

Effect of Performance Management Systems on Small and Medium Enterprises IN UYO, AKWA Ibom State, Nigeria

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Abstract

This study examines the effect of performance management systems on small and medium enterprises in Uyo, Akwa Ibom State, Nigeria. The specific objectives include examining the effect of poor infrastructure on small and medium enterprises, the effect of limited access to financing on small and medium enterprises as well as examining the effect of inconsistent policy support on small and medium enterprises in Uyo, Nigeria. A cross-sectional survey of 361 respondents was selected from the 3725 registered small scale businesses in Uyo, Akwa Ibom State using judgmental sampling technique. Simple percentage and regression models were used to analyze the research questions and hypotheses. The results revealed negative effect of performance management systems on small and medium enterprises. Based on the findings, the study recommends that the government of Akwa Ibom State should establish industrial clusters with dedicated facilities for SMEs, including reliable power supply, good road networks, and access to essential utilities for growth and operational efficiency. Additionally, financial institutions should streamline their loan application procedures to make it easier for SMEs to access credit. Government should strengthen institutions such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to provide reliable support services, including advisory services, regulatory guidance, and advocacy for SME-friendly policies.

Keywords: Performance Management Systems, Small and Medium Enterprises, Poor Infrastructure, Limited Access to Financing, Inconsistent Policy Support

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1. Introduction

1.1 Background of the Study

Performance management systems (PMS) are widely recognized as essential tools for enhancing organizational effectiveness, particularly in Small and Medium Enterprises (SMEs). According to Aguinis (2019), a good PMS allows an employee agenda to reflect the agenda of the organization as it offers a structure for ongoing performance evaluation and enhancement. Above alignment is particularly important for SMEs, because usually they do not have as a source of rich resources as they are the large corporations (Kraus et al., 2018). In the context of Uyo, Nigeria, SMEs play a crucial role in the economy, providing employment and fostering innovation (Thomas, Abaikpa, Daniel and Akpan, 2024). Still, these firms are hindered by the constraint of resources, lack of management expertise, and competitive forces all of which can hamper their performance and survivability (Ogunlana et al., 2021). In Nigeria, where SMEs contribute significantly to the economy, the effectiveness of PMS in enhancing productivity and growth within these businesses remains underexplored. Performance management in SMEs is different from performance management in larger companies because of resource limitation, informal organizational design, and manager skill level (Dibrell Moeller, 2011). Although large companies can and do spend considerable amounts of time and money on formal performance evaluations, feedback and employee development, SMEs are more reliant on looser, more informal mechanisms. This difference questions the way in which PMS could be adapted to the specific requirements of SMEs, particularly in developing countries such as Nigeria (Ademola et al., 2017).

Research indicates that when implemented effectively, PMS can drive SME growth by clarifying roles, setting realistic targets, and fostering accountability (Aguinis, 2019; Kraus et al., 2018). For instance, Pulakos et al. (2015) emphasize that an effective PMS should support goal setting, provide constructive feedback, and encourage development opportunities. Nevertheless, Uyo SMEs are also structural problems including poor infrastructure, lack of finance facilities and inconsistent policy etc. that could hinder Uyo SMEs in adopting and reaping from PMS (Adebisi Olayinka, 2022). With these challenges in view, this work seeks to explore the performance of Business Process Management (PMS) in SMEs in Uyo, and how such systems support business performance in SMEs in Uyo, and also to understand the present barriers to the successful implementation of PMS in SMEs in Uyo. This work exploits the understudied context of performance management of SMEs in Uyo by addressing a gap in the literature and by offering lessons on how PMS may be modified for its application to achieve organizational performance improvement in resource-limited environments. Additionally, the results of this research can provide guidance to policy and practices for improving PMS in SMEs in Nigeria and other emerging economies which will pave way to their growth and sustainability.

1.2 Statement of the Problem

Small to Medium Enterprises (SMEs) are powerful drivers of economic growth, job creation, poverty reduction, particularly in developing nations such as Nigeria (Adebisi Gbegi, 2013). SMEs play a major part in the local economy of Uyo, the capital city of Akwa Ibom State but many of these enterprises suffer from a combined impact of retention to competitors and a sustainable growth (Ogunlana et al., 2021). As one of the critical factors, the performance of SME can be influenced by performance management systems (PMS). Effective PMS is known to improve productivity by aligning employees' efforts with organizational objectives, thereby enhancing overall business outcomes (Aguinis, 2019). Yet, in small and medium enterprises (SMEs), especially in Uyo, empirical knowledge about whether PMS is actually being implemented and to what extent the aim of the PMS is being attained is poor. Research has shown that SMEs often encounter challenges in implementing structured PMS due to limited financial resources, managerial skills, and technical expertise (Kraus et al., 2018).

In Uyo, these problems are aggravated by structural problems, including lack of infrastructure and lack of access to capital, and a lack of coherent policy interventions that can further restrict SME's capacity to adopt and reap the benefits of formal PMS (Adebisi Olayinka, 2022). The lack of a formal PMS may lead to unspecified employee roles, ineffective feedback processes and to accountability deficiencies, thus impeding productivity and development (). Without effective performance management, SMEs may struggle to retain skilled employees, adapt to changing market conditions, and achieve competitive advantage (Dibrell Moeller, 2011). Moreover, while performance management has been extensively studied in larger corporations, there is a paucity of research focusing on its applicability and effectiveness in SMEs, especially in the Nigerian context (Ademola et al., 2017). This research gap leads to questions concerning whether the PMS models employed in much larger organizations can transfer down in size to fit SMEs or are more bespoke models required to work around the specific challenges facing small enterprises in Uyo. This work therefore aims at filling this gap by studying whether PMS could be effective in SMEs located in Uyo and, moreover, answering what aspects allow or prevent the successful adoption of such systems.

1.3 Objectives of the Study

The main purpose of this study is to investigate the effectiveness of performance management systems in small and medium enterprises in Uyo, Nigeria. Specific objectives of this study include:

- To examine the effect of poor infrastructure on small and medium enterprises in Uyo, Nigeria.
- To evaluation the effect of limited access to financing on small and medium enterprises in Uyo, Nigeria.
- To ascertain the effect of inconsistent policy support on small and medium enterprises in Uyo, Nigeria.

1.4 Research Questions

From the objectives of the study, the following research questions were asked to guide the study:

- What is the effect of poor infrastructure on small and medium enterprises in Uyo, Nigeria?
- What is the effect of limited access to financing on small and medium enterprises in Uyo, Nigeria?
- What is the effect of inconsistent policy support on small and medium enterprises in Uyo, Nigeria?

1.5 Hypotheses

From the objectives of this study, the following research hypotheses were formulated:

- There is no significant effect of poor infrastructure o small and medium enterprises in Uyo, Nigeria.
- There is no significant effect of limited access to financing on small and medium enterprises in Uyo, Nigeria.
- There is no significant effect of inconsistent policy support on small and medium enterprises in Uyo, Nigeria.

1.6 Significance of the Study

The present work is important on multiple levels as it provides insight into the efficacy of SMEs in Uyo in achieving that configuration between employee goals and organizational goals. This, on the other hand, may increase productivity, efficiency and therefore general business performance which is important for SME growth. Successful performance management systems recognize employee strengths and weaknesses to cultivate their skills and career progression. According

to this research, this is an important work in the context from which SMEs can take advantage of PMS in order to improve employee capabilities, job satisfaction, and turnover (also known as retention). By evaluating the effectiveness of PMS, SMEs can obtain valuable data and insights for making informed strategic decisions. This work is meaningful because it shows how PMS can be used to assist business owners and managers in Uyo to take data-driven decisions for business growth and resource planning. The analysis of the effect of PMS on SMEs contribute knowledge on how performance expectations and feedback processes are regulated. An effectively organized PMS can provide for accountability and transparency, thus enabling an impartial assessment process and improving employees' morale. Small and medium enterprises (SMEs) are essential to the Nigerian economy, particularly in Uyo. Successful performance management has the capacity to increase their output, which can lead to job creation, innovation and regional economic growth. In this work, it is important as it lends itself to the question of influence how internal business process improvement can translate to wider effects on the economic ecosystem. Small enterprises (SMEs) chronically confront challenge in establishing strong performance management systems, partly because of lack of resources and expertise. This study will be able to identify fundamental challenges, and then deliver actionable advice, that will allow businesses in Uyo to enhance their HR practices, and so overcome their human capital performance management challenges. Small and medium enterprises (SMEs) must be responsive in a changing business climate. Powerful PMS can enable organizations to react to market changes, match their new business models, and anticipate the need of employees to match new levels of performance demands. This paper discusses the extent to which SMEs in Uyo use PMS as an instrument of organizational agility.

2. Literature Review

2.1 Conceptual Review

Concept of Performance Management Systems

Performance Management Systems (PMS) are organized arrangements that allow organizations to measure, track and develop employee performance to support strategic goals. PMS involves a range of activities such as goal setting, ongoing feedback, performance review, and staff development (Aguinis, 2019). Although traditionally associated with larger corporations, PMS has become increasingly relevant in Small and Medium Enterprises (SMEs) as these systems can enhance productivity, foster growth, and improve overall business outcomes (Kraus et al., 2018). In SMEs, PMS has a prominent role, which is usually customized to suit the requirements and limitations of SMEs. In contrast to more complex, big organizations with elaborate, formalized systems, SMEs often use a flexible, informal PMS to manage constraints in resources and structure (Cardon Stevens, 2004). While large firms may have extensive resources to invest in sophisticated performance tracking tools and in-depth appraisals, SMEs often rely on streamlined systems, prioritizing more direct communication and informal feedback mechanisms to maintain employee motivation and productivity (Dibrell Moeller, 2011).

For SMEs, a good PMS should be able to clarify employee job responsibility, establish reasonable performance goals, and offer the means for the ongoing improvement. Abaikpa, Etuk, Thomas, Daniel & Etuk (2023) suggest that a good PMS should link employee-level objectives to organizational goals so that it can provide feedback that is both frequent and positive and provide skill development opportunities. In this way, SMEs can use PMS not only to enhance individual performance but also to strengthen their competitive advantage in a dynamic business environment (Biron et al., 2011). However, implementing PMS in SMEs is not without challenges. Research indicates that SMEs in emerging economies like Nigeria often encounter barriers such as limited managerial expertise, financial constraints, and a lack of infrastructure, which can hinder effective PMS adoption (Ademola et al., 2017). In addition, the Nigerian cultural background that sometimes promotes hierarchical and informal practice and human relations of where the instructions are likely to be ambiguous and vague, could impact on how SMEs perceive performance management (Ogunlana et al., 2021). As a result, SMEs are required to change PMS to be authentic and workable, creating an accepting environment in which work concerns can be openly discussed, feedback can be dispensed regularly and constantly, and performance development can be pursued in response to company aims. Focusing on the specific, idiosyncratic, and special demands of SMEs, a well-designed PMS can play an important role in enhancing organizational performance, satisfaction, and productivity, even in low-resource environments. The concept of PMS within SMEs, therefore, not only encompasses traditional elements of performance assessment but also emphasizes flexibility, practicality, and adaptability to the specific challenges faced by smaller businesses.

Effect of Poor Infrastructure on Small and Medium Enterprises

Injustice seriously limits the development and viability of SMEs. Poor infrastructure, including unstable power supply and unroadworthy roads compound the disruptions in businesses. As an example, SMEs in Nigeria typically face high equipment backup power costs because power is never really available, thus, operational costs are high (World Bank, 2021). This reduces the overall profitability and hinders scalability. Small to medium enterprises (SMEs) sustain greater “logistics and transport costs” as a result of inadequate road conditions, making movement of goods and services less efficient. This further adds to the cost of doing business, lowers the profit margin and diminishes the capacity of SMEs to compete with companies who are able to absorb these extra charges (OECD, 2020). Service life cycle management is often

trapped in rural markets, partly due to inadequate infrastructure, which can leave SMEs out of larger markets. This restricts their potential customer base and limits potential market expansion. With insufficient transport and digital solution, SMEs are unable to identify new clients or to operate in e-commerce, which is becoming the most important factor in the businesses of the 21st century (United Nations, 2020). Infrastructure bottlenecks, including inadequate internet connectivity, constrain the availability of the digital instruments and other resources that support business innovation. SMEs are not in a position to access technologies that would improve their productivity and service delivery. Consequently, they are less nimble and less responsive to changes in the market (International Finance Corporation, 2021). Inadequate infrastructure is a major constraint to the effectiveness, the market penetration and the expansion opportunities of SMEs, ultimately dampening their role in economic development. Solving these problems via better infrastructure investment is critical for SMEs to be supported in their sustainable success.

Effect of Limited Access to Financing on Small and Medium Enterprises

Lack of access to finance is one of the biggest roadblocks that small and medium enterprise (SME) are encountering, especially in developing economies. This challenge has a major effect on the growth, innovation, and sustainability of these businesses. Small and medium sized enterprises (SMEs) typically find it very difficult to secure appropriate finance because of the high lending standards imposed by financial institutions. As reported (Beck and Demirgüç-Kunt 2006), SMEs generally experience greater credit risk, leading banks to be unwilling to provide loans without significant collateral. The lack of capital availability restricts their ability to expand, acquire new equipment, or to market into new markets, considerably limiting their growth opportunity. Lack of access to finance limits SMEs' scope to make investments in research and development (R&D), a key area of innovation. As noted by (Ayyagari, Demirgüç-Kunt, and Maksimovic 2011), limited financial resources limit SMEs to the ability to innovate in terms of new products or services and therefore their competitiveness decreases. SMEs are usually not provided with the internal finance necessary for innovation, and they rely almost exclusively on external funding, which is hard to obtain.

Lack of creditability pushes SMEs to seek more expensive and less reliable informal financial mechanisms (Abaikpa, Etuk, Thomas and Udoh, 2023). As a consequence, interest rates tend to be raised and lending arrangements are generally disadvantageous for the enterprises (OECD, 2020). Accordingly, small and medium enterprises (SMEs) can have difficulties in their cash flow management which, in turn, may lead to day-to-day operations maintenance, supplier payments, and payroll management issues. Small and medium enterprises (SMEs) pace economic growth and job creation and poverty reduction especially in developing countries. Nevertheless, the funding gap continues to be a major bottleneck, as the International Finance Corporation (IFC, 2021) has estimated the world SME financing gap at more than \$5.7 trillion. If SMEs lack sufficient funding, they would be unable to do their business expansion or generate significant contribution to the economy, reducing their contribution to job creation and GDP growth. The dependence between access to finance and the performance of SMEs is shown to be highly negative. Inadequate financial support stifles business growth, innovation, and operational efficiency, ultimately limiting the broader economic contributions of SMEs. Addressing this issue requires policy interventions to improve access to credit, develop alternative financing mechanisms, and support financial literacy among SME owners.

Effect of Inconsistent Policy Support on Small and Medium Enterprises

Inconsistent policy provision may have adverse effects on small and medium enterprises (SMEs) by creating an insecure business environment that is detrimental to growth and promotion of strategic decision-making. Small medium enterprises (SMEs) operate on the assumption that regulatory environments are predictable and supportive, such that they can make effective arrangements for operation Abaikpa & Essiet (2025). If rules are frequently altered or unclear, companies experience higher uncertainty and, as a result, decreased investments and a demise of long-term planning (Rajah, 2022). For example, no uniform implementation of tax code or volatile trade policies can lead to higher compliance costs, as well as interrupt cash flow for small and medium enterprises. Furthermore, the presence of policy insecurity can result in difficulties in obtaining government incentives, subsidies, or support programs, which are vital to the growth of SMEs (Small and Medium Enterprises). This uncertainty can also discourage external funders, ultimately limiting the expansion of enterprises (World Economic Forum, 2022; Colgan et al., 2016). Effective policy implementation and consistent support are crucial to fostering a stable environment where SMEs can thrive, innovate, and scale their operations, highlighting the need for coherent and sustained policy frameworks (Australian National Audit Office, 2006).

2.2 Theoretical Review

The study, "Effectiveness of Performance Management Systems (PMS) in Small and Medium Enterprise (SME)," can be easily provided with the Explanatory Power of Goal-Setting Theory and with the Resource-Based View (RBV) Theory. These two theories provide robust frameworks for both understanding components and effect of a high performing management in SMEs.

Goal-Setting Theory

Edwin Locke and Gary Latham's Goal-Setting Theory is one of the most cited theories in management of performance. It posits that specific and challenging goals, coupled with appropriate feedback, lead to higher employee performance.

Specifically, the mainstay is that defining specificity and measurability in the objectives enhances motivation and focus efforts to the achievement of organizational objectives. Well-defined performance objectives are crucial for SMEs, due to limited resources and time. Goal-Setting Theory implies that SMEs employees tend to be more effective if they are able to understand what they are required to achieve and if their assigned tasks are congruent with the firm's strategic goals (Locke Latham, 2002). In addition, the feedback loop that is built into this theory underpins the process of performance review and provides an opportunity for SMEs to respond rapidly and make improvements to workflows and, consequently, perform better as a whole (Latham, 2004).

Resource-Based View (RBV) Theory

The Resource Based View (RBV) Theory, building on the work of Jay Barney, is also a significant conceptual framework explaining how effective performance management systems might provide sustainable competitive advantage for SMEs. RBV places emphasis on the internal resources of an enterprise - particularly human resources - as a source of future strategic value. Based on this theory, if a firm's resources are valuable, rare, inimitable, and well constituted, it can result in their persistent superiority (Barney, 1991). In the SME context, an appropriate performance management system supports the selection, development, and retention of essential talent which can be one of the most important assets of a smaller business (Abaikpa, Baridam & Uwa 2022). Effectively leveraging human capital, SMEs are able to boost productivity, encourage innovation, and retain a competitive advantage in the market. Since the coupling of PMS to strategic goals, SMEs can better tailor their resource allocation and increase the production of outputs despite a limited financial and operational capability (Wernerfelt, 1984).

Summing up, both Goal-Setting Theory and RBV Theory offer strong justifications for the success of performance management systems in SMEs. Goal-Setting Theory focuses on objectives and feedback, which provide motivational and performance boosting effects, meanwhile RBV focuses on the importance of strategic effective management of human capital. In combination, these hypotheses provide key explanations as to why well-structured PMS can lead to growth and competitive advantage in SMEs.

2.3 Empirical Review

Small and Medium Enterprises (SMEs) play a key role as driving forces of economic growth, employment and poverty reduction in, for example, developing countries such as Nigeria (Adebisi Gbegi, 2013). In Uyo, the capital town of Akwa Ibom State, SMEs play an important role in the local economy but a number of Small Businesses (SMB's) struggle to reach sustainable growth and competitiveness (Ogunlana et al., 2021). Among the factors which could affect SME performance, the quality of performance management systems (PMS) is a critical factor. It is well established that high functioning PMS leads to productivity gains as a result of better matching employee goals and organizational goals (Aguinis, 2019). Moreover, in most SMEs, including SMEs in Uyo, the empirical evidence regarding the success of PMS implementation or effectiveness in reaching the objectives of the strategy is not available. There is evidence that SMEs are typically also challenged to set up structured PMS because of a lack of financial resources, managerial and technical competences (Kraus et al., 2018).

In Uyo, these challenges are compounded by structural issues such as poor infrastructure, limited access to financing, and inconsistent policy support, which can further limit the ability of SMEs to adopt and benefit from formal PMS (Adebisi Olayinka, 2022). Previous study in Uyo, Akwa Ibom State by Thomas, Abaikpa, Daniel Akpan (2024) on Imperatives of Small-Scale Businesses and Employment Generation revealed a positive relationship between poor infrastructure and employment generation. The lack of a formal PMS may lead to fuzzy employee functions, poor feedback processes and lack of accountability which in turn stifle productivity and growth (Pulakos et al., 2015). Unresponsive to appropriate performance management, SME's may find it difficult to recruit and retain competent staff, to respond to shifts in the market place and to develop a competitive identity (Dibrell Moeller, 2011). Moreover, while performance management has been extensively studied in larger corporations, there is a paucity of research focusing on its applicability and effectiveness in SMEs, especially in the Nigerian context (Ademola et al., 2017). This research gap begs the question as to whether the PMS models employed by the bigger organizations can be adapted or modified to suit entrepreneurs or whether different paradigms ought to be developed to consider the peculiarities of the constraints that small businesses face in Uyo. This work thus attempts to fill this gap by exploring the performance of PMS within the context of SMEs in Uyo by seeking to understand the key determinants of the ability of these schemes to succeed and to produce either positive or negative outcomes.

2.4 Issues/Gaps in Literature and Knowledge

Despite the proliferation of research on effectiveness of performance management systems (PMS) in small and medium enterprises (SMEs), certain issues and gaps continue to exist. These include:

- i. Due to the constraint of studies targeted at SMEs in Uyo, Akwa Ibom State, which is not widely replicated in other areas of the country, it is hard to apply the results of existing studies to a new environment without further knowledge.
- ii. Absence of holistic performance management models, customized to the specific context and requirements of SMEs.
- iii. Lack of studies about the consequence of informal business practices common in SMEs, and, its effects on the

- performance management.
 - iv. Lack of attention on employee attitudes and engagement with performance management systems in SMEs.
 - v. Nevertheless, there are some studies which do not consider the use of technology to improve the performance management process for employees in SMEs.
 - vi. Absence of empirical investigation of the direct impact of performance management on business development, productivity and innovation.
 - vii. Underestimation of the role local regulatory, economic and infrastructural issues in Uyo on the effective functioning of performance management systems.
 - viii. Lack of longitudinal studies to determine the long-term effects of performance management practices in SMEs.
- These needs emphasize the importance of context-specific, holistic, through technology-based research on performance management in SMEs in the Uyo area.

3 Research Methodology

The study employed a cross-sectional survey, which is effective in gathering important insights from a population regarding their opinions on relevant variables for the researcher. This approach also aids in the development of the questionnaire (Etuk & Udonde, 2024). As reported by the Ministry of Commerce and Industry gazette (2023), there are 3725 registered small-scale businesses in Akwa Ibom State, which served as the study's population. Judgmental sampling technique was adopted for the study. Given the population, a sample size was derived using Taro Yamane's scientific formula which is given as:

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

Where: N = Population.
 1 = constant.
 e = Level of significance
 n = sample size.

$$n = \frac{3725}{1 + 3725 (0.05)^2}$$

$$n = 361$$

The research relied on primary data sources, and the quantitative analysis involved descriptive statistics. To evaluate the impact of the variables, Simple Linear Regression Analysis was utilized.

4 Data Presentation, Analysis and Discussion of Findings

4.1 Presentation of Data

This section is basically designed to present, analyze and interpret the primary data obtained via the questionnaire which was purposively administered to the respondents. These are shown in the table below:

Table 1: Number of questionnaires administered and returned

	Response	Percentage
Copies of Questionnaire Administered	361	
Copies of Questionnaire Retrieved	355	98.3
Copies of Questionnaire not Retrieved	6	0.016
Total		100

Source: Fieldwork, 2024

From the table, out of 361 questionnaires administered, 355 representing 0.98% were successfully returned. 6 copies of questionnaire representing 0.016 % were not returned.

Table 2: Demographic data of the respondents

Gender Distribution	Frequency	Percent
Male	235	66.2
Female	120	33.8
Total	355	100
Age distribution of the respondents		
20-30years	63	17.7

31-40years	83	23.4
41-50years	152	42.8
51 and above	57	16.1
Total	355	100
Respondents' Education Qualification		
FSLC	9	2.5
WAEC	59	16.6
B.Sc	213	60.0
Masters	74	20.8
Total	355	100

Source: Fieldwork, 2024

From table 2 out of the 293 respondents, 235 representing 66.2% were male and 120 representing 33.8% were female. With regard to the age of the respondents, 63 respondents representing 17.7% were between 20 – 30 years of age, 83 respondents representing 23.4% were between 31 - 40 years of age. Those between 41 – 50 years were 152 representing 42.8% and those 51 years and above were 57 representing 16.1% of the respondents. With regards to the education qualification of the respondents, 9 representing 2.5% of the respondents were FSLC holder, 59 representing 16.6% of the respondents have WAEC, 213 representing 60.0% of the respondents were B.Sc holder while 74 representing 20.8% of the respondents were Master holders.

Table 3: Percentage analysis of the responses on the Effect of Poor Infrastructure on Small and medium Enterprises

	SA	A	D	SD	UN	Total
Inadequate infrastructure affects the implementation of performance management systems in SMEs in Uyo.	176 (49.6%)	142 (40.0%)	6 (1.7%)	4 (1.1%)	27 (7.6%)	355 (100%)
Infrastructure challenges are very detrimental to effective performance management in SMEs in Uyo.	132 (37.2%)	185 (52.1%)	25 (7.0%)	6 (1.7%)	7 (2.0%)	355 (100%)
Poor infrastructure impact employee productivity and performance evaluations in SMEs in Uyo.	156 (37.2%)	139 (39.2%)	16 (4.5%)	35 (9.9%)	9 (2.5%)	355 (100%)
Performance management systems mitigate the effects of infrastructural deficiencies in SMEs in Uyo.	115 (32.4%)	86 (24.2%)	73 (20.6%)	46 (13.0%)	35 (9.9%)	355 (100%)
SMEs use several strategies to overcome infrastructural challenges in implementing effective performance management in Uyo.	107 (30.1%)	135 (38.0%)	23 (6.5%)	73 (20.6%)	17 (4.8%)	355 (100%)

Source: Field survey 2024

Table 3 shows the frequency of responses and their percentages on the relationship between Poor Infrastructure and Small and medium Enterprises. In response to the question one in the table above, whether inadequate infrastructure affect the implementation of performance management systems in SMEs in Uyo. Of a proportion of 355 respondents, 176 (49.6%) strongly agreed to questions, 142 (40.0%) agreed, 6 (1.9%) disagreed, 4 (1.1%) strongly disagreed and 27 (7.6%) were undecided.

In response to the question two in the table above, whether infrastructure challenges are very detrimental to effective performance management in SMEs in Uyo. Of a proportion of 355 respondents, 132 (37.2%) strongly agreed to questions, 185 (52.1%) agreed, 25 (7.0%) disagreed, 6 (1.6%) strongly disagreed and 7 (2.0%) were undecided.

In response to the question three in the table above, whether poor infrastructure impact employee productivity and performance evaluations in SMEs in Uyo.. Of a proportion of 355 respondents, 156 (37.2%) strongly agreed to questions, 139 (39.2%) agreed, 16 (4.5%) disagreed, 35 (9.9%) strongly disagreed and 9 (2.5%) were undecided.

In response to the question four in the table above, whether performance management systems mitigate the effects of infrastructural deficiencies in SMEs in Uyo. Of a proportion of 355 respondents, 115 (32.4%) strongly agreed to questions, 86 (24.2%) agreed, 73 (20.6%) disagreed, 46 (13.0%) strongly disagreed and 35 (9.9%) were undecided.

In response to the question five in the table above, whether SMEs use several strategies to overcome infrastructural challenges in implementing effective performance management in Uyo. Of a proportion of 355 respondents, 107 (30.1%) strongly agreed to questions, 135 (38.0%) agreed, 23 (6.5%) disagreed, 73 (20.6%) strongly disagreed and 17 (4.8%) were undecided.

Table 4: Percentage analysis of the responses on the Effect of Limited Access to Financing on Small and medium Enterprises

	SA	A	D	SD	UN	Total
Limited access to financing hinder the implementation of effective performance management systems in SMEs in Uyo.	108 (30.4%)	167 (47.0%)	58 (16.3%)	9 (2.5%)	13 (3.5%)	355 (100%)
There is a positive relationship between financial constraints and the adoption of performance tracking tools in SMEs in Uyo.	115 (32.4%)	135 (37.7%)	12 (3.4%)	75 (21.1%)	19 (5.4%)	355 (100%)
Restricted financing affect the training and development components of performance management in SMEs in Uyo.	101 (28.5%)	122 (34.4%)	76 (21.4%)	29 (8.2%)	27 (21.4%)	355 (100%)
Access to external funding influence the performance outcomes of SMEs with established management systems in Uyo.	150 (42.3%)	142 (40.0%)	8 (2.3%)	9 (2.5%)	46 (13.0%)	355 (100%)
SMEs adopt several financial strategies to enhance the effectiveness of their performance management systems in Uyo.	132 (37.2%)	185 (52.1%)	6 (1.7%)	7 (2.0%)	25 (7.0%)	355 (100%)

Source: Field survey 2024

Table 4 shows the frequency of responses and their percentages on the relationship between Limited Access to Financing and Small and medium Enterprises dimension. In response to the question one in the table above, whether limited access to financing hinder the implementation of effective performance management systems in SMEs in Uyo. Of a proportion of 355 respondents, 108 (30.4%) strongly agreed to questions, 167 (47.0%) agreed, 58 (16.3%) disagreed, 9 (2.5%) strongly disagreed and 13 (3.5%) were undecided.

In response to the question two in the table above, whether there is a positive relationship between financial constraints and the adoption of performance tracking tools in SMEs in Uyo. Of a proportion of 355 respondents, 115 (32.4%) strongly agreed to questions, 135 (37.7%) agreed, 12 (3.4%) disagreed, 75 (21.1%) strongly disagreed and 19 (5.4%) were undecided.

In response to the question three in the table above, whether restricted financing affect the training and development components of performance management in SMEs in Uyo. Of a proportion of 355 respondents, 101 (28.5%) strongly agreed to questions, 122 (34.4%) agreed, 76 (21.4%) disagreed, 29 (21.4%) strongly disagreed and 27 (21.4%) were undecided.

In response to the question four in the table above, whether access to external funding influence the performance outcomes of SMEs with established management systems in Uyo. Of a proportion of 355 respondents, 150 (42.3%) strongly agreed to questions, 142 (40.0%) agreed, 8 (2.3%) disagreed, 9 (2.5%) strongly disagreed and 46 (13.0%) were undecided.

In response to the question five in the table above, whether SMEs adopt several financial strategies to enhance the effectiveness of their performance management systems in Uyo. Of a proportion of 355 respondents, Of a proportion of 355 respondents, 132 (37.2%) strongly agreed to questions, 185 (52.1%) agreed, 6 (1.7%) disagreed, 7 (2.0%) strongly disagreed and 25 (7.0%) were undecided.

Table 5: Percentage analysis of the responses on the Effect of Inconsistent Policy Support on Small and medium Enterprises

	SA	A	D	SD	UN	Total
Inconsistent government policies impact the effectiveness of performance management systems in SMEs in Uyo.	78 (22.0%)	164 (46.2%)	25 (7.0%)	30 (8.5%)	58 (16.3%)	355 (100%)
Policy inconsistencies affect the performance evaluation processes in SMEs in Uyo.	105 (29.6%)	105 (29.6%)	38 (10.7%)	32 (9.0%)	75 (21.1%)	355 (100%)
Regulatory environment influence the adoption of standardized performance management practices in SMEs in Uyo.	125 (35.2%)	90 (25.4%)	58 (16.3%)	16 (4.5%)	66 (18.6%)	355 (100%)
Changes in government policies affect the strategic goals and performance metrics of SMEs in Uyo.	108 (30.4%)	167 (47.0%)	9 (2.5%)	13 (3.5%)	58 (16.3%)	355 (100%)
There are several policy recommendations to support the implementation of robust performance management systems in SMEs in Uyo.	176 (49.6%)	142 (40.0%)	4 (1.1%)	27 (7.6%)	6 (1.7%)	355 (100%)

Source: Field survey 2024

Table 5 shows the frequency of responses and their percentages on the relationship between inconsistent Policy Support and Small and medium Enterprises dimension. In response to the question one in the table above, whether inconsistent government policies impact the effectiveness of performance management systems in SMEs in Uyo. Of a proportion of 355 respondents, 78 (22.0%) strongly agreed to questions, 167 (47.0%) agreed, 25 (7.0%) disagreed, 30 (8.5%) strongly disagreed and 58 (16.3%) were undecided.

In response to the question two in the table above, whether policy inconsistencies affect the performance evaluation processes in SMEs in Uyo. Of a proportion of 355 respondents, 105 (29.6%) strongly agreed to questions, 105 (29.6%) agreed, 38 (10.7%) disagreed, 32 (9.0%) strongly disagreed and 75 (21.1%) were undecided.

In response to the question three in the table above, whether regulatory environment influence the adoption of standardized performance management practices in SMEs in Uyo. Of a proportion of 355 respondents, 125 (35.2%) strongly agreed to questions, 90 (25.4%) agreed, 58 (16.3%) disagreed, 16 (4.5%) strongly disagreed and 66 (18.6%) were undecided.

In response to the question four in the table above, whether changes in government policies affect the strategic goals and performance metrics of SMEs in Uyo. Of a proportion of 355 respondents, 108 (30.4%) strongly agreed to questions, 167 (47.0%) agreed, 9 (2.5%) disagreed, 13 (3.5%) strongly disagreed and 58 (16.3%) were undecided.

In response to the question five in the table above, whether there are several policy recommendations to support the implementation of robust performance management systems in SMEs in Uyo. Of a proportion of 355 respondents, 176 (40.0%) strongly agreed to questions, 142 (40.0%) agreed, 4 (1.1%) disagreed, 27 (7.6%) strongly disagreed and 6 (1.7%) were undecided.

4.2 Testing of Hypotheses

Hypothesis One

H₀₁: There is no significant effect of poor infrastructure on small and medium enterprises in Uyo, Nigeria.

Simple Regression Analysis was used to analysis the data in order to determine the influence between the variables using Statistical Package Social Science (SPSS version 22).

Table 7: Regression analysis of effect of poor infrastructure on small and medium enterprises in Uyo, Nigeria.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.804 ^a	.647	.646	.42308

a. Predictors: (Constant), poor infrastructure

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	107.551	1	107.551	600.848	.000 ^b
	Residual	58.712	354	.179		
	Total	166.263	355			

a. Dependent Variable: SMEs
b. Predictors: (Constant), poor infrastructure

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.781	.098		7.941	.000
	poor infrastructure	-.761	.031	-.804	24.512	.000

a. Dependent Variable: SMEs

From the result in Table above, R-square of the regression analysis is .647. This finding suggests that 64.7 % of the variance in small and medium enterprises in Uyo, Nigeria is explained by poor infrastructure variables. The analysis of variance (ANOVA) confirmed the existence of a negative significant influence and the study found that the regression model is best fit for predicting the effect between variables under study [F = 600.848, t = 7.941 and p<0.05]. Given this result, the null hypothesis is rejected. Therefore, there is negative and significant influence of poor infrastructure on small and

medium enterprises in Uyo, Nigeria. Similarly, the study revealed that every unit change in poor infrastructure would cause a variance of 80.4% in small and medium enterprises in Uyo, Nigeria (Beta= -.804, p=0.000).

Hypothesis Two

There is no significant effect of limited access to financing on small and medium enterprises in Uyo, Nigeria. Simple regression analysis was used to analysis the data in order to determine the influence between the variables using Statistical Package Social Science (SPSS version 21).

Table 8: Regression analysis of effect of limited access to financing and small and medium enterprises in Uyo, Nigeria.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.839 ^a	.704	.704	.38706
a. predictors: (constant), Limited access to financing				

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	117.122	1	117.122	781.763	.000 ^b
	Residual	49.140	354	.150		
	Total	166.263	355			
a. Dependent Variable: SMEs						
b. Predictors: (Constant), Limited access to financing						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.812	.085		9.514	.000
	Limited access to financing	-.759	.027	-.839	27.960	.000
a. Dependent Variable: SMEs						

From the result in Table above, R-square of the regression analysis is .704. This finding suggests that 70.4 % of the variance in small and medium enterprises in Uyo, Nigeria is explained by limited access to financing variables. The analysis of variance (ANOVA) confirmed the existence of a negative significant impact and the study found that the regression model is best fit for predicting the influence between variables under study [F = 781.763, t = 9.514 and p<0.05]. Given this result, the null hypothesis is rejected. Therefore, there is negative and significant influence of limited access to financing on small and medium enterprises in Uyo, Nigeria. Similarly, the study revealed that every unit change in limited access to financing would cause a variance of 83.9% in small and medium enterprises in Uyo, Nigeria (Beta= -.839, p=0.000).

Hypothesis Three

There is no significant effect of inconsistent policy support on small and medium enterprises in Uyo, Nigeria. Simple regression analysis was used to analysis the data in order to determine the influence between the variables using Statistical Package Social Science (SPSS version 21).

Table 9: Regression analysis of effect of inconsistent policy support on small and medium enterprises in Uyo, Nigeria.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.670 ^a	.448	.447	.52873
a. Predictors: (Constant), inconsistent policy				

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	74.568	1	74.568	266.737	.000 ^b
	Residual	91.694	354	.280		
	Total	166.263	355			
a. Dependent Variable: SMEs						
b. Predictors: (Constant), inconsistent policy						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.001	.133		7.526	.000
	inconsistent policy	-.737	.045	-.670	16.332	.000
a. Dependent Variable: SMEs						

From the result in Table above, R-square of the regression analysis is .448. This finding suggests that 44.8 % of the variance in small and medium enterprises in Uyo, Nigeria is explained by inconsistent policy support variables. The analysis of variance (ANOVA) confirmed the existence of a negative significant influence and the study found that the regression model is best fit for predicting the effect between variables under study [F = 266.737, t = 7.526 and p<0.05]. Given this result, the null hypothesis is rejected. Therefore, there is negative and significant influence of inconsistent policy support on small and medium enterprises in Uyo, Nigeria. Similarly, the study revealed that every unit change in inconsistent policy support would cause a variance of 83.9% in small and medium enterprises in Uyo, Nigeria (Beta= -.839, p=0.000).

4.3 Discussion of Findings

The first objective was to examine the effect of poor infrastructure on small and medium enterprises in Uyo, Nigeria. The result shows there is negative and significant relationship poor infrastructure and small and medium enterprises in Uyo, Nigeria. This collaborate with the study and finding of OECD, (2020) who reported that inadequate infrastructure, can leave SMEs out of larger markets. This restricts their potential customer base and limits potential market expansion. With insufficient transport and digital solution, SMEs are unable to identify new clients or to operate in e-commerce, which is becoming the most important factor in the businesses of the 21st century (United Nations, 2020). Infrastructure bottlenecks, including inadequate internet connectivity, constrain the availability of the digital instruments and other resources that support business innovation. SMEs are not in a position to access technologies that would improve their productivity and service delivery. Consequently, they are less nimble and less responsive to changes in the market. Inadequate infrastructure is a major constraint to the effectiveness, the market penetration and the expansion opportunities of SMEs, ultimately dampening their role in economic development.

The second objective was to evaluate the effect of limited access to financing on small and medium enterprises in Uyo, Nigeria. The result shows there is negative and significant relationship limited access to financing and small and medium enterprises in Uyo, Nigeria. This is in agreement with the study and findings of (Beck and Demirgüç-Kunt 2006), who reported that SMEs generally experience greater credit risk, leading banks to be unwilling to provide loans without significant collateral. The lack of capital availability restricts their ability to expand, acquire new equipment, or to market into new markets, considerably limiting their growth opportunity. Lack of access to finance limits SMEs' scope to make investments in research and development (R&D), a key area of innovation. As noted by (Ayyagari, Demirgüç-Kunt, and Maksimovic 2011), limited financial resources limit SMEs to the ability to innovate in terms of new products or services and therefore their competitiveness decreases. SMEs are usually not provided with the internal finance necessary for innovation, and they rely almost exclusively on external funding, which is hard to obtain.

The third objective was to ascertain the effect of inconsistent policy support on small and medium enterprises in Uyo, Nigeria. The result shows there is negative and significant relationship there is no significant relationship between inconsistent policy support and small and medium enterprises in Uyo, Nigeria. This is in disagreement with the study and findings of (Rajah, 2022) who reported that inconsistent policy provision may have adverse effects on small and medium enterprises (SMEs) by creating an insecure business environment that is detrimental to growth and promotion of strategic decision-making. Small medium enterprises (SMEs) operate on the assumption that regulatory environments are predictable and supportive, such that they can make effective arrangements for operation. If rules are frequently altered or unclear, companies experience higher uncertainty and, as a result, decreased investments and a demise of long-term planning.

5 Conclusions and Recommendations

5.1 Summary of the Findings

The main purpose of this study is to investigate the effect of performance management systems on small and medium enterprises in Uyo, Nigeria. Specific objectives of this study include were to examine the effect of poor infrastructure on small and medium enterprises in Uyo, Nigeria, evaluation the effect of limited access to financing on small and medium enterprises in Uyo, Nigeria, and ascertain the effect of inconsistent policy support on small and medium enterprises in Uyo, Nigeria. Three hypotheses were formulated and tested in this study. The researcher employed the use of a cross-sectional survey in which primary data were obtained through questionnaire administration. Data for this study were obtained from both primary and secondary sources. Primary data were obtained through a structured questionnaire. The questions were closed-ended, and directed to collect relevant data from small and medium enterprise owners in Uyo, Nigeria. Secondary sources were information from existing literatures such as relevant textbooks, Journals and internet and sources. The researcher employed tables and simple percentage method to analyze the research questions. However, the regression technique was used to test the hypotheses. The results of the regression analysis presented consistent findings which showed negative relationship between the variables of effectiveness of performance management systems and small and medium enterprises in Uyo, Nigeria.

5.2 Conclusion

In conclusion, the results of the regression analysis presented consistent findings, showing negative effect of performance management systems on small and medium enterprises in Uyo, Nigeria.

5.3 Recommendations

From the findings of the study, the following recommendations were made:

- The government of Akwa Ibom State should establish industrial clusters with dedicated facilities for SMEs, including reliable power supply, good road networks, and access to essential utilities. This can reduce overhead costs and provide a conducive environment for growth and operational efficiency.
- Financial institutions should streamline their loan application procedures to make it easier for SMEs to access credit. This includes reducing the collateral requirements and offering flexible loan products tailored to the needs of SMEs.
- Strengthen institutions such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to provide reliable support services, including advisory services, regulatory guidance, and advocacy for SME-friendly policies.

Conflict of Interest

The authors declare that they have no conflicting interests

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Ethical considerations

The article followed all ethical standards appropriate for this kind of research.

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APPENDIX I

SECTION A: DEMOGRAPHIC DATA

Please kindly tick () or complete the following provided below:

Gender: Male [] Female []

Indicate your age group: 15-20 [] 21-30 [] 31-35 [] 36 - 40 [] 41 - 50 [] 51 and above []

Indicate your marital Status: Single [] Married [] Separated [] Divorced [] Widowed []

Indicate your educational Qualification: SSCE [] OND/NCE [] HND/B.Sc. [] M.Sc./MBA [] Ph.D. []

Indicate your years of Service/Experience: 0 - 2 [] 3 - 5 [] 6 - 8 [] 9 - 11 [] 12 - 14 [] 15 and above []

Indicate your rank: Management Staff [] Senior Staff [] Junior Staff []

SECTION B: QUESTIONNAIRE

Please read carefully each of the statement below and tick to indicate your agreement or disagreement to each item. Each item has to do with the level of relationship between the role of deposit money banks and financial intermediation. The level or degrees of your responses are: Strongly agree (SA), Agree (A), strongly disagree (SD), disagree (D) and Neutral (N).

S/N	EFFECTIVENESS OF PERFORMANCE MANAGEMENT SYSTEMS IN SMALL AND MEDIUM ENTERPRISES	SA	A	SD	D	N
A	The Effect of Poor Infrastructure on Small and medium Enterprises					
1	Inadequate infrastructure affect the implementation of performance management systems in SMEs in Uyo.					
2	Infrastructure challenges are very detrimental to effective performance management in SMEs in Uyo.					
3	Poor infrastructure impact employee productivity and performance evaluations in SMEs in Uyo.					
4	Performance management systems mitigate the effects of infrastructural deficiencies in SMEs in Uyo.					
5	SMEs use several strategies to overcome infrastructural challenges in implementing effective performance management in Uyo.					
B	The Effect of Limited Access to Financing on Small and medium Enterprises					
6	Limited access to financing hinder the implementation of effective performance management systems in SMEs in Uyo.					
7	There is a positive relationship between financial constraints and the adoption of performance tracking tools in SMEs in Uyo.					
8	Restricted financing affect the training and development components of performance management in SMEs in Uyo.					
9	Access to external funding influence the performance outcomes of SMEs with established management systems in Uyo.					
10	SMEs adopt several financial strategies to enhance the effectiveness of their performance management systems in Uyo.					
C	The Effect of Inconsistent Policy Support on Small and medium Enterprises					
11	Inconsistent government policies impact the effectiveness of performance management systems in SMEs in Uyo.					
12	Policy inconsistencies affect the performance evaluation processes in SMEs in Uyo.					
13	Regulatory environment influence the adoption of standardized performance management practices in SMEs in Uyo.					
14	Changes in government policies affect the strategic goals and performance metrics of SMEs in Uyo.					
15	There are several policy recommendations to support the implementation of robust performance management systems in SMEs in Uyo.					