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# EFFECT OF ORGANIZATIONAL STRUCTURE ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN KADUNA STATE, NIGERIA; THE ROLE OF LEARNING ORIENTATION

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## Abstract

*The purpose of this study was to examine the effect of the dimensions of organizational structure (complexity, formalization and centralization) on the performance of SMEs as well as the role of learning orientation. Adopting a cross-sectional survey design, Primary data was collected through the use of structured questionnaire randomly administered to 417owners/managers of SMEs in Kaduna state of Nigeria. Krejcie and Morgan (1970) statistical formula for sample size determination from a finite population was used to obtain a sample size from a population of 2650 SMEs in Kaduna state and an additional 50% of the sample size was added to eliminate any instance of a short fall or sampling error. Data cleansing and preliminary analysis were undertaken using SPSS.23. Structural Equation modelling via SmartPLS 3.0 was employed to compute the two main models; structural and measurement models for the test of the hypotheses. The findings of the study revealed that complexity positively and significantly affects SME performance while centralization and formalization had a negative and insignificant effect on SME performance in Kaduna state. Also, learning orientation moderated the effect of complexity on SME performance but not centralization or formalization. The study recommended that owner/managers of SMEs deliberately improve their learning orientation as it will influence better performance.*

***Keywords:*** Structure, Complexity, Formalization, Centralization, SME Performance.

## Introduction

Small and medium enterprises (SMEs) are part of the most critical sectors in a nation's economy and wellbeing as they are usually the biggest contributors to national development. It is established in literature that SME are responsible for developing, economically transforming and industrializing any economy but most especially developing ones like Nigeria (Spaggiar, 2018; Naradda-Gamage et al., 2019). A strong SME sector contributes highly to the country's economy by contributing to the Gross Domestic Product (GDP), reducing the level of unemployment, reducing poverty levels and promoting entrepreneurship (Sharmilee & Muhammad, 2016; Oyelaran-Oyeyinka,

2020). As business organizations, SMEs success depends very much on their practices and how well they are being managed (Adamu, et al., 2019).

SMEs in Nigeria have performed below expectations due to problems which emanates from their practices and how well they are being managed as well as the often talked-about shortfall in infrastructure and frequent public policy changes (NBS, 2017; Adamu et al., 2019). The Price Water Corporation (PWC) 2020 survey on SMEs sampling over 1600 business owners in the six geopolitical zones of Nigeria reported that only 31% of the businesses revealed that their firm had grown by over 20% per year over the last three years, 24% said they had experienced less than 20% growth, 15% posited that they had experienced no growth during the three years and 9% claimed their businesses had gotten smaller (PWC survey, 2020).

Studies have shown that organizational structure has significant impact on performance (Udayanga, 2020; Nwonu, et al., 2017; Burton & Obel, 2018; Stverkova & Pohludka, 2018). Chineme, et al., (2020) investigating why SMEs fail found out that the owners of SMEs usually doubled as the manager and they could not tolerate ambiguity. According to Nwonu et al., (2017), a poor organization structure aids poor performance irrespective of the ability of the manager, therefore, the extent to which an organizational structure reduces ambiguity for an employee and clarifies problems such as what the employee is supposed to do, how the employee is supposed to do it, who the employee reports to, who the employee should meet in the event of problems; affects their attitudes to work and equally motivates higher performance; and not just employee performance but overall performance and efficiency. Li, (2019), opined that, structure is what determine the future success or failure of the company.

According to Pertusa-Ortega and Molina-Azorin (2018), Organizational structure is important because the implementation of any management system, strategy or activity requires an appropriate organizational structure as it provides an essential support to all activities in the organization. Though several research indicate that organizational structure is regarded as a major factor responsible for the performance of SME and the theories of organizational structure are assumed to be relevant to the formation of an internal situation within SMEs allowing planned procedures, activities and decision-making actions in the business establishment (Udayanga, 2020; Robins & judge, 2013), there is still dearth of studies on the effect of organizational structure on SME performance (Adamu et al., 2019, Udayanga, 2020) probably because some authors (Tajeddini et al., 2017; Lubatkin, et al., 2006) believe that because of their size, SMEs do not and cannot have an organization structure.

This study however postulated that because SMEs are businesses that have between 10 and 199 employees, it is important for their employees to have clear definition of what their specific task is, who they report to without the stress of uncertainty and ambiguity so that their performance and

the performance of the organization can be improved. Additionally, the study acknowledges that there is no "one size fits all" organization structure that SMEs must adopt but each organization structure is designed and even re-designed to fit the conditions in which it operates. Based on the notions of the contingency organizational structure theory, which holds that organizational survival is dependent on the fit between organizational structure and contingencies (Chong & Duan, 2022) the study holds that learning orientation which has gained appreciation as being fundamental to performance (Adamu et al., 2019) will strengthen the organizational structure and SME performance relationship because learning is one of the critical avenue through which behavioral change and consequently, enduring business growth is facilitated.

## Conceptual Framework

### *Concept of Performance*

Almatrooshi et al. (2016) viewed organizational performance the success an organization can potentially have as result of its ability to implement its strategies in an effective manner so the goals/objectives of the organization are achieved. Lebans and Euske (2006) provided a set of definitions to illustrate the concept of organizational performance; Performance is a set of financial and nonfinancial indicators which offer information on the extent of accomplishment and attainment of objectives and results. They explain that performance is active, demands decision and interpretation and that performance may be demonstrated using a consequential model that describes how present actions may affect future results. Ringim, et al., (2012) in Nwonu et.al., (2017) viewed performance as an assessment of how well work is done in terms of cost, quality and time which allows companies focus attention on areas that need improvement.

### *Concept of Organizational Structure*

According to Ying (2021), the basic definition of a structure is a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organization. Based on extant definitions, Erol and Ordu (2018) concluded that organizational structure is a combination of relationships in which the work is divided through tasks and roles and then coordinated with communication and management processes. Several authors have viewed structure in different dimensions, Hinings and Turner (1968) divided structure into five dimensions namely centralization, formalization, standardization, specialization and configuration. Daft (1992) classified the dimensions as complexity, centralization, formalization, specialization, standardization, hierarchy of authority, professionalism and personnel rates. Robbins (1994) and Hall (1999) studied organizational structure in three basic dimensions namely, complexity, centralization and formalization. This study made use of these three dimensions. Complexity is expressed by the number of differentiated tasks within the organization and the number of professional units that fulfill these

tasks and it is a natural outcome of labor division based on specialization (Erol & Ordu, 2018). Centralization is explained by positions and intensity of the hierarchical levels in which organizational decisions are taken (Andersen, 2002). Formalization is related to the extent to which rules and procedures for the roles and behaviors of employees supervised in an organization are written (Boyne, et al., 2010).

***Concept of Learning Orientation***

Khan and Bashire (2020) defined organizational learning as an organization's explorative and exploitative ability to make an ideal utilization of information that is accessible inside and outside the organization so as to influence organizational performance. Abu-Seman, et al., (2019) defined organizational learning as an organization that has the ability to continuously improve systems/ methods to increase customer satisfaction. Because business actors who have knowledge, learning abilities and individual commitment and competence are able to learn and share knowledge, they can face changes (Abu-Seman et al., 2019). Tajeddini et al., (2017) described learning orientation as a strategic orientation and managerial philosophy that entails disseminating and communicating knowledge and information across the organization such that employees are oriented and their abilities and skills are improved. Tajedeni, (2016) opined that learning orientation helps reduce the impact of such sudden changes and will ultimately help in running routine business operations smoothly because it makes organizations able to better predict organizational outcomes and future orders.

**Complexity and Performance**

Several studies have examined the effect of organizational complexity on performance and have reported different outcomes. Udanyaga, (2020) studied the effect of specialization and departmentalization (which are also measures of complexity) on performance of SMEs in Sri Lanka. Structured questionnaire was used to collect data from a sample of 383 SMEs and hypothesis were tested using structural equation modeling. The study revealed that specialization and departmentalization had significant impact on the business performance of SMEs in Sri Lanka. Similarly, Pertusa-Ortega and Molina-Azorin, (2018) examined the relationship between differentiation (another conceptualization of complexity) and performance of Spanish companies across different industries from a 164-sample using the Partial Least Square-Structural Equation Modeling to test hypothesis. The result showed that differentiation is an indirect influencer of performance.

**$H_{O1}$**: Complexity has no effect on the performance of SMEs in Kaduna

**Formalization and Performance**

Extant studies on the relationship between formalization and different dimensions of performance of performance has also report inconsistent outcomes. Udanyaga, (2020) explored the effect of organizational structure on performance of SMEs in Sri Lanka. Structured questionnaire were used to collect data from a sample of 383 SMEs and hypothesis were tested using structural equation modeling which revealed that formalization had no significant impact on the business performance of SMEs in Sri Lanka. Pertusa-Ortega and Molina-Azorin, (2018) also examined the relationship between formalization and performance of Spanish companies across different industries from a 164-sample using the Partial Least Square-Structural Equation Modeling to test hypothesis. The result showed that an enabling formalization but not a coercive formalization indirectly influences performance.

**$H_{O2}$:** Formalization has no effect on the performance of SMEs in Kaduna

**Centralization and Performance**

Many authors have studied the impact of centralization in relation to performance, decentralization not centralization has a positive indirect relationship with performance. Nwonu et al., (2017) studied the relationship and effect of centralization on performance from a sample size of 296 manufacturing firms in Enugu, Nigeria using Pearson's correlation analysis and regression analysis. The study reported that there is no significantly positive relationship and no significant effect between centralization and organizational growth of the selected manufacturing companies in Enugu State, Nigeria. On the contrary, Udanyaga (2020) examined hierarchy and performance of SMEs in Sri Lanka. The study revealed that hierarchy which is the conceptualization of centralization has a significant impact on the business performance of SMEs in Sri Lanka.

**$H_{O3}$:** Centralization has no effect on the performance of SMEs Kaduna

**Learning Orientation as a Moderator**

Several strategic management studies have considered learning orientation and its role in moderating performance outcome. Tajeddini, et al., (2017) investigated the moderating role of learning orientation in the effect of organizational structuring on service innovativeness amongst service hotels in Japan using regression analysis. The study focused on whether an organic structure rather than a mechanistic structure influences service innovativeness. Similarly, Peridawaty et al. (2021) examined the moderating role of learning orientation and found that learning orientation significantly increased marketing capabilities and significantly increased customer satisfaction especially weak economy. Shaibu et al., (2023) also investigated the moderating role of learning orientation in the relationship between organizational ambidexterity and performance of SMEs in Nigeria. Tajeddini et al., (2017) reasoned that, the more an organization is capable of generating,

acquiring, and transferring knowledge the more likely it will be able to modify its behavior to respond to a rapidly evolving dynamic business environment.

**$H_{O4}$:** Learning orientation does not moderate the effect of complexity on performance of SMEs in Kaduna

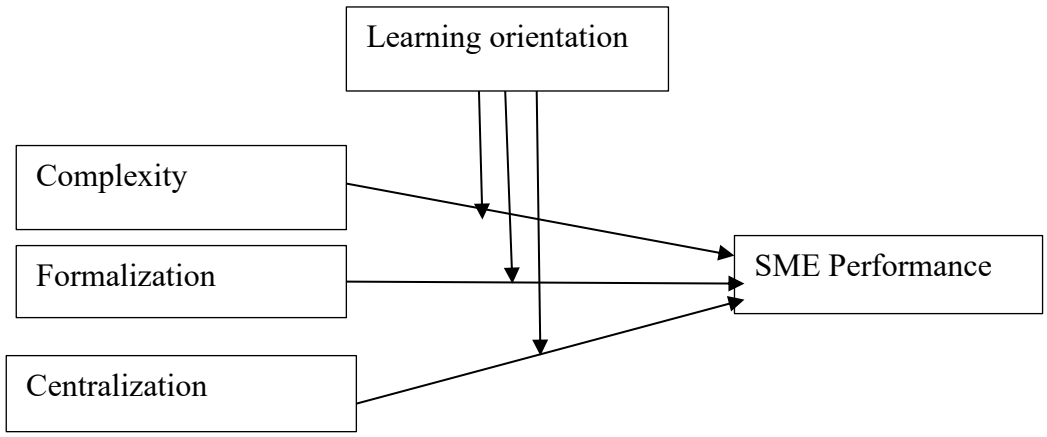
**$H_{O5}$:** Learning orientation does not moderate the effect of formalization on performance of SMEs in Kaduna

**$H_{O6}$:** Learning orientation does not moderate the effect of centralization on performance of SMEs in Kaduna

**Contingency Organizational Structure Theory**

The contingency theory was birthed from the works of Woodward (1958), Burns and Stalker (1961) and Lawrence and Lorsch (1967). The theory postulates that the right structure for an organization is contingent on external and internal factors that are peculiar to the firm. Such contingencies include size, strategy, environment and the technology the firm adopts. According to Oshita, Pavao and Borges (2017), Woodward (1958) found that all the company's operating cycle is affected by technology and there is a strong correlation between structure and predictability of production techniques. Thus, organizations with stable operations need structures. Furthermore, a basic assumption of the contingency theory of organizational structure is adaptability since it upholds that flexibility and ability to adapt is key to effective operation of organization. Consequently, this study believes that learning orientation within the organization will facilitate the ability to adapt because leaning orientation will equip the organization with necessary knowledge, an open mind, a commitment to learn and shared vision.

**Research Model**




**Methodology**

The study adopted cross-sectional survey research design which has the basic characteristics that involves the collection and collation of data to facilitate the answering of research questions

through the test of hypotheses (Onodugo, et al., 2010). Primary data was collected through the use of structured questionnaire. Copies of the questionnaire were administered to the managers of the selected SMEs in Kaduna. The target population of this study was managers of the 2650 SMEs in Kaduna state as recorded by NBS, (2017). Krejcie and Morgan (1970) statistical formula for sample size determination from a finite population was used to determine the required sample size of SMEs. The formula is given below as:

$$n = \frac{\chi^2 NP(1 - P)}{d^2N - 1 + \chi^2 P(1-P)}$$

Where:

n = Sample size; $\chi^2$= the table value of chi-square for 1 degree of freedom at the desired Confidence level (3.841); N = the population size; P = the population proportion (assumed to be .50 since this would provide the maximum sample size); d= the degree of accuracy expressed as a proportion (.05). Given that SME population size (N) is 2650, substituting the figures into the formula, the sample size is:

$$n = \frac{3.841\times 2650\times 0.50(1 - 0.50)}{0.05^2 (2650 - 1) + 3.841^2 \times 0.50(1-0.50)}$$

$$n = \frac{2544.66}{9.16}$$

$n = 277.80 \approx 278$

Given that the stated population of the study was last updated by NBS a couple of years ago and the suggestion of Mathers, Fox and Hunn (2009), that researchers should include a mark-up of 50% on the calculated sample size to cover for a fall in response rate of the sample or contingent problems associated with data collection, which may lead to difficulties in reaching the required number of sample that is needed for a precise data analysis as well as a sample size that adequately represents the actual population of the study, this study added a 50% mark-up to the calculated 278 sample size to make it up to 417 SMEs in Kaduna.

**Measurements and Research Instruments**

Erol and Ordu (2018), organizational structure measurement scale originally designed for university was adapted to fit the study.8 items measured complexity, while six items each measured formalization and centralization. Respondents were asked to rate their opinion on a five-point Likert-scale ranging from 5 strongly agree to 1 strongly disagree on statements like; "Each task is given to an employee who is a specialized in that task"; "There are norms that determine who have to do what, where and when"; "Employees are asked for their opinions before a new procedure is implemented".

The dependent variable, Kaduna State SMEs performance was measured in 11 items adapted from Montabon *et al*, (2003) using a five-point Likert-scale ranging from 5 strongly agree to 1 strongly disagree. Samples of the statement included; "the quality of your product/service improved"; "your customers are happy with the superior value of your products/service compared to your competitors". Sinkula, Baker and Noordewiet (1997) Learning orientation measurement scale was adopted for the study. The scale had a total of 11 that measured commitment to learning, open mindedness and shared vision. Using a 5-point scale ranging from 1 (strongly disagree) to 5 (strongly agree), respondents rated their firms position on statement such as, "Learning in my organization is seen as a key commodity necessary to guarantee organizational survival"; "Employees view themselves as partners in charting the direction of the organization".

**Data Analyses and Presentation**

The present study adopted a two-step process to evaluate and report the results of PLS-SEM as suggested by Henseler, et al., (2009). This two-step process adopted in the present study comprises the measurement model and the structural model (Hair et al., 2014).

**Measurement Model**

Analysis of a measurement model involves determining individual item reliability, internal consistency reliability, convergent validity and discriminant validity (Hair et al., 2011; Henseler et al., 2009). Figure 1 presents the result of the measurement model.

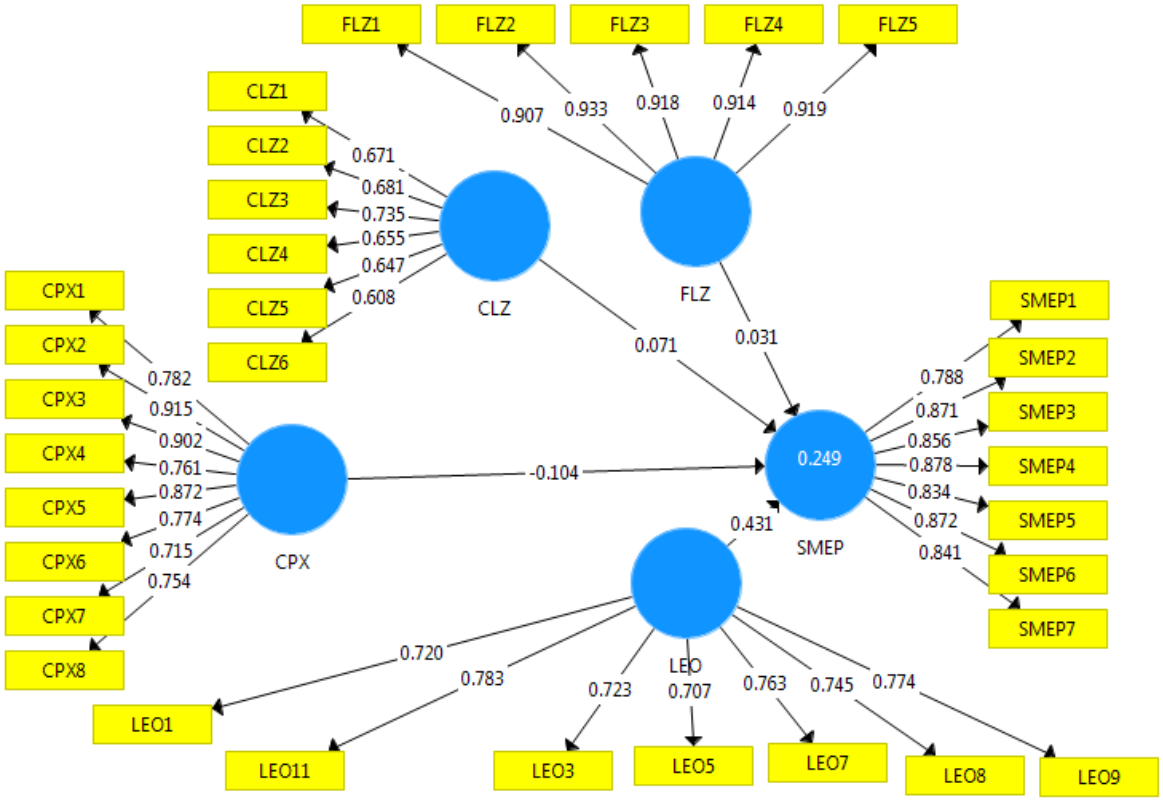



*Figure 1: Measurement Model*

In addition to the measurement model, Table 1 presents the result of individual item reliability, internal consistency reliability and convergent validity of this study.

**Table 1:**

*Construct Reliability and Validity*

| Construct | Items | Loadings | CA | CR | AVE |
|---|---|---|---|---|---|
| **Performance** | SMEP1 | 0.788 | **0.935** | 0.948 | **0.721** |
| | SMEP2 | 0.871 | | | |
| | SMEP3 | 0.856 | | | |
| | SMEP4 | 0.878 | | | |
| | SMEP5 | 0.834 | | | |
| | SMEP6 | 0.872 | | | |
| | SMEP7 | 0.841 | | | |
| **Formalization** | FLZ1 | 0.907 | **0.954** | **0.964** | **0.843** |
| | FLZ2 | 0.933 | | | |
| | FLZ3 | 0.918 | | | |
| | FLZ4 | 0.914 | | | |
| | FLZ5 | 0.919 | | | |
| **Centralization** | CLZ1 | 0.671 | **0.76** | **0.827** | **0.545** |
| | CLZ2 | 0.681 | | | |
| | CLZ3 | 0.735 | | | |
| | CLZ4 | 0.655 | | | |

| | | | | | |
|---|---|---|---|---|---|
| | CLZ5 | 0.647 | | | |
| | CLZ6 | 0.608 | | | |
| **Learning Orientation** | LEO1 | 0.72 | **0.867** | **0.897** | **0.556** |
| | LEO11 | 0.783 | | | |
| | LEO3 | 0.723 | | | |
| | LEO7 | 0.707 | | | |
| | LEO8 | 0.763 | | | |
| | LEO9 | 0.745 | | | |
| | LEO5 | 0.745 | | | |
| **Complexity** | CPX1 | 0.782 | **0.929** | **0.939** | **0.660** |
| | CPX2 | 0.915 | | | |
| | CPX3 | 0.902 | | | |
| | CPX4 | 0.761 | | | |
| | CPX5 | 0.872 | | | |
| | CPX6 | 0.774 | | | |
| | CPX7 | 0.715 | | | |
| | CPX8 | 0.754 | | | |

From Table 1 above, loadings of items measuring individual construct were greater than 0.7 which is a minimum recommended value as contained in Hensler et.al (2015). However, items that load 0.6 were retained as deleting them weaken the AVE of centralization. Also, items that failed this benchmark were deleted; they include SMEP8, SMEP9, SMEP10, SMEP11, FLZ6, LEO2, LEO4 LEO6 and LEO10. All the constructs in the study met the composite reliability benchmark of 0.7 and average variance extracted of 0.5. This suggests adequate internal consistency reliability of the measures used in this study (Hair et al., 2011). In addition, convergent validity was assessed by examining the Average Variance Extracted (AVE) of each construct. Chin (1998) recommended that the AVE of each latent construct should be .50 or more. Following Chin (1998), the AVE values (see Table 1) exhibited high loadings (> .50) on their respective constructs, indicating adequate convergent validity.

**Heterotrait Momentrait (HTMT)**

Henseler, Ringle andSarstedt (2015) suggested a better approach to assess discriminant validity, HTMT refers to ratio of correlations within the constructs to correlations between the constructs. The approach is an estimate of what the true correlation between two constructs would be if they are perfectly measured. Kline (2011) recommended HTMT standard of 0.85 or less. However, Goldetal (2001) suggested that the value must not be greater than 0.90. This study adopted the criteria offered by Kline (2011) which is the latest. Table 2 displayed the details of the result. This is as presented in table 2.

**Table 2: Heterotrait-Monotrait Ratio (HTMT)**

| | | CLZ | CPX | FLZ | LEO | SMEP |
|---|---|---|---|---|---|---|
| Centralization | | | | | | |
| | Complexity | 0.123 | | | | |
| Formalization | | 0.442 | 0.092 | | | |
| | Learning Ort. | 0.438 | 0.235 | 0.188 | | |
| | Performance | 0.246 | 0.173 | 0.159 | 0.529 | |

The result of HTMT in Table 2 revealed that the cross loading of all the constructs used in this study satisfy the condition of Kline (2011) as the coefficient of the inter-correlations are less than 0.85. Thus, this further confirmed the validity of the measures employed in the study for further analysis.

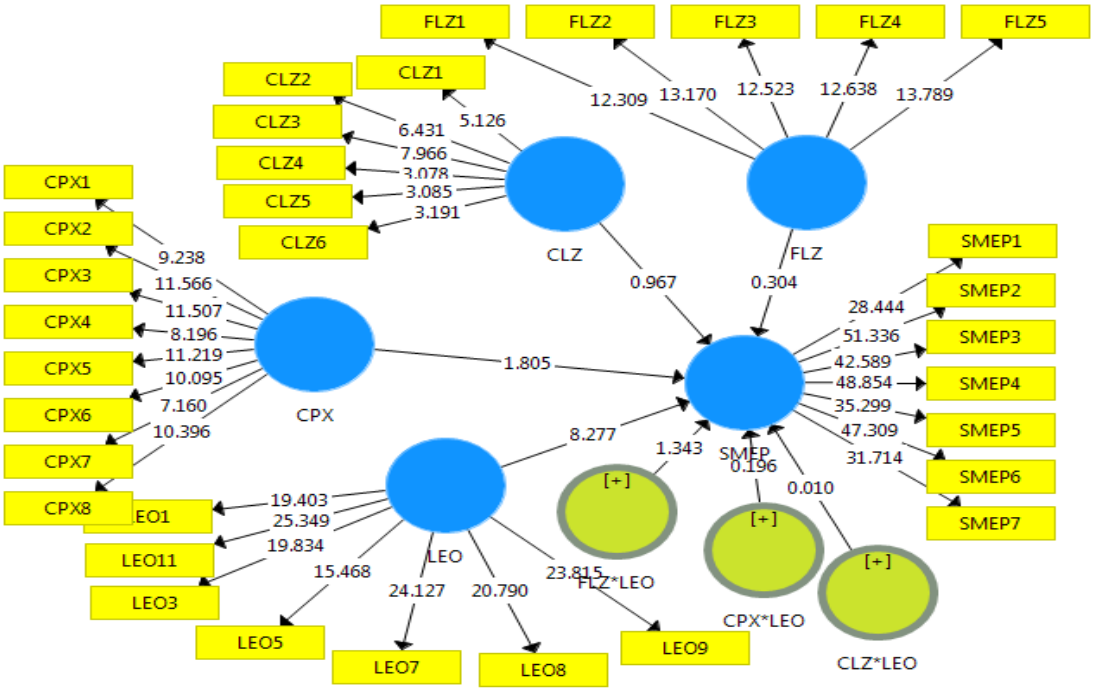
**Structural Model**

Hair et' al. (2013) identified four key criteria for assessing the structural model in PLS-SEM. These include assessments of significance of the path coefficients, coefficient of determination ($R^2$), the effect size ($f^2$), and predictive relevance ($Q^2$). Figure 2 present the result of the structural model.

*Figure 2: Structural Model*

**Test of Hypotheses, effect size and predictive relevance**

In addition to the structural model, Table 3 present the whole result of the path coefficients, coefficient




of determination ($R^2$), the effect size ($f^2$), and predictive relevance ($Q^2$).

**Table 3: Results of Structural Model**

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values |
|---|---|---|---|---|---|
| **CLZ -> SMEP** | 0.062 | 0.083 | 0.065 | 0.967 | **0.334** |
| **CLZ*LEO -> SMEP** | 0 | -0.002 | 0.046 | 0.01 | **0.992** |
| **CPX -> SMEP** | -0.093 | -0.111 | 0.052 | 1.805 | **0.041** |
| **CPX*LEO -> SMEP** | -0.01 | -0.006 | 0.049 | 0.196 | **0.002** |
| **FLZ -> SMEP** | 0.02 | 0.016 | 0.065 | 0.304 | **0.761** |
| **FLZ*LEO -> SMEP** | 0.107 | 0.103 | 0.08 | 1.343 | **0.179** |
| **LEO -> SMEP** | 0.453 | 0.451 | 0.055 | 8.277 | **0** |
| **Coefficient of Determinant:** | | | | | |
| **R- Squaered** | | | | | 0.249 |
| **Predictive Relevance:** | | | | | |
| **$Q^2$ (=1-SSE/SSO)** | | | | | 0.168 |
| **Effect Size** | | | | **$F^2$** | **Effect Size** |
| **CLZ -> SMEP** | | | | 0.021 | Small |
| **CPX -> SMEP** | | | | 0.042 | Small |
| **FLZ-> SMEP** | | | | 0.022 | Small |

| | | |
|---|---|---|
| **LEO -> SMEP** | 0.012 | Small |
| **LEO*CPX -> SMEP** | 0.052 | Small |
| **LEO*CLZ -> SMEP** | 0.013 | Small |
| **LEO*FLZ -> SMEP** | 0.119 | Small |

Table 3 presents the result of the path coefficient, coefficient of determinant, effect size and predictive relevance. Regarding the path coefficient, the result of the direct relationship revealed that centralization and formalization of organizational structure have no significant effect on the performance of SME. The study therefore failed to reject the hypotheses that state that centralization, and formalization have no significant effect on performance of SMEs. In the same vein, their moderating result showed that learning orientation do not moderate the relationship between centralization of organizational structure, formalization of organizational structure and performance of SME. Thus, the hypotheses that stated that learning orientation does not significantly moderate the relationship between centralization, formalization and performance of SMEs were accepted. On the contrary, the direct relationship between complexities in organizational structure, learning orientation and performance of SMEs were significant. The study therefore rejected the hypotheses that state that complexity and learning orientation have no significant effect on performance of SMEs. Likewise, the moderating effect of learning orientations on the relationship between complexity and performance of SMEs was statistically significant. Thus, the hypothesis that stated that learning orientation does not significantly moderate the relationship between complexity of organization structure and performance of SMEs was rejected.

Furthermore, Table 3 also displayed the variance explained by the model. Based on the criterion by Chin (1998) for assessing $R^2$, all the independent variables explained 24.9% variance in the performance of SME. Thus, suggesting that centralization, formalization and learning orientations explained a weak variance in the performance of SMEs. In addition, it can be seen that the $Q^2$ values of performance is greater than 0. It has the $Q^2$ of 0.168, which means centralization, formalization of organization structure and learning orientations have 16.8% relevance in predicting SMEs performance. Lastly, following the recommendation by Cohen (1988), all the variables (centralization, formalization and learning orientations) have a small effect size on SME performance. That is the effect size for each construct is less than 0.15.

**Discussion**

This study examined the effect of organizational structure on the performance of SMEs in Kaduna. The result revealed that complexity has a significant positive effect on the performance of SMEs in Kaduna. This implied that the more the complexities in organization structure, the better the performance of SMEs owner managers in Kaduna. This finding is consistent with the findings of

Nwonu et al., (2017), Udanyaga, (2020) and Pertusa-Ortega and Molina-Azorin, (2018) that revealed significant positive relationship exist between complexity and performance of SMEs. However, centralization and formalization have an insignificant effect on the performance of SMEs. This suggested that emphasizing on centralization and formalization of organization structure as a means of improving the performance of SMEs may not yield an effective result. This finding is also consistent with the findings of Udanyaga, (2020) Pertusa-Ortega and Molina-Azorin, (2018) that showed that formalization, especially coercive formalization does not significantly and positively effect of the performance but is inconsistent with the findings of Nwonu et al., (2017). Furthermore, it is also consistent with the finding of Pertusa-Ortega and Molina-Azorin, (2018) and Udanyaga (2020) that showed significant positive effect of decentralization and not centralization on performance of SMEs. Lastly, learning orientation significantly moderate the relationship between complexity and performance of SMEs but does not significantly moderate the relationship between centralization, formalization and performance of SMEs.

**Conclusion and Recommendation**

The findings of this study suggest that organizational structure dimensions were related to performance of SMEs in Kaduna. Particularly, the complexities in organization structure was found to be significantly and positively related with performance of SMEs. Thus, the study concluded that building a complex organizational structure by the management of SMEs will improve their performance. Additionally, learning orientations significantly and positively affect performance of SMEs. Hence, attending orientations that will educate owner's managers of SMEs on how to build a complex organizational system will go a long way in sustaining their performance and competitive advantage. That is the more they attend learning orientations, the better their chance of building a more complex organizational system that will ultimately improve their performance. It is therefore recommended that owner managers of SMEs should frequently attend learning orientations that will help them build a more complex system that will enhance their performance and sustain their competitive advantage.

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