

## **Cultural Sensitivity and Business Growth of Agro-Allied SMEs in Oyo State, Nigeria**

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### **Abstract**

Small and medium-sized enterprises (SMEs) are central to economic development in emerging economies, with agro-allied SMEs in Nigeria playing a critical role in food security, rural livelihoods, and poverty reduction. However, beyond financial and operational constraints, the growth of these enterprises is increasingly shaped by cultural dynamics embedded in consumer markets. This study examines the influence of culturally sensitive marketing practices on the growth of agro-allied SMEs in Oyo State, Nigeria. Adopting a quantitative survey design, data were collected from 367 SME owners and managers using structured questionnaires and analysed through correlation and regression techniques. The findings reveal that culturally sensitive marketing practices significantly predict business growth, explaining 41.4% of the variance ( $R^2 = 0.414$ ), with a positive effect ( $\beta = 0.359$ ,  $p < 0.001$ ). Cultural sensitivity also exhibits a strong and significant relationship with customer loyalty ( $r = 0.676$ ,  $p < 0.01$ ). Further regression analysis indicates that culturally sensitive marketing strategies account for 45.9% of the variance in sales performance and market expansion ( $R^2 = 0.459$ ;  $\beta = 0.421$ ,  $p < 0.001$ ). Unlike much of the existing SME marketing literature that treats culture as a peripheral, this study provides subnational empirical evidence that culturally embedded marketing practices function as a measurable growth driver in a culturally diverse Nigerian context. The study concludes that cultural sensitivity represents a strategic capability rather than a complementary practice for agro-allied SMEs. The findings provide insights for marketing training, policy formulation, and entrepreneurship development programmes aimed at enhancing competitiveness and sustainable growth.

**Keywords:** Cultural Sensitivity, Marketing Strategies, Business Growth, Customer Loyalty, Agro-Allied SMEs

### **1. Introduction**

Small and medium-sized enterprises (SMEs) are globally recognised as engines of economic growth, innovation, and employment generation. In emerging economies such as Nigeria, SMEs constitute over 80% of registered businesses and contribute substantially to gross domestic product (GDP), poverty reduction, and regional development (Etuk et al., 2014). Within this sector, agro-allied SMEs occupy a strategic position at the intersection of agriculture and industry, converting raw agricultural produce into processed goods, distribution services, and value-added products that support livelihoods and national food security. As Nigeria continues to pursue economic diversification away from oil dependence, the sustained growth of agro-allied SMEs has become increasingly critical. However, the growth trajectories

of these enterprises are uneven and shaped by a range of entrepreneurial strategies, among which marketing plays a central role in determining survival, competitiveness, and expansion.

Marketing practices among SMEs differ markedly from those of large corporations, largely due to constraints in finance, technology, and managerial capacity. Consequently, SMEs often adopt entrepreneurial marketing approaches that are flexible, innovative, and closely embedded within their operating environments (Arno, 2025). In culturally heterogeneous societies such as Nigeria, where ethnicity, language, religion, and consumption preferences vary widely; marketing strategies that do not align with prevailing cultural norms may negatively influence consumer acceptance and brand trust (De Mooji, 2021). This challenge is particularly pronounced for agro-allied SMEs, whose products are closely linked to food habits, traditions, and local identity. Oyo State, located in Southwest Nigeria, provides a compelling context for examining this issue. While it is historically rooted in Yoruba culture, the state also hosts a diverse mix of ethnic groups due to urbanisation, commerce, and migration, especially in cities such as Ibadan. This cultural plurality makes Oyo State an appropriate case study for analysing how culturally sensitive marketing strategies function within a subnational Nigerian context.

Cultural sensitivity in marketing refers to the deliberate incorporation of consumers' cultural identities, values, beliefs, and social practices into product design, branding, promotion, and communication strategies (De Mooij, 2021). In multicultural markets, culturally aligned marketing influences purchase decisions, brand loyalty, and perceived value. For agro-allied SMEs, whose offerings are deeply embedded in everyday consumption and community practices, cultural sensitivity constitutes a practical marketing resource rather than a symbolic gesture.

Empirical evidence suggests that many SMEs in developing economies continue to approach marketing from predominantly transactional perspectives, often neglecting cultural dimensions of consumer behaviour (Asogwa et al., 2023). Nigerian SME literature has largely prioritised access to finance, infrastructure, innovation capacity, and entrepreneurial competencies, with limited empirical focus on the role of cultural sensitivity in shaping marketing effectiveness and firm growth outcomes. This limitation is particularly evident at the subnational level, including states such as Oyo, where agro-allied SMEs operate within culturally dense but commercially competitive environments.

Despite the growing recognition of cultural sensitivity in international marketing literature, there is a clear empirical gap regarding how culturally sensitive marketing strategies influence the growth of agro-allied SMEs within specific Nigerian subnational contexts. Existing Nigerian studies have either examined SME performance broadly or treated culture as a peripheral variable, with limited focus on agro-allied enterprises and minimal attention to culturally diverse states such as Oyo. Consequently, little is known about the extent to which agro-allied SMEs consciously integrate cultural sensitivity into their marketing strategies and how this integration affects business growth, customer loyalty, and market expansion.

Small and medium-sized enterprises (SMEs), particularly agro-allied firms, play a critical role in employment generation and food value-chain development in Nigeria. Despite their importance, evidence indicates that a significant proportion of SMEs in Nigeria struggle to survive beyond the early years of operation. According to the Small and Medium Enterprises

Development Agency of Nigeria (SMEDAN, 2021), approximately 50–60% of SMEs cease operations within their first five years, while many surviving firms experience stagnation rather than sustained growth. In Oyo State, agro-allied SMEs face additional challenges arising from intense market competition, changing consumer preferences, and culturally diverse customer bases, especially in urban centres such as Ibadan.

While previous studies have largely attributed SME failure and stagnation to factors such as inadequate financing, poor infrastructure, and limited managerial capacity, less empirical attention has been given to marketing-related factors, particularly the role of cultural sensitivity in shaping customer acceptance and business growth. Agro-allied SMEs operate in markets where food consumption patterns, language, traditions, and community norms strongly influence purchasing behaviour. When marketing strategies are not aligned with these cultural realities, SMEs may experience low customer loyalty, weak market penetration, and declining sales performance, thereby constraining growth prospects.

The lack of empirical focus on culturally sensitive marketing has clear implications. Theoretically, it limits understanding of how cultural factors interact with entrepreneurial marketing strategies to influence SME growth in subnational contexts. Practically, it deprives agro-allied SME operators and policymakers of evidence-based insights needed to design marketing approaches that resonate with local consumers and enhance competitiveness. Therefore, the problem this study addresses is the limited empirical understanding of how cultural sensitivity in marketing influences the growth of agro-allied SMEs in Oyo State, Nigeria.

This study, therefore, seeks to examine the role of cultural sensitivity in marketing strategies and its impact on the business growth of agro-allied SMEs in Oyo State, Nigeria. Specifically, the objectives are to:

- i. examine how agro-allied SMEs in Oyo State incorporate cultural sensitivity into their marketing strategies;
- ii. analyse the influence of culturally sensitive marketing practices on the business growth of agro-allied SMEs;
- iii. determine the relationship between cultural sensitivity in marketing and customer loyalty among agro-allied SMEs in Oyo State; and
- iv. assess the effect of culturally sensitive marketing strategies on sales performance and market expansion of agro-allied SMEs.

### **Research Questions**

1. How do agro-allied SMEs in Oyo State incorporate cultural sensitivity into their marketing strategies?
2. How do culturally sensitive marketing practices influence the business growth of agro-allied SMEs in Oyo State?
3. What is the relationship between cultural sensitivity in marketing and customer loyalty among agro-allied SMEs in Oyo State?

4. How do culturally sensitive marketing strategies affect sales performance and market expansion of agro-allied SMEs in Oyo State?

### **Hypotheses**

- H<sub>01</sub>: Culturally sensitive marketing practices have no significant influence on the business growth of agro-allied SMEs in Oyo State
- H<sub>02</sub>: There is no significant relationship between cultural sensitivity in marketing and customer loyalty among agro-allied SMEs in Oyo State.
- H<sub>03</sub>: Culturally sensitive marketing strategies have no significant effect on sales performance and market expansion of agro-allied SMEs in Oyo State.

## **2. Literature Review**

### **Theoretical Underpinning**

This study is underpinned by Hofstede's Cultural Dimensions Theory, which provides a useful framework for understanding how cultural values influence organizational practices, consumer behavior, and business outcomes. Developed by Geert Hofstede (1980, revised 2010), the theory identifies key cultural dimensions such as power distance, individualism versus collectivism, uncertainty avoidance, masculinity versus femininity, long-term versus short-term orientation, and indulgence versus restraint. These dimensions help explain how cultural contexts shape people's preferences, behaviors, and interactions within society. In the context of marketing, Hofstede's theory is particularly relevant as it illustrates how sensitivity to cultural values can determine the effectiveness of marketing strategies and ultimately affect business growth (Ganescu et al., 2014).

Applying Hofstede's cultural dimensions to the Nigerian context, it is evident that consumer behavior is strongly shaped by traditions, collective values, and community orientation. Nigerian society is largely collectivist, placing emphasis on group belonging, shared norms, and respect for communal values. Marketing strategies that disregard these cultural realities often fail to resonate with target audiences, thereby limiting their effectiveness. For example, the use of indigenous languages in advertisements or product packaging communicates respect for cultural identity and fosters a sense of inclusion, which enhances trust and consumer loyalty. Hofstede's theory thus provides a foundation for understanding why culturally sensitive marketing strategies are more likely to resonate with consumers in Oyo State, Nigeria, where cultural heritage plays a central role in consumption patterns (Gumulya, 2023).

However, despite its analytical strength, Hofstede's Cultural Dimensions Theory has notable limitations when applied to subnational contexts such as individual states within Nigeria. The model was originally developed based on national-level data, largely assuming cultural homogeneity within countries. This assumption may oversimplify the cultural realities of Nigeria, where significant intra-national variations exist across regions, ethnic groups, and even urban-rural divides. In Oyo State, for example, while Yoruba cultural values predominate, varying expressions of communalism, language use, religious beliefs, and modern influences coexist, particularly in urban centres such as Ibadan. Consequently, applying Hofstede's dimensions at a subnational level requires contextual adaptation rather than direct

generalisation. This study therefore adopts Hofstede's framework as a guiding lens, while recognising that cultural values operate dynamically and are locally negotiated within specific communities.

The theory also offers insight into how cultural sensitivity in marketing can strengthen customer loyalty and drive sustainable business growth for agro-allied SMEs. By aligning with cultural norms and values, SMEs are able to foster deeper connections with their customers, which in turn increases satisfaction and loyalty. For instance, product packaging that reflects cultural symbolism or community identity creates emotional bonds with consumers, making them more likely to remain loyal and to recommend the product within their social networks. Similarly, marketing strategies that respect communal decision-making processes resonate more strongly in collectivist cultures like Nigeria, where buying behavior is often influenced by family and community opinions. In this way, Hofstede's framework not only explains the relevance of cultural sensitivity but also establishes a theoretical link between culturally informed marketing strategies and business performance outcomes such as sales growth and market expansion (Iwuchukwu-Udeagha, 2025; Soares et al., 2007).

Furthermore, Hofstede's theory highlights the potential risks of neglecting cultural values in marketing practices. Insensitivity to cultural expectations may create disconnection between SMEs and their customers, leading to consumer resistance, low patronage, and reduced competitiveness. For agro-allied SMEs, which often rely heavily on community trust and repeated purchases, ignoring cultural factors can undermine their growth potential. Conversely, SMEs that integrate cultural sensitivity into their business strategies gain an intangible but powerful resource that contributes to competitive advantage. This interpretation aligns with the resource-based view, which considers cultural sensitivity as a unique capability that is valuable, rare, and difficult for competitors to imitate. Thus, Hofstede's cultural framework provides not only an explanation of consumer response but also a justification for why cultural sensitivity should be considered a strategic resource for business growth (Swoboda, & Hirschmann, 2017; Sethna, 2006).

### **Empirical Review**

The relationship between cultural sensitivity in marketing and business growth has received increasing empirical attention. Studies in Nigeria demonstrate that culturally aligned branding and communication enhance customer trust, loyalty, and sales performance. Attah and Onalo (2024) found that indigenous branding strategies improved customer loyalty among SMEs in Kogi State, while Ibeku and Nwagwu (2024) reported that culturally sensitive advertising significantly enhanced engagement and repeat patronage among Lagos-based SMEs.

Evidence from other developing economies reinforces these findings. Kolhe and Bhat (2025) showed that culturally adapted packaging improved acceptance of agro-products in rural India, while Takyi et al. (2025) reported similar outcomes among SMEs in Ghana. Within Nigeria's agro-allied sector, Eze et al. (2021) established that culturally embedded marketing narratives increased acceptance and repeat purchases, highlighting cultural sensitivity as a strategic resource for SME growth.

In recent years, several studies have demonstrated that cultural sensitivity plays a crucial role in shaping consumer perceptions and purchase decisions. For example, Attah, & Onalo (2024) investigated branding strategies of indigenous businesses in Kogi State, Nigeria and found that cultural alignment, particularly through the use of indigenous languages and community-specific branding, enhanced customer trust and loyalty. The study highlighted that consumers are more receptive to products and services that reflect their cultural identity, thereby underscoring the significance of cultural inclusiveness in marketing. Similarly, Ibeku, & Nwagwu (2024) emphasized that culture is not only a determinant of consumer buying behavior but also a mediating factor in how marketing messages are interpreted. Their study on SMEs in Lagos showed that culturally sensitive advertising campaigns significantly improved customer engagement and repeat patronage. These findings reinforce the argument that SMEs operating in culturally diverse societies like Nigeria must embrace cultural sensitivity to achieve sustained growth.

Beyond Nigeria, empirical evidence from other contexts also supports the link between cultural sensitivity and business growth. A study by Kolhe, & Bhat (2025) in India revealed that culturally adapted packaging and messaging led to higher acceptance of agricultural products in rural communities. The research demonstrated that when SMEs respect local traditions, values, and religious sentiments, they are better able to penetrate rural markets and expand their customer base. Similarly, Takyi et al. (2025) examined Ghanaian SMEs and reported that businesses that integrated cultural symbols and indigenous languages in their marketing achieved not only higher consumer loyalty but also improved sales volumes. These cross-country studies suggest that cultural sensitivity is a universal driver of business performance, particularly in regions where traditional values strongly influence consumer behavior.

In the Nigerian agro-allied sector, empirical evidence highlights the importance of cultural sensitivity in enhancing customer loyalty and business expansion. Eze et al. (2021) examined agro-allied SMEs in Southeastern Nigeria and found that businesses that marketed products using cultural narratives; such as aligning packaging with local food traditions, experienced higher levels of acceptance and repeat purchases. The study established that cultural sensitivity directly contributed to consumer trust, which in turn strengthened loyalty and improved market share. This is consistent with the findings of Abu-Taleb, & Jawabreh (2023), who discovered that aligning marketing practices with cultural expectations, particularly in food and agricultural products, contributed to positive word-of-mouth promotion and long-term growth for SMEs in Southwest Nigeria. Such findings suggest that agro-allied SMEs in Oyo State can leverage cultural sensitivity as a strategic advantage for growth and competitiveness.

Despite the growing body of empirical studies on culturally sensitive marketing and SME performance, existing research in Nigeria has largely examined SMEs as a homogeneous group, with limited focus on agro-allied enterprises and insufficient attention to subnational contexts such as Oyo State. Moreover, many studies emphasise general performance outcomes without explicitly linking cultural sensitivity in marketing to business growth indicators such as customer loyalty, sales performance, and market expansion. This empirical gap necessitates a focused investigation into how culturally sensitive marketing strategies influence the growth of agro-allied SMEs in Oyo State, Nigeria.

### **3. Methodology**

This study adopts a quantitative research design, specifically a survey research approach, to examine the effect of cultural sensitivity in marketing strategies on the business growth of agro-allied SMEs in Oyo State, Nigeria. The survey design is considered appropriate because it facilitates the collection of standardized data from a sizeable number of respondents, enables statistical analysis of relationships between variables, and allows for the generalization of findings across the population of interest.

The population of the study comprises registered Micro, Small, and Medium Enterprises (MSMEs) operating within Oyo State. According to the most recent report by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2020), there are 7,987 registered MSMEs in the state, a significant proportion of which are engaged in agro-allied activities such as food processing, distribution, and agricultural product marketing. These enterprises play a critical role in local economic development and provide a suitable population for investigating the role of cultural sensitivity in marketing. The SMEDAN MSME database was stratified by subsector, namely; agro-processing, packaging, and distribution, to ensure proportional representation of the diverse agro-allied activities within the study population. Given the large size of the population, it was not feasible to study all enterprises; therefore, a sample size was determined. Using the Raosoft sample size determination formula at a 95% confidence level and 5% margin of error, a minimum sample of 367 agro-allied SMEs was determined as adequate for the study.

A multistage sampling technique was employed to select respondents. In the first stage, major urban centers in Oyo State; such as Ibadan, Ogbomoso, and Oyo town, were purposively selected because of their high concentration of agro-allied SMEs. In the second stage, stratified random sampling was applied within each selected location based on the identified agro-allied subsectors, after which random sampling was used to select enterprises from each stratum. This ensured that SMEs engaged in processing, packaging, and distribution were adequately represented. This approach ensured representativeness while also addressing practical limitations of time and accessibility.

Data were collected using a structured questionnaire divided into four sections:

- Section A: Demographic characteristics of respondents
- Section B: Cultural sensitivity in marketing strategies
- Section C: Business growth indicators
- Section D: Customer loyalty measures

Cultural sensitivity was operationalised using items measuring the use of indigenous language in marketing communication, culturally relevant product packaging, alignment with community values and norms, and culturally appropriate promotional practices. Business growth was measured using three dimensions: sales performance, market expansion, and customer loyalty. All items were measured on a five-point Likert scale clearly anchored as follows: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), and Strongly Agree (5).

The questionnaire was subjected to content and face validity through expert review by academics in marketing and business administration, as well as practitioners in the agro-allied sector. A pilot study was conducted among agro-allied SMEs outside Oyo State to assess

reliability. Cronbach's alpha coefficients indicated satisfactory internal consistency for all constructs: cultural sensitivity ( $\alpha = 0.83$ ), business growth ( $\alpha = 0.81$ ), and customer loyalty ( $\alpha = 0.79$ ), all exceeding the minimum acceptable threshold of 0.70.

Data analysis was carried out using the Statistical Package for the Social Sciences (SPSS, version 25). Descriptive statistics, including means, frequencies, and standard deviations, were used to summarize the demographic characteristics of respondents and provide insight into the prevalence of culturally sensitive marketing practices among SMEs. Inferential statistics were used to test the study hypotheses. Multiple regression analysis was employed to examine the influence of cultural sensitivity in marketing on business growth, while Pearson Product Moment Correlation was used to assess the relationship between cultural sensitivity and customer loyalty. All hypotheses were tested at a 5% level of significance. Missing data were handled using listwise deletion, whereby questionnaires with incomplete responses on key study variables were excluded from the final analysis to ensure robustness and consistency of statistical results.

Ethical considerations were strictly observed throughout the study. Participation was voluntary, and respondents were assured of the confidentiality of their responses. The questionnaire included an informed consent section, which clearly explained the purpose of the research and obtained participants' agreement before data collection. No identifying information was collected to protect anonymity, and the data were used strictly for academic purposes. Ethical approval for the study was obtained from the Lead City University Research Ethics Committee prior to data collection.

#### **4. Results and Discussion of Findings**

This section presents the empirical findings of the study and discusses them in relation to the research objectives and hypotheses. Although 367 questionnaires were returned and deemed usable, the effective sample size for inferential analyses (correlation and regression) reduced to 359 cases due to listwise deletion of missing data by SPSS. This occurred because some respondents did not fully complete items measuring cultural sensitivity, customer loyalty, or sales performance. The reduction represents approximately 2.2% of the total responses and does not compromise the representativeness of the findings, as it is within acceptable statistical limits.

**Table 1: Demographic Characteristic of Respondents**

<b>Variables</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>	Male	199	54.2%
	Female	168	45.8%
<b>Age</b>	18–30 years	42	11.4%
	31–40 years	156	42.5%

	41–50 years	88	24.0%
	51 years and above	81	22.1%
<b>Educational Qualification</b>	SSCE	28	7.6%
	OND/NCE	76	20.7%
	HND/BSc	184	50.1%
	MSc/MA/PhD	79	21.5%
<b>Position in the Business</b>	Sales Representative	162	44.1%
	Manager	141	38.4%
	Partner	13	3.5%
	Owner	51	13.9%
<b>Years of Business Operation</b>	1-3 years	41	11.2%
	4-6 years	116	31.6%
	7-10 years	45	12.3%
	Above 10 years	165	45.0%
<b>Number of Employees</b>	1-5	3	0.8%
	6-10	155	42.2%
	11-15	167	45.5%
	15 and above	42	11.4%

**Source: Field Result, 2025**

Table 1 presents the demographic characteristics of the respondents drawn from agro-allied SMEs in Oyo State. The analysis shows that 199 respondents (54.2%) were male, while 168 (45.8%) were female, indicating a fairly balanced gender distribution, although male participation was slightly higher. In terms of age, the largest proportion of respondents (42.5%) fell within the 31–40 years category, followed by 24.0% aged 41–50 years, and 22.1% aged 51 years and above, while only 11.4% were between 18–30 years. This pattern suggests that the agro-allied SME sector is largely dominated by individuals in their economically active years, with a significant contribution also coming from more experienced entrepreneurs. Regarding educational qualifications, the majority of respondents possessed higher education, with 50.1% holding HND/BSc degrees and 21.5% possessing MSc/MA/PhD qualifications, while 20.7% had OND/NCE and only 7.6% had SSCE. This reflects a relatively high literacy level among respondents, suggesting that they are well equipped to understand and implement modern marketing practices, including culturally sensitive strategies.

The positions held by respondents within their businesses show that 44.1% were sales representatives, 38.4% managers, 13.9% owners, and 3.5% partners. This indicates that a majority of responses came from individuals directly involved in operational and managerial

activities, with strategic perspectives also captured through owners and partners. Analysis of business experience reveals that 45.0% of the SMEs had been in operation for more than 10 years, 31.6% for 4–6 years, 12.3% for 7–10 years, and 11.2% for 1–3 years. This distribution suggests that many of the firms were well-established, which enhances the credibility of their responses concerning growth and performance. In terms of business size, only 0.8% of the enterprises employed 1–5 workers, while the majority employed between 6–10 (42.2%) and 11–15 (45.5%), with 11.4% having more than 15 employees. These figures confirm that the sampled firms fit within the definition of small and medium-sized enterprises, as they typically operate with limited but structured employee sizes.

Taken together, the demographic profile of respondents indicates that the sample is diverse and representative of agro-allied SMEs in Oyo State. The findings reveal that the sector is driven by both male and female operators in their productive years, supported by relatively high levels of education and substantial business experience. The predominance of small-sized yet mature firms suggests that respondents are well-positioned to provide credible insights into the role of cultural sensitivity in marketing and its influence on business outcomes such as growth, customer loyalty, and sales performance.

**Table 2: Descriptive Analysis showing the Extent to which Agro-Allied SMEs in Oyo State Integrate Cultural Sensitivity into their Marketing Strategies**

Item No.	Items	SA (F, %)	A (F, %)	D (F, %)	SD (F, %)	Mean
1	My business incorporates local cultural values into its marketing messages	122 (33.2%)	205 (55.9%)	39 (10.6%)	1 (0.3%)	3.22
2	We consider community traditions when designing our marketing campaigns	152 (41.4%)	203 (55.3%)	9 (2.5%)	3 (0.8%)	3.37
3	Indigenous language are used in our business advertisements and promotions	162 (44.1%)	184 (50.1%)	21 (5.7%)	-	3.38
4	Our business branding reflects the cultural identity of the community we serve	91 (24.8%)	218 (59.4%)	24 (6.5%)	34 (9.3%)	3.00
5	We adapt our marketing content to align with local festivals and cultural events	80 (21.8%)	154 (42.0%)	86 (23.4%)	47 (12.8%)	2.73
6	Customer feedback on cultural preferences influences our marketing decisions	112 (30.5%)	195 (53.1%)	40 (10.9%)	20 (5.4%)	3.09

7	We use culturally relevant symbols or images in our marketing materials	135 (36.8%)	201 (54.8%)	21 (5.7%)	10 (2.7%)	3.26
8	Our staff are trained to respect and understand customer's cultural backgrounds	161 (43.9%)	158 (43.1%)	37 (10.1%)	11 (3.0%)	3.28
9	Marketing strategies are regularly adjusted to reflect changes in community norms	138 (37.6%)	171 (46.6%)	28 (7.6%)	30 (8.2%)	3.14
10	Our business prioritizes cultural sensitivity as part of its overall marketing strategy	23 (47.9%)	11 (22.9%)	9 (18.8%)	5 (10.4%)	3.30
	<b>Grand Mean</b>					3.18

**Source: Field Result, 2025**

Table 2 presents the descriptive analysis on the extent to which agro-allied SMEs in Oyo State integrate cultural sensitivity into their marketing strategies. The results indicate a generally high level of agreement across most of the items, with a grand mean score of 3.18, suggesting that cultural sensitivity is moderately to strongly incorporated in the marketing practices of these enterprises, based on the benchmark mean of 3.00.

Notably, the highest mean scores were recorded for the use of indigenous language in advertisements and promotions (Mean = 3.38), consideration of community traditions in marketing campaigns (Mean = 3.37), prioritization of cultural sensitivity in overall marketing strategy (Mean = 3.30), and staff training on customers' cultural backgrounds (Mean = 3.28). These high mean values indicate that language use, respect for traditions, and culturally informed human interaction constitute the strongest dimensions of cultural sensitivity among the sampled SMEs.

Specifically, a large majority of respondents agreed that their businesses incorporate local cultural values into marketing messages (55.9% agreed, 33.2% strongly agreed, mean = 3.22) and that community traditions are considered when designing marketing campaigns (55.3% agreed, 41.4% strongly agreed, mean = 3.37). Similarly, the use of indigenous languages in advertisements and promotions was widely affirmed, with 50.1% agreeing and 44.1% strongly agreeing, producing one of the highest mean scores (3.38). This emphasize on the importance SMEs place on language as a key cultural marker for engaging customers.

Branding practices were also found to reflect cultural identity, with 59.4% agreeing and 24.8% strongly agreeing (mean = 3.00), though a small proportion (9.3%) strongly disagreed, indicating some variation among firms. However, the lowest mean (2.73) was recorded for the adaptation of marketing content to local festivals and cultural events, where 42.0% agreed and 21.8% strongly agreed, but 23.4% disagreed and 12.8% strongly disagreed. This suggests that while many firms value cultural integration, fewer consistently leverage festivals and events in their marketing strategies.

Customer engagement also played a key role, with 53.1% agreeing and 30.5% strongly agreeing that feedback on cultural preferences influences marketing decisions (mean = 3.09). The use of culturally relevant symbols or images received broad support, with 54.8% agreeing and 36.8% strongly agreeing (mean = 3.26). Furthermore, 43.9% strongly agreed and 43.1% agreed that staff are trained to respect and understand customers' cultural backgrounds (mean = 3.28), reinforcing the role of human interaction in culturally sensitive marketing. On adaptability, 46.6% agreed and 37.6% strongly agreed that marketing strategies are regularly adjusted to reflect changes in community norms (mean = 3.14). Finally, prioritization of cultural sensitivity as part of overall marketing strategy recorded a mean of 3.30, with nearly half (47.9%) strongly agreeing and 22.9% agreeing.

Overall, these findings highlight that agro-allied SMEs in Oyo State demonstrate a deliberate and consistent effort to embed cultural sensitivity in their marketing practices, particularly through language use, respect for traditions, culturally aligned branding, and staff training. Nonetheless, limited emphasis on festivals and cultural events represents a strategic gap, indicating an opportunity for SMEs to deepen local engagement and strengthen customer loyalty.

**Table 3: Summary of Regression Analysis for the Influence of Culturally Sensitive Marketing Practices on the Business Growth of Agro-Allied SMEs in Oyo State**

<b>Model</b>		<b>F(df)</b>	<b>Anova Sig</b>
R	0.643		
R Square	0.414	252.227 (1,357)	0.000
Adjusted R Square	0.412		
<b>Coefficients</b>	<b>Unstandardized Coefficients</b>	<b>T</b>	<b>Sig</b>
(Constant)	3.833	5.226	0.000
Culturally Sensitive	0.359	15.882	0.000

**Source: Field Result, 2025**

Table 3 presents the regression analysis of the influence of culturally sensitive marketing practices on the business growth of agro-allied SMEs in Oyo State. The model shows a correlation coefficient (R) of 0.643, indicating a strong positive relationship between culturally sensitive marketing practices and business growth. The R Square value of 0.414 implies that approximately 41.4% of the variance in business growth of agro-allied SMEs can be explained by their level of cultural sensitivity in marketing, while the remaining 58.6% is attributable to other factors not captured in the model.

The ANOVA result ( $F(1, 357) = 252.227, p = 0.000$ ) indicates that the regression model is statistically significant, affirming that culturally sensitive marketing practices meaningfully predict business growth. The adjusted R Square (0.412) further validates the model's

explanatory power, showing minimal shrinkage compared to the R Square, and thus reliability of the result.

In terms of coefficients, the unstandardized beta value for culturally sensitive marketing practices is 0.359, with a t-value of 15.882 and a significance level of  $p < 0.001$ . This indicates that for every one-unit increase in culturally sensitive marketing practices, business growth is expected to increase by 0.359 units, holding other factors constant. The constant value (3.833) represents the baseline level of business growth when culturally sensitive marketing practices are absent.

Overall, these results provide strong evidence that culturally sensitive marketing practices significantly and positively influence the business growth of agro-allied SMEs in Oyo State. This leads to the rejection of the null hypothesis ( $H_0$ ), which stated that cultural sensitivity in marketing has no significant influence on business growth.

**Table 4: Correlation Analysis on the Relationship between Cultural Sensitivity in Marketing and Customer Loyalty among Agro-Allied SMEs in Oyo State**

		Culturally Sensitive	Customer Loyalty
<b>Culturally Sensitive</b>	<b>Pearson Correlation</b>	1	.676**
	Sig. (2-tailed)		.000
	N	359	359
<b>Customer Loyalty</b>	<b>Pearson Correlation</b>	.676**	1
	Sig. (2-tailed)	.000	
	N	359	367

**\*\* Correlation is significant at the 0.01 level (2-tailed)**

**Source: Field Result, 2025**

Table 4 presents the Pearson correlation analysis examining the relationship between culturally sensitive marketing practices and customer loyalty among agro-allied SMEs in Oyo State. The results indicate a strong positive correlation ( $r = 0.676$ ,  $p < 0.01$ ) between the two variables, suggesting that as SMEs increase the adoption of culturally sensitive marketing practices, customer loyalty also improves.

The correlation is statistically significant at the 0.01 level, which implies that the observed relationship is unlikely to have occurred by chance. The sample size for this analysis was 359 respondents after listwise deletion of incomplete responses, ensuring reliability and accuracy of the results.

Practices such as the use of indigenous language, culturally aligned packaging, community-focused promotions, and respect for local traditions are positively associated with higher customer retention and repeat patronage. This demonstrates that culturally sensitive marketing contributes not only to consumer satisfaction but also strengthens long-term business relationships.

Overall, the findings provide strong empirical support for the rejection of the null hypothesis (H02), which stated that there is no significant relationship between cultural sensitivity in marketing and customer loyalty. This emphasizes that integrating cultural considerations into marketing strategies is essential for fostering loyalty and sustaining competitive advantage among SMEs in culturally diverse environments like Oyo State.

**Table 5: Summary of Regression Analysis for the Effect of Culturally Sensitive Marketing Practices on Sales Performance & Market Expansion of Agro-Allied SMEs in Oyo State**

Model		F(df)	Anova Sig
R	0.677		
R Square	0.459	252.227 (1,357)	0.000
Adjusted R Square	0.457		
Coefficients	Unstandardized Coefficients	T	Sig
(Constant)	2.451	3.126	0.002
Culturally Sensitive	.421	17.403	0.000

**Source: Field Result, 2025**

Table 5 presents the regression analysis examining the effect of culturally sensitive marketing practices on the sales performance and market expansion of agro-allied SMEs in Oyo State. The correlation coefficient (R) of 0.677 indicates a strong positive association between the independent variable (culturally sensitive marketing practices) and the dependent variable (sales performance and market expansion).

The R<sup>2</sup> value of 0.459 shows that 45.9% of the variance in sales performance and market expansion can be explained by culturally sensitive marketing practices, while the remaining 54.1% is due to other unmeasured factors. The adjusted R<sup>2</sup> of 0.457 confirms the robustness of the model after accounting for sample size adjustments.

The ANOVA result ( $F(1,357) = 252.227, p < 0.001$ ) indicates that the model is statistically significant, confirming that culturally sensitive marketing practices reliably predict improvements in sales performance and market expansion.

Examining the coefficients, the unstandardized beta value of 0.421 ( $t = 17.403, p < 0.001$ ) demonstrates that for every one-unit increase in cultural sensitivity in marketing, sales performance and market expansion are expected to increase by 0.421 units. The constant value

of 2.451 represents the baseline sales performance and market expansion level when culturally sensitive marketing practices are absent.

SMEs that deliberately integrate cultural values, such as indigenous language, culturally relevant branding, and alignment with community norms, experience significant improvements in both sales growth and market reach.

Overall, these findings provide strong evidence to reject the null hypothesis (H03), which stated that culturally sensitive marketing practices have no significant effect on sales performance and market expansion.

### **Discussion of Findings**

The findings of this study provide robust evidence that culturally sensitive marketing practices significantly shape the performance, customer loyalty, and growth trajectories of agro-allied SMEs in Oyo State. Unlike descriptive reiteration of tables, this discussion situates the results within prior studies and theoretical frameworks.

The descriptive analysis (Table 2) indicated that SMEs actively incorporate indigenous languages, respect for traditions, culturally aligned branding, and customer-centered marketing adaptations. These findings corroborate studies in emerging economies that highlight cultural alignment as a driver of brand identity and market acceptance (Yeboah-Banin & Quaye, 2021; Daraojimba et al., 2023). However, limited use of festivals and cultural events aligns with Lowe et al. (2020), who observed that SMEs often underutilize culturally significant occasions, revealing an area for strategic improvement.

Applying Hofstede's Cultural Dimensions Theory, particularly the collectivism versus individualism dimension, provides a deeper understanding of these findings. In Nigeria's largely collectivist society, marketing strategies that reflect communal norms, family ties, and respect for elders are more likely to foster trust, loyalty, and repeat patronage. The study confirms that SMEs that align their marketing with these cultural dimensions enhance customer engagement, consistent with Hofstede's assertion that cultural values shape consumer expectations and responses.

The regression analysis for Hypothesis 1 (Table 3) revealed that culturally sensitive marketing practices significantly predict business growth ( $R^2 = 0.414$ ,  $\beta = 0.359$ ,  $p < 0.001$ ). This indicates that 41.4% of the variation in business growth is explained by cultural sensitivity, reinforcing the theoretical perspective that culture is a strategic resource. These results are consistent with Cosenz and Bivona (2021), who reported stronger growth trajectories among SMEs that embedded cultural relevance in promotional activities. This supports the Resource-Based View (RBV) by highlighting cultural adaptation as a valuable, inimitable resource that drives competitive advantage.

Similarly, Hypothesis 2 (Table 4) showed a strong positive correlation between cultural sensitivity and customer loyalty ( $r = 0.676$ ,  $p < 0.01$ ). These results align with Opuni (2023) and Adeola (2024), who demonstrated that culturally sensitive marketing builds trust and strengthens repeat patronage. Within the Yoruba cultural context, communalism and respect for elders amplify these effects, demonstrating Hofstede's collectivism in practice. Customers

respond positively when marketing aligns with shared values, languages, and traditions, reinforcing the strategic importance of culturally informed approaches for SME retention.

For Hypothesis 3 (Table 5), the regression analysis indicated that culturally sensitive marketing significantly impacts sales performance and market expansion ( $R^2 = 0.459$ ,  $\beta = 0.421$ ,  $p < 0.001$ ). A one-unit increase in culturally sensitive marketing practices results in a 0.42-unit increase in sales performance and market expansion, highlighting the economic benefits of culturally grounded marketing strategies. These findings align with Quansah (2022) and Bing et al. (2024), who emphasized that cultural alignment facilitates market penetration, customer loyalty, and brand competitiveness.

Studies from Western and Asian markets often report weaker or inconsistent effects of cultural sensitivity due to higher market standardization and individualistic consumer orientations (Vrontis & Thrassou, 2018; Sheth, 2020; Kim & Park, 2019). This contrast underscores the context-specific nature of cultural sensitivity, demonstrating that Hofstede's cultural dimensions, particularly collectivism versus individualism, moderate the effectiveness of culturally aligned marketing strategies.

## **5. Conclusion and Recommendations**

This study investigated the influence of culturally sensitive marketing practices on the performance of agro-allied SMEs in Oyo State, anchored on Hofstede's Cultural Dimensions Theory. The findings indicate that cultural sensitivity is moderately to strongly integrated into SMEs' marketing strategies, particularly through the use of indigenous language, respect for traditions, culturally aligned branding, and staff training. However, marketing activities leveraging cultural events and festivals were less emphasized.

Regression and correlation analyses confirmed that culturally sensitive marketing practices significantly and positively influence business growth, customer loyalty, and sales performance/market expansion. These outcomes demonstrate that aligning marketing strategies with cultural dimensions; such as collectivism, power distance, and uncertainty avoidance, enhances customer trust, fosters loyalty, and supports business growth.

This study has certain limitations that should be acknowledged when interpreting the findings. First, the study is context-specific, as it focuses solely on agro-allied SMEs operating within Oyo State, Nigeria. While this context provides rich cultural insights, the findings may not be directly generalisable to other Nigerian states or regions with different cultural configurations. Second, the study adopted a cross-sectional research design, which captures respondents' perceptions at a single point in time. As such, causal inferences and changes in cultural sensitivity and business growth over time could not be examined. Despite these limitations, the study provides valuable empirical evidence on the role of cultural sensitivity in SME marketing within a culturally diverse subnational context.

### **Recommendations**

#### **(a) Recommendations for Agro-Allied SMEs**

Agro-allied SMEs should deliberately embed collectivist values such as community identity, shared traditions, and family orientation into branding and marketing communication. This approach strengthens community acceptance and fosters long-term business growth.

SMEs should also build customer loyalty by respecting power distance and uncertainty avoidance within their cultural environments. For instance, culturally appropriate customer service practices and communication that reflect respect for hierarchy and tradition can foster stronger emotional bonds with customers.

In addition, SMEs should align marketing campaigns with cultural rituals, festivals, and social norms, as these cultural touchpoints serve as effective entry points into new customer segments. Emphasising cultural relevance in promotions and product positioning can enhance sales performance and support market expansion.

**(b) Recommendations for Policymakers and SME Support Agencies**

SME support agencies, policymakers, and trade associations should integrate Hofstede's cultural dimensions and indigenous cultural perspectives into entrepreneurship training and capacity-building programmes. This will equip SME operators with practical frameworks for understanding cultural values and applying them strategically in marketing to improve competitiveness and sustainability.

Policymakers should also promote culturally inclusive business policies that recognise the diversity of consumer markets across states and regions.

**(c) Recommendations for Researchers**

Researchers are encouraged to incorporate cultural sensitivity as a core variable in future SME marketing and performance studies, particularly in developing economies characterised by strong cultural heterogeneity. Expanding empirical inquiry in this area will contribute to theory development and offer contextually grounded insights for practice.

Future studies should adopt longitudinal research designs to examine how cultural sensitivity in marketing influences SME growth over time. Additionally, comparative cross-regional or cross-state studies within Nigeria, as well as cross-country comparisons, would help to determine whether the observed relationships hold across different cultural and institutional contexts. Mixed-method approaches combining quantitative and qualitative data are also recommended to capture deeper cultural meanings that may not be fully explained through survey methods alone.

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