NAU Journal of Technology and Vocational Education
Volume 10, No. 2, September 2025

CUSTOMER CREATION, EMPLOYEE PROACTIVENESS AND BUSINESS SURVIVAL IN COMPETITIVE MARKET ENVIRONMENT OF LAGOS STATE, NIGERIA

[1]Adegboyega Adebayo, PhD & [2]Nicholas Oseremen Osime

[1]Department of Business Education, Tai Solarin University of Education, Ijagun, Ogun
Email of corresponding author: adebayoadegboyega64@yahoom.com
[2]School of Technical Education, Department of Business Education, Yaba College of Technology.

Abstract

The study examined customer creation, employee proactiveness and business survival in competitive market environment of Lagos State, Nigeria. Three hypotheses were tested in this study. The descriptive research design of survey was used. The population of the study comprised 11,463 Businesses (SMEs) who have employees of 5-55 and registered with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The sample size is 386 businesses using Taro Yamene formula. The study used researchers self-developed instrument title: Customer's Creation, Employee Proactiveness and Businesses Survival Questionnaire (CCEPNSQ) with reliability coefficient (r = .93) for data collection. Inferential statistics of Pearson Product Moment Correlation (PPMC) was used for testing hypotheses 1 and 2 while hypothesis 3 was tested using multiple regression analysis. The findings of the study showed that there was positive significant relationship between customer's creation (r = 0.317, p <. 05), employee proactiveness (r = 0.210, p < .05) and businesses survival in competitive market environment of Lagos State. There was a significant composite contribution of customers creation and employee proactiveness on businesses survival in competitive market environment of Lagos State (R = 0.84, p < .05) and that about 78% variation in businesses survival in competitive market environment was accounted for by explanatory variables (customers creation and employee proactiveness). It was recommended that businesses in Lagos State and country at large should intensify efforts towards creating customers for their brand through advertisement, high quality of goods and services produces to the market. Organization should adopt participative decision-making systems, whereby employees' demands are satisfied and promotion of work-balance should be provided.

Keywords: Customer's Creation, Employee Proactiveness, Businesses Survival

Introduction

The developed nations today are enjoying the benefits of having businesses that are surviving a competitive market environment, and these benefits encompassed high rate of employment creation, income growth, drastic reduction in poverty as well as security of live and properties. These developments manifested towards allowing the collective authority to received more businesses and individual to paid their taxes without any forms of force. Businesses survival in these categories of a nation, seems to be flushing as necessary factors are been put in place by the government. However, the contemporary situation of businesses survival in developing nation like Nigeria is of major concern to stakeholders in the sector; as early reported by National Bureau of Statistics (NBS) that businesses in Nigeria, particular small and medium scale enterprises (SMEs) do not celebrate their fifth birthday before collapsed. According to Olubiyi (2022), business survival is the continuous operation and existence of a company, particularly during crises or uncertain conditions. Daniel et al. (2021) agreed that businesses survival is achieved through a mix of effective strategies, including robust financial management, understanding and adapting to market conditions, building strong customer relationships, developing resourceful leadership, and maintaining operational flexibility and agility.

Business survival is a form of business longevity, allowing a company to remain in the industry for an extended period and prevents negative outcomes such as bankruptcy, business exit, or failure, ensuring continued operation and employment (Nugroho et al., 2022). A business must first survive to achieve long-term success, performance, and market stability. This involves careful cash flow management, deciding when and what to invest, and securing appropriate financial sources. Businesses need the dynamic capabilities to integrate, build, and reconfigure internal resources to adapt to and change situations that could endanger their survival. Focus on essential costs and avoid non-essential spending to conserve cash and maintain financial health, especially during tough times. Truong, Dang-Pham, McClelland & Nkhoma (2020) reiterated that strategically reinvest profits back into the business to fund growth areas or support ongoing operations as well as collaborate with local businesses or those with similar experiences to share resources, knowledge, and mutual support could among factors foster businesses survival. However, develop risk-reducing contingency strategies by understanding future forecasts and potential risks to create a more stable strategic structure seems to be playing prominent role in the corridor of business survival and sustainability. In the opinions of Muhammad et al. (2022), they contended that a deep knowledge of the market, including customer needs/creation and competitive landscapes, is crucial for a business to remain relevant and viable and keeping existing customers happy is a vital strategy for survival, as they provide consistent revenue and a stable customer base.

The aim of the business is not to make a profit, but to create customers that can aid the enterprises gradually to generate streams of income and revenue for profit maximization and expansion (Kaewmungkoon, 2016). Dvorsky et al. (2020) opined that customers creation was the business process of creating demand and acquiring new customers to build and grow a market for a product or service. It's a stage in the Customer Development model, following the discovery and validation phases, where a company executes its sales and marketing strategy to reach potential buyers, generate awareness, and drive them to a sales channel. The goal is to create a repeatable business model that converts prospects into paying customers. Abiranmi (2018) stated that customer creation is the critical phase where a company actively creates the market and demand for its offering, turning validated ideas into a tangible, paying customer base. Companies actively work to build their market by developing marketing materials and executing a launch strategy for their product or service. This involves creating awareness and interest in the product or service, often through targeted advertising and sales efforts. The process includes activating sales channels to guide potential customers from awareness to making a purchase.

Customer creation is about establishing and growing a customer base, laying the groundwork for sustainable growth and a transition from startup to a more established company. The strategy is considered successful when it creates enough demand and converts it into a scalable customer base, allowing the company to move to the next stage of company building. Abrokwah-Larbi (2023) was the view that by engaging customers as active participants, companies gain access to a source of diverse ideas, experiences, and knowledge, strengthening a deeper connection with their audience and creating solutions that truly resonate for businesses survival. Adeyoriju and Agbadudu (2018) reiterated that customer creation is a strategic business phase following customer validation, where a company moves from finding early adopters to attracting a larger market and generating scalable demand for its validated product or service. The core goal is to develop a repeatable marketing and sales strategy that drives market interest and fills the sales channel, ultimately establishing a sustainable path for consistent revenue growth. However, the survival of a business sometimes depends on the quality of employees in the organization, even if customers already created in the market. It has been said that employees are the backbone of organization or business development and survival in a competitiveness environment. Employees of an organization may differ in the position, but as agreed by Akintola and Adepoju (2016) that employee of organization represent the image of the organization and their proactiveness will aid organization survival for sustainability.

Employee proactiveness is the ability of an employee to take initiative, anticipate future issues, and act independently to solve problems or improve work processes, rather than waiting for

instructions or reacting to events after they occur (Oiku, 2023). A proactive employee is a self-starter who is engaged, goal-oriented, adaptable, and possesses strong problem-solving skills, ultimately adding value by contributing to the team's or organization's overall success and helping to prevent problems before they arise. Employee proactiveness positively impacts business survival by fostering innovation, enhancing responsiveness to market changes, building competitive advantages, and ensuring operational continuity through proactive problem-solving and adaptation (Aigboje, 2018). Proactive employees identify and act on opportunities, take initiatives to improve processes, and effectively address vulnerabilities, which helps businesses navigate uncertainty and maintain long-term success.

According to Anand and Khanna (2020), proactive employees don't wait to be told what to do; they identify tasks or problems and take action to address them. They can think ahead and anticipate potential challenges, changes, or opportunities before they become problems. They are adept at identifying potential issues and developing strategies or solutions to mitigate them. Proactive employees focus on achieving team and organizational goals, working diligently to make progress. They operate without constant supervision, taking ownership of their work and tasks and flexible and can adjust their plans and strategies when circumstances change. According to Bilal, et al. (2021), proactive employees fully immerse themselves in their roles, actively participating and contributing to their team's efforts and bring new ideas and challenge the status quo to improve work practices and drive innovation towards the attainment of business survival. By anticipating and preventing problems, they contribute to smoother operations and more efficient workflows. Their forward-thinking approach and extra effort consistently add value to the team and the organization. They often demonstrate leadership qualities and can be seen as informal leaders, guiding and supporting their colleagues. Proactive employees are employees that plan and act ahead on the tasks that need to be done.

Literature Review

The theoretical framework for this study was based on The Resource-Based View (RBV) which was propounded by Birger Werrierfelt in 1984. The Resource-Based View (RBV) is a strategic management framework arguing that a firm's internal resources and capabilities are the primary drivers of its sustainable competitive advantage and superior performance for survival. A firm gains an advantage if its resources are Valuable, Rare, Inimitable (difficult to imitate), and Non-substitutable (cannot be replaced). This "VRIN" or "VRIO" framework provides a method for identifying which firm-specific assets and routines are truly strategic. RBV shifts the focus from the external industry environment (like in Porter's five forces) to the organization internal strengths. These are the bundle of assets, skills, and routines a firm possesses. Resources can be tangible (like buildings) or intangible (like brand reputation and intellectual property). This occurs when a firm can consistently outperform competitors over a long period.

However, the implication of this theory to the current study is that The Resource-Based View (RBV) helps organization or businesses survive by guiding them to develop and manage unique, valuable, rare, inimitable, and non-substitutable resources (VRIN) and capabilities, which create a sustained competitive advantage. By focusing on these internal strengths, a firm can outperform competitors, adapt to market changes, and achieve long-term success and stability in the face of uncertainty through customer creation and employee proactiveness.

In the study of Nugroho et al. (2022), they found that firm performance in long run translate to organization survival while Bilal et al. (2021) in their separate study found that employee proactiveness represented positive factors fostering organization survival in competitive market environment. Abiranmi (2018) argued that employees are asset organization need most for survival as their proactiveness directly corrected with firm survival in short and long run. Abrokwah-Larbi (2023) who examined investigated the stand of customer focus and creation in organization, found

that customer focus and creation are first objective to be pursue for serious minded organization because these factors positively associated to firm survival. In the study of Olubiyi (2022), agreed that customer creation attainment by organization guarantee their stay in a competitive market and directly related to the survival of the enterprises, because this aid consistent streams flows of income. Kaewmungkoon (2016) found that market mix and customer creation were two germane factors that can foster firm survival in a competitive environment. Daniel et al. (2021) in their study concluded that a good market research combined with company ability to create customer could predict long-term survival of the enterprises, even in a competitive market environment; while Akintola and Adepoju (2016) agreed that even secretary as an employee of an organization contribute their own quota towards the success and survival of the organization. In the study of Anand and Khanna (2020), they realized that when employee of the business organization is proactive, the level of failure of such enterprises might reduce.

However, despite immense high-quality empirical studies on how to attain survival of the businesses in a competitive market environment, previous studies were only conducted at individual level of interactions between business survival, customer creation and employee proactive. In short, there have been dearth of literature on the composite contribution of customers creation and employee proactiveness on business survival in competitive market environment of Lagos State, Nigeria.

Statement of the Problem

The role of businesses in any countries globally cannot be overemphasized, as they represent avenues for job creation, development of local raw material, acts as revenue resources for collective authority through taxes paid and sometimes enhance exportation of goods and services which eventually may aid local currency appreciation in global market. More reasons committee of developed nations are putting more efforts and supportive mechanisms for their businesses towards the attainment of survival or sustainability. However, the ugly situation in developing nation like Nigeria on the issues relating to businesses survival are of major concerns to the collective authority and other stakeholders in the country. For instance, National Bureau of Statistics (NBS) reported that Nigerian businesses like small and medium scale enterprises (SMEs) face high collapse rates, with estimates suggesting a large majority fail within five years due to factors like high operational costs, inflation, inadequate access to capital, unreliable power, currency devaluation, and inconsistent government policies. These issues have forced widespread closures, leading to job losses and economic instability, impacting Nigeria's overall development. The Nigeria government through the efforts of stakeholders have taken steps towards ensuring high rate of businesses survival as a way to reduce high rate of collapsed of businesses in the country, Bank of Industry (BOI) was established and saddle with the responsibilities to train and finance businesses for survival towards economic development. Thus, despite the step taken so far, the issue of businesses survival in Nigeria still remain a challenge. This study was an attempt to examine the extent to which customers creation and employee proactiveness could aid the attainment of businesses survival in competitive market environment of Lagos state, Nigeria.

Objective of the Study

The main objective of the study was to examine customer's creation, employee proactiveness and business survival in competitive market environment of Lagos State, Nigeria. In order to achieve main objective of the study, the following specific objectives are raised:

1. examine the relationship between customer creation and business survival in competitive market environment;
2. ascertain the relationship between employee proactiveness and businesses survival in competitive market environment;
3. determine the composite contribution of customers creation and employee proactiveness on businesses survival in competitive market environment.

Hypotheses

The following null hypotheses were tested in the study:

$H0_1$: There is no significant relationship between customer creation and businesses survival in competitive market environment of Lagos State.
$H0_2$: There is no significant relationship between employee proactiveness and businesses survival in competitive market environment of Lagos State.
$H0_3$: There is no significant composite contribution of customers creation and employee proactiveness on businesses survival in competitive market environment of Lagos State.

Methodology

The descriptive research design of survey was used in this study. The justification for using this design was that it helped the study to examine the association between the explanatory variables and endogenous variable. The population of the study comprised 11,463 Businesses (SMEs) who have employees of 5-55 and registered with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) who are 5 years old and above in Lagos State, Southwest, Nigeria as at June, 2025. The sample size is 386 businesses. This sample size was gotten through the use of Taro Yamene formula.

The study used researchers self-developed instrument title: Customers Creation, Employee Proactiveness and Businesses Survival Questionnaire (CCEPNSQ). This instrument was apportioned into three sections such as A, B and C. The sections comprised demographic characteristics of the respondents, items relating to customers creation, employee proactiveness and businesses survival with 25 items for the sections A, B and C respectively. The validity of the instrument was done by 3 experts from Olabisi Onabanjo University, OOU, Ago-Iwoye and Tai Solarin Federal University of Education, Ijagun, Ogun State. All the issues raised, were corrected before proceeding to reliability exercise which was conducted among 35 businesses in Oyo State with particular focus in Ibadan town. The data gotten from the exercises, were coded and subjected to Cronbach Alpha with reliability coefficient (r = .93). The researchers employed 5 research assistants, who helped to distribute the questionnaires to the respondents and it took two weeks before the completion. However, out of 386 distributed for administration, only 353 copies were retrieved and retrieval rate was reported as 91.5% and used for analyses. Inferential statistics of Pearson Product Moment Correlation (PPMC) was used for testing hypotheses 1 and 2 while hypothesis 3 was tested using multiple regression analysis. The decisions were made at .05 level of significance.

Results

$H0_1$: There is no significant relationship between customer creation and businesses survival in competitive market environment of Lagos State.

Table 1: Relationship between customer creation and businesses survival in competitive market environment of Lagos State

Variables	Mean	SD	df	r-value	p-value
Businesses survival	18.96	2.29			
Customer creation	31.12	4.80	351	.317	.001

Source: Field Survey, 2025

From Table 1, it was observed that there was significant relationship between the independent variable and dependent variable in the order of (r = 0.317, p <. 05). On this premise, the null hypothesis was hereby rejected and the researcher concluded that there was a positive significant relationship between customer creation and businesses survival in competitive market environment of Lagos State.

$H0_2$: There is no significant relationship between employee proactiveness and businesses survival in competitive market environment of Lagos State

Table 2: Relationship between employee proactiveness and businesses survival in competitive market environment of Lagos State

Variables	Mean	SD	df	r-value	p-value
Businesses survival	18.96	2.29			
Employee proactiveness	17.14	2.35	351	.210	.002

Source: Field Survey, 2025

From Table 2, it was indicated that there was significant relationship between the independent variable and the dependent variable in the order of ($r = 0.210$, $p < .05$). On this premise, the null hypothesis was hereby rejected and the researchers concluded that there was a positive significant relationship between employee proactiveness and businesses survival in competitive market environment of Lagos State.

$H0_3$: There is no significant composite contribution of customers creation and employee proactiveness on businesses survival in competitive market environment of Lagos State.

Table 3: Composite contribution of customers creation and employee proactiveness on businesses survival in competitive market environment of Lagos State

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.84[a]	.81	.78	11.52

a. Predictors: (Constant), customers creation and employee proactiveness
b. Dependent variable: Businesses survival

The table 3 showed that there was significant composite contribution of independent variables on the dependent variable; $R = 0.84$, $p < .05$. This implied that null hypothesis was rejected. The table further revealed about 78% variation in businesses survival in competitive market environment was accounted for by explanatory variables (customers creation and employee proactiveness).

Discussion of Findings

Hypothesis 1 revealed that there was a positive significant relationship between customer creation and businesses survival in competitive market environment of Lagos State. These findings were in correlation with Abrokwah-Larbi (2023) who examined investigated the stand of customer focus and creation in organization, found that customer focus and creation are first objective to be pursue for serious minded organization because these factors positively associated to firm survival. In the study of Olubiyi (2022), agreed that customer creation attainment by organization guarantee their stay in a competitive market and directly related to the survival of the enterprises, because this aid consistent streams flows of income.

Hypothesis 2 showed that there was a positive significant relationship between employee proactiveness and businesses survival in competitive market environment of Lagos State. These findings corroborated with Nugroho et al. (2022) who found that firm performance in long run translate to organization survival while Bilal et al. (2021) in their separate study found that employee proactiveness represented positive factors fostering organization survival in competitive market environment. Abiranmi (2018) argued that employees are asset organization needed most for survival as their proactiveness directly corrected with firm survival in short and long run.

Hypothesis 3 indicated that there was significant composite contribution of independent variables on the dependent variable; $R = 0.84$, $p < .05$ and that about 78% variation in businesses survival in competitive market environment was accounted for by explanatory variables (customers creation and employee proactiveness). These findings were in support to Kaewmungkoon (2016) found that market mix and customer creation were two germane factors that can foster firm survival in a competitive environment. Daniel et al. (2021) in their study concluded that a good market research combined with company ability to create customer could predict long-term survival of the enterprises, even in a competitive market environment; while Akintola and Adepoju (2016) agreed

that even secretary as an employee of an organization contribute their own quota towards the success and survival of the organization. In the study of Anand and Khanna (2020), they realized that when employee of the business organization is proactive, the level of failure of such enterprises might reduce.

Conclusion

Although, the issues of businesses survival are not only particular to Nigeria alone, but most of the developing nations in African continent are facing such menace, is just that Nigeria own is particular. However, the study has successfully examined customer creation, employee proactiveness and business survival in competitive market environment of Lagos State, Nigeria and the following conclusions were drawn based on the findings of the study that, all things being equal, businesses survival could be attain for sustainability through effective customer creation and employee proactiveness in a competitive market environment like Lagos State, Nigeria.

Recommendations

In line with the findings of the study, the following recommendations are raised:

1. Control price in the market by ensuring that quality products should be ensure and further ensure that products meet standard globally.
2. Businesses should ensure that customers complaints are listen to and amended to make them see their selves as part of the organization.

REFERENCES

Abiranmi, M. (2018). Fitness and survival in the competitive market. *International Journal of Management and Commerce Innovations***,** *5*(2), 729-732. **www.researchpublish.com**

Abrokwah-Larbi, K. (2023). The impact of customer-focus on the performance of business organizations: evidence from SMEs in an emerging West African economy. African Journal of Economic and Management Studies, 15(1), 31-59. https://www.emerald.com

Akintola, O. A**.,** & Adepoju, A. A. (2016). Organizational culture on secretaries' job effectiveness in Oyo State Civil Service, Nigeria. *Gateway Journal of Business Education. 3*(1), 345-352. https://www.researchgate.net

Anand, O. O., & Khanna, R. D. (2020). Estimating the small business failure rate: A Reappraisal. Journal of Small Business Management, 27(3), 68-76. https://www.semanticscholar.org/paper/

Bilal, M., Chaudhry, S., Amber, H., Shahid, M., Aslam, S., & Shahzad, K., (2021). Entrepreneurial leadership and employees proactive behaviour: Fortifying self-determination theory. *Journal of Open Innovation Technology, 7*, 176-184. https://doi.org/10.3390

Birger Werrierfelt (1984). A resource-based view of the firm. *Strategic Management Journal*, *5*(2), 171-180. https://web.mit.edu/bwerner/www/papers/

Daniel, C. N., Oru, G. U., & Mnonu, C. H. (2021). Marketing research in Nigeria: A survival strategy for small and medium scale enterprises in a competitive environment. THE MELTING POT, 6(2), 135-152. https://journals.aphriapub.com/index

Kaewmungkoon, S. (2016). Marketing excellence strategy and firm survival. The Business and *Management Review, 7*(5), 243-256. https://www.researchgate.net/publication/36772424

Muhammad, B. A., & Ibrahim, A., & Umar, I. (2022). Marketing mix as determinant of sustainability of small-scale business in Alkaleri, Bauchi State, Nigeria. CMU *Academy Journal of Management and Business Education, 1*(1), 50–56. https://doi.org

Nugroho, A., Prijadi, R., & Kusumastuti, R. D. (2022). Strategic orientations and firm performance: the role of information technology adoption capability. *Journal of Strategy and Management*, *13*(3), 56-67. https://doi.org

Olubiyi, T. O. (2022). An investigation of sustainable innovative strategy and customer satisfaction in small and medium-sized enterprises (SMES) in Nigeria. Covenant Journal of Business and Social Sciences (CJBSS), *13*(1), 1-24. https://journals.covenantuniversity.edu.ng/index

Truong, N. T., Dang-Pham, D., McClelland, R. J., & Nkhoma, M. (2020). Service innovation, customer satisfaction and behavioural intentions: A conceptual framework. *Journal of Hospitality*