Effects of Government Incentives on Sales Growth of Selected Industrial Firms in South- East, Nigeria

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Abstract: *The study focused on the effects of government incentives on sales growth of selected industrial firms in South-East, Nigeria. The objective of the study was to examine the effect of government incentives on sales growth of selected industrial firms in South-East, Nigeria: The significant effect of government incentives on sales growth of selected industrial firms in south east, Nigeria will require management of industrial firms to focus on most lucrative and productive government incentives to improve on their marketing performance. Incentives help firms generate economies of scale in production and they can manage to sell excess domestic capacity with government formulated policies and support with institutional knowledge transfer to facilitate SMEs to industrial development in South East Nigeria. Improved marketing performance of industrial firms in south east, Nigeria will also improve the contribution of industrial firms sector to the gross domestic product of the economy. This will also imply increased tax payment by the firms to government, which will in turn make revenue available for societal development. The study adopted survey research design The population of the study was 12100 selected industrial firms in South-East, Nigeria. A sample size of 387 (Three hundred and eighty-seven) was drawn from the population using Taro yamani statistical formula. One hypothesis was formulated and tested with Simple Linear Regression model.. The major findings in the study showed that: there is a significant effect of government incentive on sales growth of selected industrial firms in South-East, Nigeria; This study has formed a body of knowledge (reference material) which has closed the gap identified in literature and which can also be cited by both present and potential researchers. Results of the study provided direction for management of industrial firms with respect to which government incentive to adopt in order to improve on marketing performance as well as where and how to direct available resources.. Hence, we concluded that successful*

investments in R&D result in innovative products and services that enable the company to improve its sales revenue. It implies that government subsidies can serve as effective catalyst that can boost the overall productivity of firms located within south east, thereby increasing their sales revenue and also their competitiveness We, therefore, recommended that firms in the south east zone should upgrade their activities relating to cost efficiency, quality, variety/diversification, responsiveness, acceptance of entrepreneurial risks, and a positive attitude towards change and innovation as prerequisites for surviving in a globalized market.

Key words: government incentives, sales growth, marketing performance

INTRODUCTION

Although Nigeria generally has a lot of ailing manufacturing firms (Adeoti, 2020), there are some clusters of vibrant non-oil economic activity that hold enormous promise for non-oil industrial growth. Some of these clusters are littered within the South East States of the country. However, these industrial clusters in the South East Nigeria are void of well organized structures. They are lacking in the areas of inter-firm alliance in corporate marketing, corporate financing of raw materials and machines, investment in high-tech technologies, proper and adequate support from the government in terms of interest free loans, and presence of adequate infrastructure like power supply, security, access road, and water. The region's road infrastructure is in a poor state, and is a major constraint to the development of trade. In addition, the industrial sector of the South East Zone of Nigeria is still employing rudimentary production processes, which curtail productivity and limits the amount of jobs created. Uncertainty about the ability of technological knowledge to be transferred to meet market demands, lack of complementary technologies, the lack of developed markets for a given technical feature and other types of uncertainties add significant challenges to organizations as they develop products for future markets (Sevin,2019). Marketing professionals are under ever-increasing pressure to justify their firms' expenditure on marketing. Researchers in marketing have cautioned that the inability of marketing to demonstrate its contribution to firm performance has weakened its standing within firms (Nerkar & Roberts, 2020). In order to save marketing from this crisis of confidence, there have been a number of significant calls for more research into the measurement of marketing performance (Alao,2019). Marketing performance is multidimensional in nature. That which constitutes a superior marketing performance may differ between businesses (Akinbinu,2020). Following the approach used by Ehimke (2020), marketing performance is defined as the effectiveness and efficiency of an organization's marketing activities with regard to market-related goals, such as revenues, sales growth, and market share. Early work on the measurement of marketing performance focused mainly on the financial measures of profit, sales (unit and value) and cash flow (Sevin,2019). Albaladejo (2020) also recognized the growing importance of nonfinancial measures of performance in his emphasis of the fact that intangible assets, such as brand, technology, competence and customer loyalty, have gradually become more important measures of corporate performance. . Incentives help firms generate economies of scale in production and they can manage to sell excess domestic capacity. Convincingly incentives

positively influence a firm's sales growth and competitive advantage. When South East Nigeria governments implement a span of incentives, it is most probable that some of them will work best at improving the competitiveness and sales growth of firms in this region. And as noted by Akinbinu (2021), governmental policies and support with institutional knowledge transfer facilitate SMEs to industrial development in South East Nigeria.

The South East part of Nigeria has one of the largest concentrations of manufacturing firms in the country and a bulk of this number are engaged in leather works, steel fabrication, motor cycle and auto spare parts, cable and wire production, garment making, switch gears, aluminum pots, personal care products, etc (Sevin,2019). Many of these manufacturing firms in the South East States are geographically located in the form of industrial clusters. The South East Zone of Nigeria has also seen an increase in industrial activity in recent years with the development of industrial clusters in various axes of the region. These industrial clusters which include the Onitsha Plastic Cluster, Umuahia/Aba Garment Cluster, Aba Leather Cluster, Nnewi Automotive Cluster, are the flag-bearers of "made-in-Nigeria" products, and are in many cases, the only competition to foreign products that cost Nigeria significant amounts in foreign currency every year (Akinibinu, 2020). The Onitsha cluster market, Aba cluster market and Nnewi Automotive cluster market with their unprecedented growth have however contributed to industrial growth and development and economic growth at large (Tsai, 2020). Aba has one of the largest concentrations of SMEs in the South East of Nigeria and a bulk of this number is engaged in leather works, garment and textile production, and steel fabrication (Akinibinu, 2021) SMEs in Aba industrial clusters export over one million pairs of shoes and all kinds of leather products to other parts of Africa, although unofficially through indirect exports (Mugenda and Mugenda, 2019). By the year 2000, the informal shoe and garment clusters in Aba had combined annual turnover of nearly 200 million US dollars and employed some 50 thousand producers, workers and apprentices, all without the assistance of the state (Wills, 2020). Competitive advantage and the differences it creates on firm performance are often strongly related to the resources firms hold and how they are managed. To create new strategic growth alternatives, firms need to continue to invest in and upgrade their resources to achieve persistent competitive advantage and failure to respond to environmental changes severely hurt firm performance (Vaara and Durand, 2022). The business environment is continuously changing due to rapid and significant changes in technology, shorter product life cycles, escalating global competition and rapid diffusion of know-how and business practices. The ever changing dynamic nature of the Nigerian manufacturing business environment is affecting the performance of the companies giving rise to low investment, inadequate capacity utilization, and low importation of technology to boost local manufacturing. Failure to address these identified environmental problems will further affect firm's performance negatively (Sheng, Zhou and Li, 2020).

Many previous studies (Narver and Slater,2020; Schmitz, 2020; and Yallop, 2020) on industrial clustering in Nigeria have been on industrial and economic development, and not on firm performance. For instance, Yallop (2020) examined "The Cluster Concept: Will Nigeria's New

Industrial Development Strategy Jumpstart the Country's Industrial Takeoff?" and posited that industrialization is critical to economic development. He argued that the new industrial development strategy introduced by Nigeria, which is anchored on the cluster concept, will most likely suffer the same fate unless something is urgently done to reverse this ugly trend. Also, Schmitz (2020) examined informal clusters by looking at weaver, garment and shoe producers in Nigeria. She equally examined the extra legal informal institutions that emerge in clusters as firms relate to each other outside of formal legal protections. She attributed the clusters emanating from the production specialization to the materials from across West Africa and a level of international export mostly to the Nigerian Diaspora. The above studies and many others did not investigate the effect of such industrial clustering on marketing performance of such studied firms. However, Narver and Slater (2020) studied the effects of Technological Capabilities, Innovations and clustering on the performance of firms in furniture making industry in South West Nigeria. The result of their study showed positive impact of technological capabilities, innovations, and clustering on the performance of the firms on new furniture products. Given the positive impact that diversifying the South East economy is likely to have, it is important to carefully study and analyse the effects of government incentives on firms' performance within the Zone.

The above situation formed the motivation for this study which seeks to examine the effects of government incentives on the sales growth of selected industrial firms in the South East region of Nigeria. The research question of the study is what is the effect of Government incentives on sales growth of selected industrial firms in South East Nigeria? The null hypothesis formulated to guide the study is that there is no significant effect of Government incentive on sales growth of selected industrial firms in South East Nigeria.

LITERATURE REVIEW.

Conceptual framework:

Government incentives and marketing performance

Government plays an important role in fostering the growth of manufacturing firms within an economy. There is considerable evidence where government support policies for private R&D activities lead to positive outcome on marketing performance. As noted by UNCTAD (2015), the improvement of the productivity of firms is one possible way for developing countries to attain sustainable industrial development. As a result of this, there is an urgent call to relate this phenomenon with the government commitment in providing fiscal and financial incentives to firms that will aid in offsetting some unfavourable conditions in the business environment (UNCTAD, 2015). Manufacturing firms can get a variety of support from their government including tax allowances, grants, loans, information technology, social support, productivity assistance and financial capital and so forth (Wang, 2020). As posited by social network theory (Sevin, 2019), a firm having strong external ties (with a government, financial institutions and other firms) can get access to rare resources which are beneficial for superior performance and survival. Similarly,

resource-based view theory suggests that in a turbulent market, those firms gain sustainable competitive position and superior performance over their competitors who have unique, rare and inimitable resources (Barney, 1991). Rapid industrial development is typically backed by government support, subsidiaries and tariffs that help to promote firm performance (Wills, 2020). Building connections with external bodies (business firms and political bodies) is a significant driver in firm performance. However, in emerging economies, government tie is deemed a key indicator to upsurge a substantial success and it is also being argued that in emerging markets, investment by government in different R&D projects can positively enhance a firm's innovative performance (Sheng, Zhou and Li, 2020).

Government financial incentives enable manufacturing firms to expand their operational activities which can enhance their performance and in return contribute to economic development (Smith and Prieto,2019). For instance, in emerging economies, a firm receiving substantial support from government can better performance than other firms having less support from government. Having strong ties with political and government bodies, an emerging market can gain a higher advantage in terms of performance over those firms having a weak connection with government and political people (Li *et al.,* 2007). Policies and incentives by the government in promoting the growth and output of R&D varies across countries as different government have different target and approach. The effectiveness of government support is translated through the sales and profit increase among firms. Gourlay and Seaton (2021) opined that the Government-Support Programmes have a positive significant relationship in explaining growth among SMEs. They suggested that the appropriate tool for improving efficiency and stimulating sales growth is through publicly-financed R&D investment, while R&D tax policies considered as a useful tool in stimulating R&D investment among private sector

Sales growth

Sales growth is of great value to most firms and it is a key dimension used to measure marketing performance. Sales growth in business firms is of widespread interest in economics and business research, but the drivers of such growth remain a source of debate (Flur and Oltra., 2020).. Sales growth targets play a major role in the perceptions of top managers (Lai, 2020). Sales growth is an important indicator of a firm's health and ability to sustain its business. Iyer (2020) reported that planning systems generally begin with sales targets. An emphasis on sales growth also provides a useful and visible benchmark to motivate managers.. Sales growth as a key element of business growth is important; hence selling of products/services is one of the two ways to increase firm profits (Narver & Slater, 2020). Sales growth enables one to know the general health of the business; it aids in identifying if one is meeting ones target. With sales growth it will be evident to investors that the business is successful. Factors that influence sales growth range from; promotion, internal motivation, retaining of talented employees, implicit opportunities for investments in new technologies, and equipment in the production process (Potter and Watts, 2020). They further said

sales growth ought to be measured within the context of industry conditions and trends as well as local, regional and national economies.

Marketing performance

The management of many manufacturing firms are faced with the challenge of improving their marketing performance and dealing with the changing competitive market environment (Rribstein, Day and Wind,2020). Manufacturing firms have an important role in our daily lives, and successful firms are a key ingredient for developing nations like Nigeria. Academics and practitioners endeavour to understand and explain the differences in marketing performance in the face of the complexity of the market, competitive pressures and uncertainties. Firms must be able to cope with the increasingly number of challenges from the business environment, in order to increase their ability to adapt (Ojing, Weijing and Wenhui,2020)). The concept of performance of a business firm is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Schwarzkopf,2020). Marketing performance is one of the most relevant constructs in the field of strategic management; a construct commonly used as the final dependent variable in the field of marketing (Wycherley, 2020; Yallop and Aliasghar, 2020). It is believed that the essence of marketing performance is the creation of value, therefore, value creation, as defined by the resource provider, is the essential overall marketing performance criteria for any organization (Flur and Oltra, 2020). Continuous marketing performance is the focus of any manufacturing firms because only through marketing performance are firms able to grow and survive (Gourlay and Seaton, 2021).

The concept of marketing performance has been viewed by different authors from various perspectives, and consequently there is no consensus on a particular definition. Hence, it has been variously defined by various authors. According to Smith and Prieto (2019) marketing performance is complex, and is characterized by the firm's ability to create acceptable outcomes and actions. According to Tadajewski and Jones (2021), a firm is said to achieve an effective marketing performance if it makes use of its resources to attain high level of performance. They also affirmed that a business firm is effective if it attains its sales or market share goals which depend on efficiency. Wang (2020) defined marketing performance in terms of how well an organization is managed and the value the organization delivers to customers and other stakeholders. In the view of Lai (2020), marketing performance is "the ability of an object to produce results in a dimension determined a priori, in relation to a target". Jirayuth, Nabi and Dornberger(2020) defined marketing performance as the measure of how managers utilize resources of the organization in an effective and efficient manner to accomplish goals and satisfy stakeholders. While Lyer (2020) also cited in Mori, Nikishimi and Smith (2019) sees marketing performance as real output against expected output which they categorized into financial performance, product market performance and shareholders return. They summarized marketing performance as an approach that is used in assessing the progress made towards achieving goals,

identifying and adjusting factors that will limit the progress of the organization in the environment. Morris and Stevens (2020) also stated that a productive organization achieves its goals by transforming inputs into output at the lowest costs. An organization that is capable of doing this can be said to be performing. They concluded that performance can include survival, profit, return on investment, sales growth and a number of employees. Marketing performance reflects how the organization understands the needs and expectation of customers. Performance measurement is best achieved by using multiple organizational variables (Vaara and Durand 2022). In this study, two indicators were used to measure firm performance - sales growth and competitive advantage. These two measures give a standardized account of how firms perform.

Theoretical framework.

Industry Life-cycle Model - Potter and Watts (2011)

Potter and Watts (2020), using ideology from biological science, evolutionary biology and biogeography, developed a theoretical model called the Agglomeration Life Cycle Model. This model illustrates how incentives to agglomerate and disperse evolve over time and how the industry life cycle changes the relationship between agglomeration economies and economic performance. According to the authors, industry life cycle is categorized into four stages: embryonic, growth, mature and decline. They described the embryonic stage as a period when firms experience increasing returns from agglomeration economies and diminishing returns from dispersion economies. During this stage, firms start to agglomerate in close geographical proximity to the entrepreneurs The growth stage is characterized by a fast rise in the rates of firm entry, start-up, spin-off, survival and a low rate of firm exit from the industry. The growth stage is succeeded by the mature stage, characterized by constant returns to scale, as an increasing number of firms start to experience diminishing returns from agglomeration economies, the increasing agglomeration of firms within a locality causes higher labour costs, greater land rents, congestion costs, pollution and fiercer local competition. The fourth stage of the industry life cycle, decline stage, is characterized by a period of decline of agglomeration benefits that differently affects firms in the industry; the firms that continue to depend on local firms will specialize in outdated technology, replicate established routines and will be limited to old supply chain networks of outdated and low quality products. In contrast, the other firms, with a higher capacity to adapt, will adjust their routines.

Resource Based Theory - Barney, (1991)

The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage (Barney, 1991; Peteraf and Barney, 2003). First, this model assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across

firms (i.e., some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate). Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage. The argument goes "If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market" . Like the Chicago School tradition, the RBV is an efficiency-based explanation of performance differences (Barney, 1991; Peteraf and Barney, 2003). Performance differentials are viewed as derived from rent differentials, attributable to resources having intrinsically different levels of efficiency in the sense that they enable the firms to deliver greater benefits to their customers for a given cost (or can deliver the same benefit levels for a lower cost (Peteraf and Barney, 2003). The assumed heterogeneity and immobility are not, however, sufficient conditions for sustained competitive advantage. According to Barney (1991), a firm resource must, in addition, be valuable, rare, and imperfectly imitable and substitutable in order to be source of a sustained competitive advantage. Peteraf and Barney (2003) presented four conditions underlying sustained competitive advantage: superior resources (heterogeneity within an industry), ex post limit to competition, imperfect resource mobility and ex ante limits to competition (Reibstein, Day andWind,2020). .Peteraf and Barney (2003) made it clear that Barney's (1991) and Peteraf's (1993) frameworks are consistent once some terms are unambiguously defined. The RBV has developed very interesting contributions, among others, with regard to imitation with the concepts of isolating mechanisms , time compression diseconomies, asset mass efficiencies, and causal ambiguity Recently, much resource-based research has focused on intangible assets, which include information and dynamic capabilities (Sampler, 2021).

RESEARCH METHODOLOGY

The study adopted a survey design method because its approach provides a holistic and in-depth investigation of the phenomena and is compatible with a critical interpretive research paradigm. The design was descriptive and analytical in nature employing both quantitative and qualitative approaches. Survey approach allowed the researcher to solicit information that can be aggregated and quantified. The population of the study comprised of manufacturing firms in selected industrial clusters in Enugu state. Nigeria. The population that was used in the study was captured by the Development Facility Phase II

Table 1: Population distribution of the SMEs in selected Industrial clusters in South East, Nigeria

S/N	LOCATION/ ADDRESS	APPROX. NUMBER OF PRODUCERS/SHOPS	APPROX. MINIMUM NUMBER OF EMPLOYEES	TOTAL NUMBER
	ABA LEATHER CLUSTER			
1.	Shoe plaza	1290 Shops	5	6450
	ENUGU INDUSTRIAL GROUPS			
2.	Bakery	200 Producers/Shops	6	1200
3.	Block	150 Producers/ Shops	15	2250
	ONITSHA PLASTIC CLUSTER			
4.	Osakwe Industrial Cluster, Awada	88 Industries	25	2200
	Grand Total			12100

Source: Development Facility Phase II (2018), Ihediora, (2006) and Onwuchekwa, Emele, Onwuchekwa, (2017)

Sample size Determination.

To obtain the sample from the population, Yamane (1967) sample size determination formula was used. The population of the study as stated above was 12100 and using the Yamane's formula, the sample size was thus;

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

Where n = sample size

N = Total population

e = error (0.05)

Note: Here, the researcher assumed a 5% level of significance (95% confidence level).

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

$$n = \frac{12100}{1 + 12100\,(0.05)^2}$$

$$n = \frac{12100}{1 + 12100\,(0.0025)}$$

$$n = \frac{12100}{31.25}$$

$$n = 387 \text{ respondents.}$$

Therefore, a sample size of 387 respondents was used for the study.

Data Analysis

Table 2. Government incentives in the selected industrial firms in South-East Nigeria

Questions	SA	A	N	D	SD	TOTAL
1. The government give adequate support to the development of localized SMEs	43 12%	67 18%	33 9%	104 28%	118 33%	365 100%
2. Government policies have been favourable in enabling innovations in the cluster	108 17%	129 12%	21 6%	61 35%	46 30%	365 100%
3. Government incentives are not adequate for manufacturers in the cluster	288 79%	77 21%	- -	- -	- -	365 100%
4. Government trainings for operators in the cluster have helped your business	89 24%	101 28%	48 13%	67 18%	60 17%	365 100%
5. There should be reduction of taxes for firms in the cluster	296 81%	55 15%	14 4	- -	- -	365 100%
6. The government should ease regulations in cluster	144 40%	201 55%	- -	20 5%	- -	365 100%
7. The government should reduce import tariffs on foreign raw materials for firms in the cluster	186 51%	179 49%	- -	- -	- -	365 100%
8. There is lack of awareness of incentives available in the cluster	131 36%	160 44%	22 6%	40 11%	12 3%	365 100%
9. There is much documentation requirements for firms in the cluster to access government incentives	102 28%	147 40%	38 10%	52 14%	26 7%	365 100%

10. The government should also provide monetary Incentives	283	82	-	-	-	365	
	78%	22%	-	-	-	100%	
11. Government agencies should always supply information necessary to identify and develop local and international markets	152	177	10	20	6	365	
	42%	48%	3%	5%	2%	100%	

Source: Field Survey, 2024

Table 2 contains responses on government incentives in the selected studied clusters in south east, Nigeria. It was revealed that 12% of the respondents strongly agreed that the government give adequate support to the development of localized SMEs in the selected studied clusters in south east, Nigeria, 18% agreed to the same item, 9% were neutral to the same items, 28% disagreed to the same items, while 33% strongly disagreed. This proves that government is not giving adequate support to the development of localized SMEs in the selected studied clusters in the zone. It was revealed in Table 2 that 30% of the respondents strongly disagreed that government policies have been favourable in enabling innovations in the selected studied clusters in south east, Nigeria, 35% disagreed to the same item, 6% were neutral to the item, 17% strongly agreed to the item, while 12% agreed to the item. This proves that policies of the State governments have not been favourable in enabling innovations in the selected studied clusters in south east, Nigeria. Table 2 revealed that 79% of the respondents strongly agreed that government incentives are not adequate for manufacturers in the selected studied clusters in south east, Nigeria, 21% also agreed to the same item. This shows that government incentives for manufacturers in the selected studied clusters in south east, Nigeria are not adequate.

Table 2 revealed that 24% of the respondents strongly agreed that government trainings for operators in the selected studied clusters in south east, Nigeria have helped their businesses, 28% agreed to the same item, 13% were neutral to the item, 18% disagreed to the item, while 17% strongly disagreed. This shows that government trainings for operators in the selected studied clusters in South East Nigeria have fairly helped businesses. It was revealed in Table 2 that 88% of the respondents strongly agreed that there should be reduction of taxes for firms in the selected studied clusters in south east, Nigeria, 15% agreed to the same item, while 4% were neutral to the item. This indicates that there should be reduction of taxes by government as a way of providing incentives for firms in the selected studied clusters in south east, Nigeria. It was revealed in Table 2 that 40% of the respondents strongly agreed that government should ease regulations for firms in the selected studied clusters in south east, Nigeria, 55% agreed to the same item, while 5% disagreed to the same item. This implies that government should do more to ease regulations for firms in the selected studied clusters in south east, Nigeria. Table 2 also revealed that 51% of the respondents strongly agreed that government should reduce import tariffs on foreign raw materials for firms in the selected studied clusters in south east, Nigeria, while 49% agreed to the same item. It implies that firms in the selected studied clusters in south east, Nigeria want the government to reduce import tariffs on foreign raw materials.

It was also revealed in Table 2 that 36% of the respondents strongly agreed that there is lack of information or awareness on available government incentives for firms in the selected studied clusters in south east Nigeria, 44% also agreed to the same item, 6% were neutral to the same item, 11% disagreed, while 3% strongly disagreed. This implies that firms operating in the selected studied clusters in south east, Nigeria lack adequate information or awareness on available government incentives for firms in such clusters in South East Nigeria. It was further revealed in Table 2 that 28% of the respondents strongly agreed that there is much documentation requirements for firms in the selected studied clusters in south east, Nigeria to access government incentives, 40% also agreed to the same item, 10% were neutral to the same item, 14% disagreed to the same item, while 7% strongly disagreed. This implies that much documentation requirements in the selected studied clusters in south east, Nigeria are hindering firms from accessing government incentives available in such clusters.

It was further revealed in Table 2 that 78% of the respondents strongly agreed that the government should provide monetary incentives for firms in the selected studied clusters in south east, Nigeria, while 22% also agreed to the same item. It shows that firms in the selected studied clusters in south east, Nigeria want the government to provide monetary incentives for them. It was further revealed in Table 2 that 42% of the respondents strongly agreed that government agencies should always supply information necessary to identify and develop local and international markets for firms in the selected studied clusters in south east, Nigeria, 48% also agreed to the same item, 3% were neutral to the same item, 5% disagreed to the same item, while 2% strongly disagreed. This implies that firms in the selected studied clusters in south east, Nigeria want government agencies to always supply information that are necessary to identify and develop local and international markets.

Table 3. Marketing performance in the selected industrial firms in South-East, Nigeria

ITEMS	0-20% 1	21-40% 2	41-60% 3	61-80% 4	81-100% 5
1. Sales growth	-	11	54	199	101
	-	3%	15%	55%	27%
2. Competitive advantage	-	17	77	154	117
	-	5%	21%	42%	32%
3. Market share	23	68	81	98	95
	6%	19%	22%	27%	26%
4. Profitability	76	90	144	40	15
	21%	25%	39%	11%	4%
5. Overall performance	-	38	92	146	89
	-	10%	25%	40%	24%

Source: Field Survey, 2024

Table 3 contains responses on marketing performance of firms in the selected studied clusters in south east, Nigeria. It was revealed that 3% of the respondents said that their firm's sales growth between 2016 and 2018 was within 21% - 40%, 15% of the respondents said that their firm's sales growth between 2016 and 2018 was within 41% - 60%, 55% of the respondents said that their firm's sales growth between 2016 and 2018 was within 61% - 80%, while 27% of the respondents said that their firm's sales growth between 2016 and 2018 was within 81% - 100%. This shows that most of the firms in the selected studied clusters in south east, Nigeria had high sales growth between 2016 and 2018. It was also revealed that 5% of the respondents said that their firm's competitive advantage over competing firms between 2016 and 2018 was within 21% - 40%, 21% of the respondents said that their firm's competitive advantage over competing firms between 2016 and 2018 was within 41% - 60%, 42% of the respondents said that their firm's competitive advantage over competing firms between 2016 and 2018 was within 61% - 80%, while 32% of the respondents said that their firm's competitive advantage over competing firms between 2016 and 2018 was within 81% - 100%. This shows that most of the firms in the selected studied clusters in south east, Nigeria had strong competitive advantage over competing firms between the years of 2016 to 2018.

Table 3 also revealed that 6% of the respondents said that their firm's industry market share within 2016 and 2018 was between 0%-20%, 19% of the respondents said that their firm's industry market share within 2016 and 2018 was between 21% - 40%, 22% of the respondents said that their firm's industry market share within 2016 and 2018 was between 41% - 60%, 27% of the respondents said that firm's industry market share within 2016 and 2018 was between 61% - 80%, while 26% of the respondents said that their firm's industry market share within 2016 and 2018 was between 81% - 100%. This shows that most of the firms in the selected studied clusters in south east, Nigeria had fair share of their respective industries between the years of 2016 to 2018. Table 3 also revealed that 21% of the respondents said that their firm's profitability within 2016 and 2018 was between 0%-20%, 25% of the respondents said that their firm's profitability within 2016 and 2018 was between 21% - 40%, 39% of the respondents said that their firm's profitability within 2016 and 2018 was between 41% - 60%, 11% of the respondents said that firm's profitability within 2016 and 2018 was between 61% - 80%, while 4% of the respondents said that their firm's profitability within 2016 and 2018 was between 81% - 100%. This shows that most of the firms in the selected studied clusters in south east, Nigeria made good profits between the years of 2016 to 2018. Table 3 also revealed that 10% of the respondents said that their firm's overall industry performance between 2016 and 2018 was within 21% - 40%, 25% of the respondents said that their firm's overall industry performance between 2016 and 2018 was within 41% - 60%, 40% of the respondents said that firm's overall industry performance between 2016 and 2018 was within 61% - 80%, while 24% of the respondents said that their firm's overall industry performance between 2016 and 2018 was within 81% - 100%. This shows that most of the firms within the selected studied clusters in south east, Nigeria performed well between 2016 and 2018.

Test of Hypothesis

HO1: There is no significant effect of government incentives on sales growth of selected industrial firms in South East Nigeria

HA1: There is significant effect of government incentives on sales growth of selected industrial firms in South East Nigeria

Table 4: Effect of government incentives on sales growth of selected industrial firms in South East, Nigeria

Table 4.16 Regression on the effect of government incentives on sales growth of selected industrial firms in South East, Nigeria.

Model	Coefficient	Std. Error	t-value
Constant	4.623	0.471	9.809
Government Incentives	0.400	0.104	3.846***
F-statistic	28.055		
R	0.586		
R^2	0.538		
N	365		

Source: Field Survey, 2024
Note: *** Regression significant at 1% probability level

Table 4 shows the effect of government incentives on the sales growth of firms in selected industrial clusters in South East, Nigeria. From the simple regression analysis table, government incentive was found to be statistically significant at 1% and with a positive figure. This implies that increase in government incentives in the selected industrial clusters in South East Nigeria will result to an increase in sales growth of such firms in these selected industrial clusters. The R square value of 0.538 shows that 54% of the variation in sales growth of firms in selected industrial clusters in South East, Nigeria was accounted for by government incentives.

Similarly, the f-ratio value of 28.055 indicates that the model specification was correct while significant at 1%. When government increases the provision of certain incentives to firms in industrial clusters, it produces significant influence on sales growth of such. This assertion is at the 95% confidence level. This result indicates that the null hypothesis which states that there is no significant effect of government incentives on sales growth of firms in selected clusters in South East, Nigeria was rejected and the alternative hypothesis accepted. It can thus be concluded that there is significant effect of government incentives on sales growth of firms in selected clusters in South East, Nigeria

RESULTS / FINDINGS

It was revealed in the study that government incentives have significant and positive effect on the sales growth and competitive advantage of firms in the studied industrial clusters in South East Nigeria. It implies that government subsidies can serve as effective catalyst that can boost the overall productivity of firms located within industrial clusters, thereby increasing their sales revenue and also their competitiveness. It further signifies that firms receiving government support may have strong backbone for product and market development. As a result, they can achieve competitive advantage than their counterparts without such support. Conclusively, an increase in government incentives in the studied industrial clusters in South East, Nigeria will result to a corresponding increase in sales growth and competitive advantage of the firms in these industrial clusters.

DISCUSSION OF FINDINGS

This study revealed that government incentives affect sales growth and competitive advantage of firms in selected industrial clusters in South East Nigeria significantly and positively. Previous studies like the one by Gourlay and Seaton (2021) showed that government assistance helps firms improve their performance and survival. The South East Nigeria governments have always made their intentions to improve the productivity of the various industrial clusters in the region known. The governments have at one time or the other provided appropriate institutional support, by undertaking studies aimed at attracting foreign investors and by scanning overseas markets and monitoring developments that could have implications for the South East industrial sector. The federal government has also shown its desire to improve industrial activities in the region by strengthening the Bank of Industry and other special-purpose finance institutions (the Nigerian Export Import Bank, the Nigerian Agricultural, Rural, and Cooperative Bank) to perform their statutory roles (especially the provision of concessional loans and credit guarantee schemes) and enlarge their scope to include large manufacturing companies. Institutional theory emphasises the effectiveness of government subsidies as a catalyst for external investments, and Smith and Prieto (2019) showed that firms receiving government support may give a positive signal to market-based financiers. As a result, they may achieve competitive advantage than their counterparts without such support. Furthermore, private enterprises may overcome institutional and other barriers on an uneven playing field through the efficiency of government support.. Consequently, firms with government support will increase research and development (R&D) input and thus improve their overall marketing performance (Wang 2020). The study by Wills (2020) suggested that governmental financial aid is important for firm's innovation and competitive advantage. To drive the present study's result further, he asserted that government support programmes achieve significant positive results for sales growth and government incentives improve a firms' image by exposing them to markets and new information and technology which is very crucial for gaining competitive advantage. Gourlay and Seaton (2021) noted that governmental policies and support

with institutional knowledge transfer facilitate SMEs to industrial development in South East Nigeria. They stated further that, in the short run firms may not realise the benefits of incentive schemes, but in the long run and very long run the benefits can be noticed and are desirable to their efficiency and sales performance. Incentives help firms generate economies of scale in production and they can manage to sell excess domestic capacity. When South East Nigeria governments implement a span of incentives, it is most probable that some of them will work best at improving the competitiveness and sales growth of firms in this region.

Implication to Research and Practice

This study has formed a body of knowledge(reference material) to be referred to by both present and potential researchers. Findings of the study are expected to have implications for management practices of industrial firms, the government and the society at large. The significant effect of government incentives on sales growth of selected industrial firms in south east, Nigeria will require management of industrial firms to focus on most lucrative and productive government incentives to improve on their This study has formed a body of knowledge (reference material) which has closed the gap identified in literature and which can also be cited marketing performance. Results of the study provided direction for management of industrial firms with respect to which government incentive to adopt in order to improve on marketing performance as well as where and how to direct available resources. Improved marketing performance of industrial firms in south east, Nigeria will also improve the contribution of industrial firms sector to the gross domestic product of the economy. This will also imply increased tax payment by the firms to government, which will in turn make revenue available for societal development.

CONCLUSION

 However, the industrial clusters in South East, Nigeria have not reached a high level of dynamism, and some depend on low technology and low skills. For productive industrial clusters to become drivers of regional integration which enhances trade, and fosters the transfer of knowledge and skills, formal political and legal institutions that enforce contracts and reduce transaction costs have to be put in place. Adequate infrastructure and investment in knowledge and technology, that will enable firms to redirect their profits to improving the quality of their goods and being competitive is also needed. Furthermore, for enhanced regional integration, transport and communication infrastructure that will encourage the movement of knowledge, information, goods and services across countries is pertinent. Finally, while informal institutions have arisen, they may not be as effective as formal institutions in facilitating increased industrial processes and as well trade across borders The business clustering should be made viable, encouraged and strengthened through government investment in business cluster development, giving tax holidays to the younger investors, relaxing the laws governing the importation of some raw materials, as this will have positive impact on productions. Financial aids should be given to cluster players in form of loan, while the collateral securities should be made affordable for the investors. Assistance, in form of subsidy should be given to the investors. Government interventions for firms operating

in industrial clusters in South East, Nigeria will position them to compete with their foreign counterparts. Furthermore, the quality of the support programmes rendered by the government should be dynamic and in line with the growth-path of the clusters

Future Research.

This study examined the effects of Government incentives on sales growth of selected industrial firms in south east, Nigeria. This research can be improved upon by studying the marketing performance in terms of the firms' competitive advantage in Nigeria. Also, similar studies could be conducted in different regions (Western region and Northern region) across Nigeria to refine the results using a different inferential tool.

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