's perception of change in their operations and help project a resilient change management practice which can also facilitate learning and improvement in an operational process. This can also form a critical driving force for sustainable entrepreneurship behaviour among SMEs in the process of change management practices (Lawal, Worlu & Ayoade, 2016). From the above narrative; it is deductible that the practice of change management among SMEs, though it seems a responsibility of the change manager, it also requires the involvement of partners and stakeholders in the sector, both within and the external environment where the business firm operates. This, therefore, involves decision and actions that could affect these partners and their relationship with the organisation (see, Ufua, Odunayo, Ikpefan, Dirisu.&Okoh, 2020).

The objective of the current research is for the change manager to consider the impacts of change decisions on their partners and to avoid issues of retributions such as violent conducts from some stakeholders' group. This is due to issues such as the sudden change in customer preference, outright resistance from internal organisational members, among others (Madanchian, Hussein, Noordin & Taherdoost, 2016; Yakubu, Yalo, & Halilu, 2019; Ufua, Salau, Dada & Adeyeye, 2020). It is opined that SMEs practitioners and managers are to consider reasonable ethical balance in their decisions and actions in the process of change to ensure compliance and manageable resistance if they occur (Aduwo, Ibem, Uwakonye, Tunji-Olayeni, & Ayo-Vaughan, 2016). Similarly, change management, especially in a developing economy which is the focus of this research should be structured in line with the existing legal systems and industry requirements. These include tax remittance and the industry operational standards, among others, to enhance support and acceptance from the government regulatory authorities and the entire business environments (Aladejebi, 2018). It arguable that when change management initiatives are illegal, the resistance of the law will take effects against it (Olatunji, 2013; Kehinde, Opeyemi, Benjamin, Adedayo & Abel, 2017).

The current narrative tends to show that Change management and SMEs practice are interwoven and that the task of identification and development of improvement is continual tasks faced by the entrepreneurs and the SME managers. This also presents them with the demands continual development of their skills and capacities to resiliently address emerging changes when they occur in their operational process (Jayeola, Sokefun & Oginni, 2012).

Turbulent business changes occur due to several factors both from within or the outside business environment where it operates. For example, Ihua (2009) observes in a comparative study on SMEs' operations between the United Kingdom and Nigeria. He found out that critical causes of business failure in Nigeria were due to environmental issues such as poor infrastructure, unavailability of credit facilities, weak industry operational standards, among others. Similalry, Harash, Al-Tamimi & Al-Timimi (2014), in their study on the effects government policy changes on SMEs practice in Iraq, the found a significant effect of government policy changes on the operations of SMEs in Iraq. They advise the need for policymakers to consider SMEs to ascertain the appropriate strategy to improve the SME sector. Whist the emphasis on SMEs practice and change management point to effective operations among practitioners in the Nigerian economy, the suggestion of Harash et al (2014), leaves the government with the responsibility to both provide the suitable platform and consider the effects of policy changes on practicing SMEs in Nigeria.

Methodology

This study adopts the quantity approach to examine the key variables focused on in the research (Queirós, Faria & Almeida, 2017; Sheppard, 2019). This aims to investigate how political instability, loss of products on transit due to theft, spoilage or breakage among other exogenous variables influence manager' ability to be resilience to organisation changes. Resilience in this study is proxied by capacity utilisation, which is hinged on the *rationale* that the manager's tendency to be resilience depends on built capability. The data used for this study was sourced from the Enterprise Survey (2014) of the World Bank for Nigeria. The reason for the use of 2014 enterprise survey is because it is the most recent and available version for Nigeria. The logit regression model is applied for the analysis of collected compiled data from the Enterprise Surveys data. These are presented in the next sub-section.

Model Specification

Presently, the environment in which businesses operate is said to be both complex and volatile. As a result of this situation, firms are now trying to adopt a more resilient mechanism and able to adapt to change as it emerges (Humphris, 2018). The more resilient a firm is, the less likely it is to have to invoke its business continuity plans and adaptabilities to address changes. This, invariably means that operational resilience is key to building organisational resilience because it addresses how the organisation acts in a resilient way. To achieve the objective of the study, we formulated an implicit econometric model as seen in equation (1)

$$CAP = f(x) \tag{1}$$

Where CAP represents the manager's capacity utilisation (dependent variable), and x is the set of the independent variables. This study applied the logit regression as shown in equation (2)

$$Log \left(\frac{p}{1-p}\right) = \beta_0 + x + \epsilon \qquad (2)$$

Where p is the tendency of change manager's capacity for effective utilisation, given some certain constraints such as political instability amongst others. $1 - p$ is the tendency of the manager's capacity to be underutilised, also given some constraints; β_0 is the constant term, x is the set of exogenous variables included in the model (see equation 3), while ϵ is the stochastic term, which captures other important exogenous variables not included in the model to avoid the incidence of multi-collinearity and obtain estimates that are BLUE- Best Linear and Unbiased Estimates (Ejemeyovwi, Osabuohien and Osabohien, 2018).

The reason for the use of binary logit model is hinged on the fact that we generated a dummy variable for capacity utilisation (where; 1= ability of the manager to fully utilise capacity, and 0 if otherwise). Thus, the logit regression helps to predict the likelihood of the manager to utilise capacity or otherwise, given some constraints. The implicit model of the study, incorporating x variables (given that $x = PDS, S, PI, EXP, SL, FC$) is stated in equation (3)

$$CAP = f(PDS, S, PI, EXP, T, SL, FC) \qquad (3)$$

The explicit form of the model is stated in equation (4)

$$CAP = \beta_0 + \beta_1 PDS + \beta_2 S + \beta_3 PI + \beta_4 EXP + \beta_5 SL + \beta_6 FC + \epsilon \qquad (4)$$

Where CAP represents capacity utilisation, PDS represents product development service, S represents services, PI represents political instability, EXP represents the SME manager's experience, SL represents losses of products due to spoilage, breakage or theft, FC represents financial constraint. Where β_0 represents the constant term, β_1 is the coefficient of product development service, β_2 is the coefficient of services, β_3 is the coefficient of political instability, β_4 is the coefficient of experience, β_5 is the coefficient of loss of Product in transit, due to spoilage, breakage or theft, β_6 is the coefficient of financial constraint and ϵ is the stochastic term.

The *'a priori'* expectation of the model is that the estimated coefficient of the variables product development and experience should be positively related to capacity utilisation, while the coefficient of political instability, spoilage and financial constraint should have a negative sign. This is shown mathematically as; $\beta_1 > 0$ and $\beta_4 > 0$, while $\beta_3 < 0$, $\beta_4 < 0$, and $\beta_5 < 0$. This implies that enhanced level of product development and experience will increase

capacity utilisation, while the increased level of political unrest, loss of the product on transit due to theft, breakage and spoilage, and financial constraint negatively affect capacity utilisation.

As stated earlier, data for this study was sourced from the World Bank enterprise survey (2014) for Nigeria. The enterprise survey of the World Bank is a firm-level data representing a sample of the economy's business unit. From the past three decades, the firm-level survey has been carried out by various arms of the World Bank to generate efficient data for policymaking towards enhancing business enterprise. Another reason for the use of the World Bank enterprise is survey is that, compared to field-survey, authors believe that the data are more efficient reliable for research analysis. This is because world bank statistical and economic experts usually conduct such surveys. Since 2005-2006, efforts towards the gathering of the enterprise data have been centralised within the enterprise analysis unit of the World Bank (World Bank, 2019). Data for business enterprise is conducted across all geographic regions and cover small, medium, and large-scale Enterprises (SMEs) by world bank experts. The data collected aims to generate proxies to benchmark the standard of business and investment behaviour across nations. The summary of variables engaged in the study (sourced from the world bank entries survey) is presented in Table1, while estimates obtained from the logit regression are presented in Table 2.

Table 1: Summary Statistics of Variables

Variable	Definition	Obs	Mean	S. D
Capacity utilisation	Capacity Utilization (%) of the Establishment	2,676	0.1308	0.3372
Product Dev.	New product introduced in the last three years	1,301	1.2451	1.1336
Services	Services offered	2,652	1.3484	1.3584
Political instability	Effect of political instability	1,913	0.5778	0.4934
Experience	Manger's Years of experience in the sector	2,676	0.1001	0.3002
Spoilage	value of products lost in transit due to theft, etc	2,652	0.6904	2.1223
Financial constraint	Fund to purchase input materials and supplies	2,652	1.2775	2.0299

Note: Obs means observation, S.D means Standard Deviation.
Source: Authors' compilation using STAT 15

Result Presentation

This section of the study presents the result obtained from the logit regression model shown in Table 2. From the result obtained (Table 2), it showed that across models, product development is positive and statistically significant in explaining the level of capacity utilisation. This means that *all thing being equal*(*mutatis mutandis)* and on the average, increased level of product development is capable of increasing capacity utilisation by approximately 0.4, 0.5 and 0.7 units respectively. On the contrary, services, though significant, was found to be negatively related to capacity utilisation, which implies that 1-

unit increase in service will reduce capacity utilisation by 0.18 unit. Though this negative impact of services on capacity utilisation seems odd, it also allows the speculation on the possibility of a non-beneficial service offer such as curfew, or inadequate service provisions that can be responsible for the negative impact on capacity utilisation.

Similarly, the results show that political instability is statistically significant and has negative (0.61, 0.69, 0.50, 0.80 and 0.65) impacts on capacity utilisation, which is similar to the findings of Matthew *et al*., (2020) using the logit regression model. This tends to be the norm especially, in developing economy such as Nigeria, where changes due to political instability seem to maintain the trend of adverse impact on businesses, especially the SMEs, focused in this research. Also, similar to the findings of Beecroft et al (2010) using the generalised method of moments (GMM) econometric approach pointed out that in West Africa, the ability to improve economic and political frameworks, particularly those related to enforcement of contracts, will create an enabling environment for business to strife. Political instability can as well affect the financial system will force the banks and other financial institutions to increase interest on loans, thereby limiting firm's ability to get fund (Igharo et al, 2020).

 Estimate obtained for spoilage (loss of products on transit due to spoilage, theft or breakage) showed a negative relationship. This implies that, on the average, increased level of spoilage/loss reduce capacity utilisation by 0.05 unit. This basically due to transit delays and unpredictable emergencies within the transport network and the distance involved in sourcing input materials for operations. All of these can result to changes in an operational process faced by the entrepreneurs and SMEs managers. Finally, the result obtained for financial constraint showed that financial constraint is significant and negatively related to capacity utilisation. This means that increase financial constraints by 1 unit have the tendency of reducing capacity utilisation by 0.14 units. This tends to the obvious as the impact of all the previous variables tested project financial constrain faced by the operating organisations, which seems to breeds changes in various dimensions that can result from changing management issues faced by change managers.

Table 2: Estimates from the Logit Regression

Variable	[1]	[2]	[3]	[4]	[5]	[6]
Constant	-2.4658* (0.3839) [0.0000]	-2.4093* (0.3958) [0.0000]	-1.9101* (0.4282) [0.0000]	-2.7684* (0.4336) [0.0000]	-2.5244* (0.4492) [0.0000]	-2.2640* (0.3915) [0.0000]
Product Development	0.40132*** (0.2317) [0.0830]	0.3993*** (0.2413) [0.0980]	0.6534** (0.2695) [0.0150]	0.4469*** (0.2454) [0.069]	0.4644*** (0.2480) [0.0610]	0.4087*** (0.2366) [0.0840]
Services	-0.1811** (0.0886) [0.0410]	-	-	-	-0.2217** (0.1026) [0.0310]	-
Political instability	-0.6135** (0.2390)	-0.6916* (0.2533)	-0.4983*** (0.2735)	-0.7921* (0.2589)	-0.8091* (0.2596)	-0.6521** (0.2544) [0.0100]

	[0.0100]	[0.0060]	[0.0680]	[0.0020]	[0.0020]	
Experience	0.4379** (0.3882) [0.0290]	-	-	-	-	-
Spoilage		-0.0430** (0.0189) [0.023]	-0.0440** (0.0188) [0.0190]	-0.0454** (0.0189) [0.0160]	-0.0474** (0.0190) [0.0130]	-0.0373** (0.0183) [0.0420]
Financial constraint	-	-	-	-	-	-0.1353** (0.0571) (0.0180)
Observation	996	861	379	861	861	861
Prob > chi2	0.0016	0.0002	0.0016	0.0000	0.0000	0.0000

Note: *,**, and *** means that the coefficient is significant at 1%, 5% and 10% respectively. The standard error and the p-value are in the parentheses ( ) and [ ] respectively. Observations presented in Table 2 are lower than the ones presented in Table 1; because observations are lost during statistical analysis

Source: Authors' compilation using STAT 15

The $Prob > chi2$ value of 0000, 0.0002, and 0.0016 (Table 2) showed that jointly, the exogenous variables are statistically significant in explaining the level of capacity utilisation. To validate the result obtained from the analysis, and ensure that the obtained estimates are not 'spurious' or 'nonsensical' the correlation test was carried out. The correlation test was conducted using the Pairwise correlation to ascertain the presence or absence of high multicollinearity among the variables in the model. Form the correlation conducted (shown in Table 3); it can be inferred that the is no incidence of the high multicollinearity among variables in the model. This is given the fact that, for a high level of multicollinearity to occur, the relationship existing between variables should be approximately 0.8(80%) and above. Given the result obtained, as shown in Table 3, we can conclude that the model did not suffer from the incidence of the high level of multicollinearity.

Table 3: Correlation Test for Multicollinearity

	Capacity utilisation	Product development	services	Political stability	experience	spoilage	Financial constraint
Capacity utilisation	1.0000						
Product development	0.1033	1.0000					
services	-0.0412	0.0158	1.0000				
Political instability	-0.0918	-0.0545	-0.0414	1.0000			
Experience	0.0919	-0.0683	0.0505	-0.0382	1.0000		
spoilage	-0.1136	-0.0089	-0.0104	-0.1156	-0.1291	1.0000	
Financial constraint	-0.1476	0.1849	0.0111	0.1152	-0.3027	0.1282	1.0000

Source: Authors' compilation using STAT 15

Conclusions and Recommendations

This study focused on the practice of change management and entrepreneurship and SME in Nigeria. The study examined how political instability, product development, experience, financial constraint, services, loss of products on transit due to spoilage, breakage or theft

impact on manager's capacity utilisation. A critical highlight from the current research is an affirmation of the recurrent emergence key factors that influence change in the operations of Nigerian SMEs. Results show that product development and experience are statistically significant and positively related to capacity utilisation. While political instability, spoilage and financial constraint are negatively related to capacity utilisation. The study also found out that effective SME change management demands the involvement of the concerned stakeholders. However, it can result in delayed decisions. It was observed that change management could help extract the best of skills and creativity out of the entrepreneur or SME manager. Food for thought is whether the emergence of change should be a significant event at all times, in the quest to maintain operational resilience among SMEs in Nigeria? However, our thought is that it would depend on the context and the perspective of the change manager's view as well as the factors that influence the change process.

However, this study was carried out on an empirical basis, depending on secondary data focusing solely on Nigeria. It is therefore recommended for further study to consider other approaches such as a more detailed empirical research such as the longitudinal approach to explore further the subject of change and SME practice in Nigeria. It also would be recommended for further research to consider a comparative study on the subject area between Nigeria and other countries, especially those in developing economies to unearth learning on the trend of operational events regarding environmental factors that affect change management and SME practice. Critical change effects such as resistance to change approaches, ethical issues relating to change management can also be considered for further research, especially in a developing economy such as Nigeria. While such may demand different methodological approaches such as qualitative approaches, these could project further learning for both practitioners and researchers on the current state and prospects of the subject of change management and capacity utilisation.

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Authors contributed to the success of the manuscript.

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