

CUSTOMER SERVICE MANAGEMENT STRATEGIES AND BUSINESS GROWTH OF SMALL AND MEDIUM-SIZED ENTERPRISES IN UGHELLI, DELTA STATE, NIGERIA

Macaulay Onovughakpo Augustine (PhD)¹ and Ewhrudjakpor Oke Thomas²
**Department of Marketing, Delta State Maritime Polytechnic, Burutu,
Delta State, Nigeria**

¹*Email: mclaugustine@gmail.com*

²*Email address: okeokay@gmail.com*

ABSTRACT

This study examined the relationship between customer service management (CSM) strategies and the growth of small and medium-sized enterprises (SMEs) in Ughelli, Delta State, Nigeria. Grounded in the resource-based view of the firm, the study hypothesized that no significant relationship exists between customer service management strategies and SME growth. Using a descriptive survey design with a sample of 200 SME owners and managers drawn through simple random sampling, data were collected via structured questionnaires and analyzed using Pearson Product-Moment Correlation Coefficient. Results revealed that SMEs predominantly deploy traditional customer service channels—telephone support (Mean = 3.34), self-service systems (Mean = 3.28), face-to-face interactions (Mean = 3.13), and customer feedback mechanisms (Mean = 3.13) while exhibiting limited adoption of digital platforms. The correlation analysis yielded $r = 0.742$ ($p = 0.000$), indicating a strong positive and statistically significant relationship between CSM strategies and SME growth, thereby rejecting the null hypothesis. The study concludes that deliberate and structured deployment of customer service strategies constitutes a critical determinant of SME growth in Ughelli and recommends targeted employee training, phased technology adoption, and formalized customer service policies.

Keywords: Customer Service Management, SME Growth, Customer Loyalty, Business Strategies, Delta State

1. INTRODUCTION

The contemporary business landscape is characterized by intense competition and rapidly evolving customer expectations, positioning customers at the epicenter of all marketing initiatives (Becker & Gerhart, 2016). In the small and medium-sized enterprise (SME) sector, this customer-centricity has become increasingly critical for survival and growth. Modern consumers possess heightened awareness, diverse preferences, and elevated service expectations that compel businesses to differentiate themselves through superior customer engagement strategies.

To establish and sustain competitive advantage, organizations strategically deploy customer-focused marketing techniques including customer satisfaction optimization, customer service excellence, and comprehensive customer relationship management (CRM) systems (Kesmodel, 2008). Contemporary businesses are transitioning toward customer-driven operational models, prioritizing the understanding, attraction, retention, and development of long-term relationships with profitable customer segments (Kotler, 2006). Customer service management, defined as the systematic process of meeting and exceeding client needs through strategic interactions and service delivery, has emerged as a fundamental business imperative.

While substantial empirical research on customer service management has historically concentrated on blue-collar manufacturing contexts, the service sector, particularly SMEs operating in white-collar environments has received comparatively limited scholarly attention. This research gap persists despite the service sector's growing economic significance and the unique challenges it presents for customer service measurement and evaluation (Griliches, 2019).

The Nigerian SME sector represents a vital engine of economic growth, contributing significantly to employment generation, poverty alleviation, and industrial development. However, many Nigerian SMEs operate below optimal performance levels due to multiple constraints, among

which inadequate customer service management practices feature prominently (Olusegun, 2019; Chukwuemeka, 2021). In Delta State, particularly in Ughelli metropolis, SMEs constitute the backbone of the local economy but face persistent challenges in implementing structured customer service systems.

Understanding the nexus between customer service management strategies and SME growth is therefore essential for developing evidence-based interventions that can enhance business sustainability, improve customer satisfaction, and contribute to broader economic development objectives. This study specifically addresses the following hypothesis:

H₀₁: There is no significant relationship between customer service management strategies and the growth of SMEs in Ughelli, Delta State.

2. LITERATURE REVIEW

2.1 Theoretical Framework

This study is anchored on the Resource-Based View (RBV) of the firm (Grant, 2019), which posits that sustained competitive advantage derives from the deployment of valuable, rare, inimitable, and non-substitutable internal resources. Customer service management capabilities encompassing skilled personnel, service delivery systems, and customer relationship competencies does constitute strategic resources that drive differential firm performance. Day and Van den Bulte (2020) extend this proposition to the CRM domain, demonstrating that superior CRM capabilities yield measurable competitive advantages and superior financial performance.

2.2 Customer Service Management and SME Performance

Customer service management encompasses all organizational activities directed at satisfying customer needs, resolving complaints, and building enduring relationships (Zeithaml & Bitner, 2018). For SMEs, where resource constraints limit operational scope, customer service quality frequently serves as the primary differentiator in competitive markets.

Agyapong (2017) demonstrated that customer relationship management practices positively and significantly influence SME performance in Ghana, with service quality dimensions such as tangibility, reliability, responsiveness, assurance, and empathy does collectively contribute to enhanced customer loyalty and revenue growth. Similar findings are reported by Nwosu (2018) in the Nigerian retail SME context, where service quality determinants were found to directly predict customer retention and business sustainability.

Gummesson (2017) argues that total relationship marketing, which integrates CRM approaches with broader network economy considerations, generates compounding value for SMEs through enhanced customer lifetime value and reduced acquisition costs. The strategic integration of multiple customer service channels involving traditional and digital channels creates service redundancy that caters to diverse customer preferences, thereby expanding market reach (Parasuraman, 2015).

In the Nigerian context, Olusegun (2019) found that customer service practices significantly predicted SME performance in Lagos State, with personalized service delivery and complaint resolution efficiency emerging as the strongest predictors. Ogujiuba et al. (2014) note that SMEs with structured customer service systems demonstrate greater access to credit facilities, as lenders perceive systematic operational management as an indicator of creditworthiness which is an indirect pathway through which CSM strategy adoption influences growth capacity.

2.3 Customer Service Strategy Channels

Contemporary customer service strategy literature identifies a continuum from traditional to digital service channels, each with distinct advantages and limitations for SME contexts. Traditional channels which are face-to-face interactions, telephone support, and email communication, offer high personalization and accessibility in markets with limited digital infrastructure (Kim & Lee, 2016).

Self-service systems represent a transitional category, empowering customers while reducing enterprise service delivery costs (Day, 2014).

Digital channels including social media engagement, live chat, and messaging platforms offer scale advantages and 24/7 availability but require technological infrastructure investment and digital literacy that many SMEs in developing economies lack (Adeola, 2018; Luo et al., 2010). The strategic challenge for SMEs is therefore optimizing the channel mix to maximize customer reach and satisfaction within resource constraints.

3. METHODOLOGY

This study adopted a descriptive survey design. The target population comprised all registered and operational SMEs in Ughelli metropolis, Delta State, spanning manufacturing, trading, service, and agricultural sectors. Simple random sampling was employed to select 200 SME owners and managers from the SMEDAN-registered enterprise database as of 2024, ensuring equal probability of selection and minimizing sampling bias (Kothari, 2004).

Data were collected using a structured questionnaire consisting of Likert-scale items (1 = Strongly Disagree to 4 = Strongly Agree) validated for content and face validity by expert review and tested for reliability. The instrument's reliability was confirmed through the split-half reliability procedure following Kimberlin and Winterstein (2008). Descriptive statistics (frequencies, means, standard deviations) were used to address the research question on strategy utilization, while Pearson Product-Moment Correlation Coefficient was employed to test the hypothesis. The criterion mean was set at 2.50, following Garland (1991).

4. RESULTS AND DISCUSSION

4.1 Customer Service Strategies Employed by SMEs

Table 1 presents the distribution of customer service management strategies adopted by SMEs in Ughelli, Delta State.

Table 1: Customer Service Management Strategies Employed by SMEs

S/N	Customer Service Strategy	SA	A	D	SD	Mean (\bar{X})	SD	Decision
1	Traditional face-to-face support	87	75	15	23	3.13	0.94	Agreed
2	Email communication	80	71	32	17	3.07	0.96	Agreed
3	Social media engagement	19	17	82	82	1.87	0.89	Disagreed
4	Telephone support services	89	95	11	5	3.34	0.71	Agreed
5	Self-service systems/platforms	81	102	8	9	3.28	0.75	Agreed
6	Live chat/messaging services	12	23	91	74	1.87	0.84	Disagreed
7	Customer feedback mechanisms	76	88	21	15	3.13	0.88	Agreed
8	After-sales support services	69	94	22	15	3.09	0.87	Agreed
	Cluster Mean					2.85	0.86	Agreed

Source: Field Survey, 2026. Criterion Mean = 2.50

The data reveal that Ughelli SMEs predominantly employ traditional and established customer service channels. Telephone support emerged as the most utilized strategy (Mean = 3.34, SD = 0.71), reflecting telephone accessibility, affordability, and cultural preferences for voice communication in Nigerian contexts. Self-service systems demonstrated strong adoption (Mean = 3.28, SD = 0.75), suggesting progressive automation where feasible. Face-to-face support (Mean = 3.13, SD = 0.94) and customer feedback mechanisms (Mean = 3.13, SD = 0.88) showed substantial utilization. After-sales support (Mean = 3.09, SD = 0.87) and email communication (Mean = 3.07, SD = 0.96) demonstrated moderate-to-strong adoption. Conversely, social media engagement (Mean = 1.87, SD = 0.89) and live chat/messaging (Mean = 1.87, SD = 0.84) showed minimal adoption, falling well below the criterion mean of 2.50. The cluster mean of 2.85 confirms that SMEs employ diverse customer service strategies, though the mix skews heavily toward traditional rather than digital channels.

4.2 Hypothesis Test: Customer Service Strategies and SME Growth

H₀₁: There is no significant relationship between customer service management strategies and the growth of SMEs in Ughelli, Delta State.

Table 2 presents the results of the Pearson Product-Moment Correlation analysis.

Table 2: Correlation Analysis – Customer Service Strategies and Business Growth

Variables	N	Mean	SD	r	p-value	Decision
CS Strategies	200	2.85	0.86	0.742	0.000	Reject H ₀₁
Business Growth	200	3.35	0.71			

Source: Computed from Field Data, 2026. Significance level: $\alpha = 0.05$

The Pearson correlation analysis yielded $r = 0.742$, indicating a strong positive correlation between customer service management strategies and SME business growth. The correlation is statistically significant ($p = 0.000 < 0.05$), leading to rejection of the null hypothesis. The coefficient of determination ($r^2 = 0.55$) indicates that approximately 55% of variance in business growth is explained by customer service strategy adoption—a substantial effect size confirming CSM's critical strategic importance. This finding aligns with Agyapong (2017), Nwosu (2018), and Olusegun (2019), all of whom established significant positive relationships between customer service management and enterprise performance across different African SME contexts. Gummesson (2017) and Zineldin (2016) similarly confirm that relationship marketing and CRM excellence generate compounding business value through customer loyalty, reduced churn, and enhanced brand equity—mechanisms consistent with the growth outcomes reported by Ughelli SME respondents.

4.3 Discussion

The strong positive correlation ($r = 0.742$) between CSM strategies and SME growth confirms that customer service management is not peripheral but central to business performance in the Ughelli SME context. The pattern of strategy adoption, favoring traditional over digital channels does reflect both infrastructural constraints and cultural preferences characteristic of Nigerian SME operating environments (Adeola, 2018). The cluster mean of 2.85 for strategy adoption, against a cluster mean of 3.35 for growth outcomes, suggests that even partial and traditional-channel-oriented CSM adoption yields significant growth dividends, implying that expanded digital channel adoption could amplify growth outcomes further.

The finding that telephone support (Mean = 3.34) and self-service systems (Mean = 3.28) are the most adopted strategies, while social media engagement (Mean = 1.87) remains marginal, reflects the digital divide characterizing Nigerian SME contexts. Luo et al. (2010) and Zhu (2014)

identify digital complementarity which is the the combined effect of IT infrastructure and digital service capabilities as a growth multiplier. The limited digital adoption among Ughelli SMEs therefore represents an unrealized growth opportunity. The significant relationship between CSM strategies and growth ($r = 0.742$, $p < 0.001$) provides empirical confirmation that Grant's (2019) RBV framework applies to the SME customer service context: customer service capabilities function as strategic resources generating differential competitive advantage and business growth.

5. CONCLUSION AND RECOMMENDATIONS

This study established a statistically significant, strong positive relationship between customer service management strategies and the growth of SMEs in Ughelli, Delta State ($r = 0.742$, $p < 0.001$). The null hypothesis was rejected, confirming that deliberate deployment of customer service strategies constitutes a critical determinant of SME growth. SMEs predominantly utilizing traditional channels such as telephone, face-to-face, email, and feedback mechanisms—still demonstrate significant growth advantages over enterprises without systematic CSM practices.

Based on these findings, the following recommendations are offered. SME owners and managers should invest systematically in developing a diversified customer service strategy portfolio that balances proven traditional channels with phased adoption of digital platforms. Business associations and government agencies should develop sector-specific customer service standards and provide digital literacy training to reduce the barriers to digital channel adoption. Policymakers should integrate customer service management capacity building into SME development programs, recognizing the empirically established link between CSM strategy quality and enterprise growth outcomes.

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