Determinants of Capital Structure of Business Enterprises: A Study of Roban Stores in Southern Nigeria

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ABSTRACT

This study sort the determinants of capital structure of business enterprises with Roban Stores Enugu as the key focus. The hypotheses of the study are that there is a positive relationship between; profitability and growth opportunities, and business enterprises. The survey research design was adopted. The population of the study were the 1,348 staff of Roban Stores in Southern Nigeria. A sample of 299 was selected using Cochran formular for finite population. The questionnaire was used to collect data. Pearson moment correlation was used to test the formulated hypotheses.

The findings reveal that profitability have significant influence on the business enterprises Roban Stores and growth opportunities have significant influence on the business enterprises Roban Stores. The study recommends that business enterprises owners should always be mindful of their capital structures to aid them in keeping abreast on the general performance of their business.

Keywords: Roban, capital structure, business enterprises

INTRODUCTION

The growth and development of a firm depend crucially on that firm's access to and sources of financial capital. (Harris & Raviv, 1991; Swanson, Srinidhi & Seetharaman, 2003). Over the past 30 years, a changing and increasingly market-oriented corporate sector has been the major driver of economic growth, financial policies, capital structures, institutions, managerial behaviour and knowledge are factors that determine the 'nature' of the firm (Hovey & Naughton, 2000; Harvie & Naughton, 2000; Hovey & Naughton, 2007).

Within corporate finance, the investigation of 'ideal', optimal and actual capital structures is a mature research field. Over fifty years ago, Durand (1952) asserted that the relative costs of debt and equity could influence the choice of capital structure of a firm. Therefore, the value of a firm could be affected by the net balance of relative costs of debt and equity in the chosen capital structure. Durand's relevance theory' was based on only several hypothetical scenarios. Later in the same decade, Modigliani and Miller (1958) developed a formal capital structure theory. Using theoretical models, they presented their 'irrelevance theory', which states that a firm's capital structure does not affect its value under perfect market conditions. Since these early capital structure studies, many theoretical and empirical studies in this field have emerged. Over time, the theoretical paradigm has shifted gradually from financial to non-financial approaches, from country-based studies to regional studies, from developed economies to developing economies, and from market economies to transitional economies (Shen, 2008).

The capital structure of a business enterprise refers to the mix of debt and equity used to finance its operations (Myers, 2001; Nguyena & Nguyena, 2020). The determinants of capital structure are factors that influence a company's decision on how much debt and equity to use. Understanding these determinants is

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essential for businesses to make informed decisions about their capital structure, which can impact their cost of capital, risk, and profitability. It is also essential for financial managers, investors, and researchers. This paper will discuss the key determinants of capital structure with profitability and growth opportunities as proxies and their implications on Roban Stores.

Statement of the Problem

The concept of capital structure is a given for all business concerns, and since it looks at the level of debt and equity in the business, it helps the enterprise owners make informed decisions. To this effect, it is normal for all businesses to look at their capital structures when needed. Roban Stores have grown from a simple gift shop to a superstore; hence, they should be able to know the determinants of capital structure in their business.

Ignorance of the capital structure of a business affects the business negatively as the business merely runs on the assumptions of the owner, who may just be satisfied with knowing that the business is making a profit. This ignorance can also affect Roban Stores adversely and may lead to mismanagement and failure of the business. Studies have been carried out on this subject in China, Asia and other locations by Deesomsak, Paudyal, & Pescetto (2004), Huang & Song (2005), Antoniou, Guney & Paudyal (2010) etc.

The linkage between the determinants of capital structure and other factors of business enterprises, like profitability and growth opportunities, has attracted a lot of debate and academic attention across scholars globally. Still, such studies did not reach a uniform conclusion on its relationship. While some studies show that capital structure is positively related to business enterprise results, others believe it has a negative relationship. Other empirical studies concluded no significant relationship between these two factors. Therefore, this study seeks to bridge the gap by studying the determinants of capital structure in business enterprises like Roban Stores which is one of the foremost supermarkets in Southern Nigeria. The choice to study Roban Stores was spurred by the success and resilience achieved by the company the years, and a commendable growth and expansion rate.

Roban Stores

Roban Stores started on July 23, 1985 as Robnath Gift Store, selling various gifts and souvenirs in Benin, Edo State, Nigeria. The business moved further to be incorporated as Ultimate Gifts Limited on July 23, 1987, with its store still in Benin City. The business opened a second store in Warri on July 23, 1989, which was closed later in the year due to its proximity. It also closed its Benin Store and moved to Enugu State on July 23, 1990. In 1999, Ultimate Gifts was reestablished as Roban Stores, and it has spread its superstores throughout the five states of Southeast Nigeria, with one of its stores in Asaba, Delta State.

Sir Robert, the Chief Executive Officer (CEO) of Roban Stores, is the founder of Roban Group, which consists of Roban Hotels and Roban Stores. He founded the company in 1999. He is responsible for leading the development and execution of the company's long-term strategies. Roban stores is a grocery shop that sells a variety of products. Business-wise, they are one of the leading retailers in Nigeria; they deliver good customer service as they work towards earning the trust of their customers.

Roban Stores is responsible for reconciling the company's interests with those of its customers. Their values differentiate them from the others (competitors), as they try to provide a variety of products to their customers at cost-effective prices. They are poised to achieve optimal customer satisfaction as they endeavour to create a conducive shopping environment for their customers to retain their business confidence. Superstores have product variety and are tasked with a good knowledge of their customer's needs; they do not limit their choices as they work hard to meet their demands. The superstore now has nine branches spread across Southern Nigeria, with a staff strength of 1,348 as at 15th March, 2025.

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LITERATURE REVIEW

Capital Structure

The way a company finances its assets in combination with its liabilities and equities is seen as its capital structure. Thus, it directly affects the business performance of an enterprise and can be used to tell the decisions made by its owners (De Jong, Kabir, & Nguyen, 2007). According to Nguyena & Nguyena (2020), companies financed entirely by equity are more proactive in funding sources and do not have any problem with financial risks at the price of a high average cost of capital, knowing that equity is costlier than debt.

However, for a firm that funds its assets with more debts, lowering the average cost of capital at the expense of higher financial risks could be a remedy. Therefore, businesses must always seek an optimal capital structure to minimise financial risks and reduce the average cost of capital. This research looked at internal and external determinants of the capital structures of a business enterprise run internally and externally.

Internal Determinants

Internal determinants are factors within a company that influence its capital structure decision. This study focused on growth opportunities and profitability as the major internal determinants of a company like Roban Stores.

Profitability

According to Abubakar, Shagari, Umar & Abubakar (2023), a company must be profitable to survive and grow over time. So, a company's capacity to turn out profit –when its income exceeds its expenses – is referred to as profitability in business. This is a crucial sign of a company's success and financial stability.

Deesomsak, Paudyal, & Pescetto (2004) defined profitability as the earnings ratio before interest, taxes, and depreciation to total assets. According to the pecking-order theory, managers will rather fund initiatives internally due to the informational asymmetry between them and external investors. In addition, profitable firms prefer not to raise external equity to avoid potential dilution of ownership. Thus, we expect an inverse relation between profitability and leverage. The natural log of assets measures firm size. The trade-off theory postulates a positive relation between firm size and debt since larger firms have been shown to have lower bankruptcy risk and relatively lower bankruptcy costs. Larger companies also require more debt to benefit from the tax shield properly, have lower agency costs of loans, relatively lower monitoring expenses, less volatile cash flows, and easier access to the credit market. Consequently, it is anticipated that leverage will benefit from company size.

Growth Opportunities

Opportunities for business growth include a range of tactics, such as product development, market expansion, diversification, market penetration, and strategic alliances, all of which are meant to boost market share, earnings, and overall value. According to Deesomsak, Paudyal, & Pescetto (2004), the growth opportunity is the book value of total assets minus the book value of equity plus the market value of equity divided by the book value of total assets. Increased growth prospects encourage less-than-ideal investments or the acceptance of hazardous ventures that rob debt holders of their riches. Because borrowing becomes more expensive, growth companies are more likely to use stock capital or internal resources instead of debt. Furthermore, because their revenue might not be accessible when needed, high-growth companies that derive value from intangible growth potential do not want to commit to debt servicing. Thus, it is hypothesised that leverage and growth opportunity have an adverse relationship.

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External Determinants

External determinants are factors outside a company that influence its capital structure decision. These include:

1. Interest Rates: High interest rates may discourage companies from using debt, while low interest rates may encourage debt usage.
2. Market Conditions: Companies may adjust their capital structure in response to changes in market conditions, such as a shift from a bull to a bear market.
3. Regulatory Environment: Companies must comply with regulatory requirements, such as those related to debt-to-equity ratios.
4. Economic Conditions: Companies may adjust their capital structure in response to changes in economic conditions, such as a recession or economic boom.

Implications for Managers

Understanding the determinants of capital structure is essential for financial managers. By recognising the factors that influence their company's capital structure, managers can:

- Make informed decisions about debt and equity financing.
- Optimise their company's capital structure to minimise costs and maximise value.
- Develop strategies to mitigate the impact of external factors, such as interest rates and economic growth.

Implications for Investors

Investors also need to understand the determinants of capital structure. By recognising the factors that influence a company's capital structure, investors can:

- Assess the company's risk profile and potential for returns.
- Evaluate the company's financial health and stability.
- Make informed decisions about investment opportunities.

Business Enterprises

Business enterprises engage in economic activities to produce goods and services for profit. They are the backbone of any economy, providing employment, generating revenue, and driving innovation. Business enterprises come in various forms, including sole proprietorships, partnerships, corporations, and cooperatives. Each business enterprise has unique characteristics, advantages, and disadvantages (Nwaeze, 2018).

There are several types of business enterprises, each with its distinct features. Sole proprietorships are owned and operated by one individual, who bears all the risks and rewards. Partnerships involve two or more individuals who share ownership and decision-making responsibilities. Corporations are separate legal entities from their owners, who are shareholders. Cooperatives are member-owned businesses that operate for the benefit of their members.

Business enterprises have several key characteristics. They are established to make a profit, which is the primary goal of any business. They produce goods and services to meet customers' needs, who are willing to pay for them. Business enterprises also involve risk-taking, as they invest time, money, and resources to generate returns. Additionally, business enterprises require effective management, which involves planning, organising, leading, and controlling resources.

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Nwaeze (2018) stated that business enterprises play a vital role in any economy. They provide employment opportunities for millions of people, generating income and improving living standards. Business enterprises also drive innovation, investing in research and development to create new products and services. They contribute to economic growth, generating revenue and paying taxes. Furthermore, business enterprises help meet customers' needs, providing goods and services that improve their quality of life.

In conclusion, business enterprises are essential components of any economy. They provide employment, drive innovation, contribute to economic growth, and meet customers' needs. Understanding the different types of business enterprises, their characteristics, and their importance is crucial for anyone interested in business and economics. As business enterprises evolve and adapt to changing market conditions, their role in shaping the economy and improving our lives will remain vital.

Theories of Capital Structure

In this study, several theories have been proposed to explain the determinants of capital structure. The Modigliani-Miller (M&M) theorem (1958), trade-off theory (Kraus & Litzenberger, 1973), pecking order theory (Myers & Majluf, 1984) and the market timing theory (Baker & Wurgler 2002).

Modigliani-Miller Theorem

The most fundamental theory for capital structure is possibly the theory of Modigliani and Miller (1958) and Modigliani and Miller (1963). Assuming that the corporate income tax rate is zero, Modigliani and Miller (1958) claim capital structure is irrelevant to the firm's value or has no way to increase its value by changing the capital structure. By including corporate income tax in the research model, Modigliani and Miller (1963) conclude the value of firms that have more debt in their capital structure is equal to the market value of firms that do not have debt in their capital structure plus what is known as the "tax shield". Modigliani and Miller show that capital structure influences the firm's market value. This means that for Roban Stores to have achieved the level of market value they have till date the company would have maintained a good capital structure of the years.

Trade-Off Theory

This theory states that company’s trade off the benefits of debt (e.g., tax shields) against the costs (e.g., bankruptcy risk). To complete the theory of Modigliani and Miller (1963), some later studies have included financial distress and agency costs, for example, Kraus and Litzenberger (1973), Jensen and Meckling (1976), etc. Kraus and Litzenberger (1973) were the first researchers to formally address the trade-off theory by concluding that the market value of a firm with debt equals the value of a company without debt plus the value of tax shield minus the present value of bankruptcy costs. This means that the benefits of tax shield gained from debts will be offset against losses in bankruptcy. In a nutshell, this theory suggests an optimal capital structure exists for businesses, in which the benefit of a tax shield best compensates for the losses from debts, such as financial distress and agency costs. A company like Roban Stores has overcome bankruptcy over the years and has been able to spring up new branches in the various states of Southeast, Nigeria.

Pecking Order Theory

This theory states that companies prioritise internal financing sources (e.g., retained earnings) over external (e.g., debt, equity). It explains the financing decisions of business managers. Given the need for capital, businesses put an order of priority for their funds: they first use internal capital (e.g., internal funds, retained earnings), followed by loans (e.g., debt securities), and finally, new equity. This theory was first studied by Donaldson (1961), resulting from the information asymmetry between company owners and external investors. While owners fully know the firm's financial situation, external investors are poorly informed. Therefore, they are always sceptical about the completeness and truthfulness of the information provided by

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the company owners. Therefore, companies often have to pay higher costs for external finance. The pecking order theory states that internal capital will always be preferred over loans, and using internal funds will reduce the dependence of enterprises on external parties, increase financial autonomy, and reduce the leakage of internal information.

Market Timing Theory

Baker and Wurgler (2002) conclude that the market timing theory best explains the capital structure of enterprises and shows that the volatility of stock prices significantly affects capital structure. The authors deny the existence of an optimal capital structure and consider the formation of capital structure as the result of decisions that change the capital structure at the time of business valuation by market value. Roden and Lewellen (1995) are pioneers in studying the relationship between leverage and profitability in businesses in the United States. Their sample included 48 American firms between 1981 and 1990. The authors acknowledged a positive correlation between the debt ratio and profitability. Following Roden and Lewellen (1995), the relationship is examined in other countries worldwide. The studies are different regarding variables in the research model, research methodologies, and research results, creating a vivid picture of the relationship between capital structure and performance. Abor (2005) studied this relationship in companies listed on the Ghana Stock Exchange for five years (1998-2002). These companies have 85% of short-term debt out of total liabilities. The author found a positive correlation between the ratio of short-term debt to total assets and profitability (measured by ROE) and a negative sign between the ratio of long-term debt to total assets and profitability

Research Hypothesis

This paper will discuss the key determinants of capital structure with profitability and growth opportunities as proxies and their implications on Roban Stores. In this regard, the following hypotheses were formed:

H_1: there is a positive relationship between profitability and business enterprises.

H_2: there is a positive relationship between growth opportunities and business enterprises.

Empirical Evidence

Empirical studies provide evidence on the determinants of capital structure (Abor, 2005; Antoniou, Guney, & Paudyal, 2010; Baker & Wurgler, 2002; Booth, Aivazian, Demirguc-Kunt, & Maksimovic, 2001; Deesomsak, Paudyal, & Pescetto, 2004). These studies have examined the impact of various factors, including:

1. Industry and Company Characteristics: Studies have examined the impact of industry and company characteristics, such as profitability and growth opportunities, on capital structure.

2. Macroeconomic Factors: Studies have examined the impact of macroeconomic factors, such as interest rates and economic growth, on capital structure.

3. International Factors: Studies have examined the impact of international factors, such as exchange rates and taxation, on capital structure.

METHODOLOGY

Data collection

The study used a close-ended questionnaire to collect data from the respondents, which comprised the management staff of the organisation under study.

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Research Models

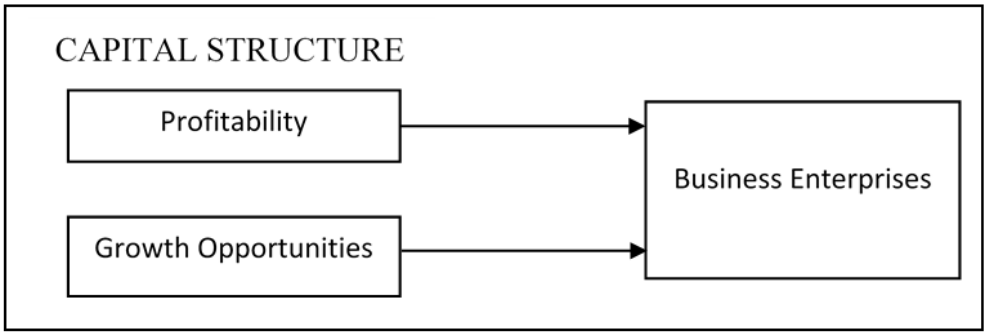

Figure 1: Research Model

Research Design

The descriptive survey research design was used for this study with special reference to profitability and growth opportunities. The choice of using a survey design was spurred by the need to collect primary data from the management staff of Roban Stores using questionnaires. The questionnaire was designed to match the study's set goals. Descriptive and inferential analysis statistical tools were integrated with the study to analyse the data as it was suitable for the analysis. The formulated hypotheses were tested using simple regression to determine the strength of the relationship between the variables.

Method of Data Presentation and Analysis Tools

The data generated for the study were analysed using regression method and statistical tools such as descriptive tools, which are frequency count tables, simple percentages, and mean averages in answering the research questions.

Description of Research Variable: business enterprise is the independent variable, while capital structure is the dependent variable with the proxies, profitability and growth opportunities.

Model Specification: This study uses the regression model as its tool. The research used the regression model to simulate the bivariate-variable regressions, which examine the relationship between the dependent and independent variables. It is stated mathematically thus;

$$Y = f(x) \quad \text{(i)}$$

Where Y is the dependent variable, and X is the independent variable

This can be re-written as;

$$CAPST = f(BUSENT) \quad \text{(ii)}$$

Where CAPST = Capital Structure proxies, profitability and growth opportunities, and

BUSENT = Business Enterprises

The function in (ii) can be stated in a linear form or model;

$$CAPST = \beta 0 + \beta_1 x + \mu \quad \text{(iii)}$$

Where CAPST is the dependent variable, and x is the independent variable. This can be re-written as:

$$CAPST = f(BUSENT) \quad \text{(iv)}$$

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In the light of equation (iv), the models below were estimated for each hypothesis using three sets of data (Business Enterprises, profitability and growth opportunities). Each model will represent a given hypothesis as stated below respectively:

Hypothesis One: $PRO = \beta 0 + \beta_1 BUSENT + \mu$ (v)

Hypothesis Two: $GRO = \beta 0 + \beta_1 BUSENT + \mu$ (vi)

Where:

PRO: Profitability

GRO: Growth Opportunities

RESULTS AND FINDINGS

Hypothesis One

H_{10}: there is a negative relationship between profitability and business enterprises

H_{11}: there is a positive relationship between profitability and business enterprises.

Table 1: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.360[a]	.130	.119	. 50129
a. Predictors: (Constant), BUSENT				
b. Dependent Variable: PRO				

Table 1 reports the model summary and the fitness of the regression model. The R^2 of 0.13 (13%) is the coefficient determinant explaining the variation in the dependent variable as accounted for by the independent variables with an unexplained variation of 87%. The F-statistics of (12.671) and the corresponding probability value of 0.001 show that the overall result is statistically significant for a robust analysis. Profitability significantly impacts the business enterprises (Roban Stores) in Southeast Nigeria at a 5% significant level.

Table 2: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	S ig.
1	Regressions	3.184	1	3.184	12.671	.001[b]
	Residual	21.360	85	. 251		
	Total	2 4.544	86			
a. Dependent Variable: PRO						
b. Predictors: (Constant), BUSENT						

Table 2 shows the ANOVA results. The report showed that the independent variables statistically and significantly predict an impact on the dependent variable, $F = (12.671)$, $P < 0.001$. The ANOVA result further validates the robustness of the regression analysis. Profitbility has a significant impact on business enterprises in Southeast Nigeria.

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Table 3 Coefficients[a]

Model		Unstandardised Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.819	.247		3.311	.001
	BUSENT	.653	.184	.360	3.560	.001
a. Dependent Variable: PRO						

Decision Rule

From Table 3, the coefficient of 13% shows a positive and significant impact on the profitability of business enterprises in Southeast Nigeria. Profitability significantly influences business enterprises. A unit increase in profitability impacts on the business enterprise by 13%. Hence, the null hypothesis is rejected, and the alternate is accepted accordingly.

Hypothesis Two

H_{20}: there is a negative relationship between growth opportunities and business enterprises.

H_{21}: there is a positive relationship between growth opportunities and business enterprises.

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531[a]	.282	.273	.46732
a. Predictors: (Constant), BUSENT				

Table 4 reports the model summary and the fitness of the regression model. The R^2 of 0.28 (28%) is the coefficient determinant explaining the variation in the dependent variable as accounted for by the independent variables with an unexplained variation of 72%. The F-statistics of (33.354) and the corresponding probability value of 0.000 shows that the overall result is statistically significant for a robust analysis. Growth opportunities has significantly influenced business enterprises in Southeast Nigeria at a 5% significant level.

Table 5: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.284	1	7.284	33.354	.000[b]
	Residual	18.563	85	.218		
	Total	25.847	86			
a. Dependent Variable: GRO						
b. Predictors: (Constant), BUSENT						

Table 5 shows the ANOVA results. The report showed that the independent variables statistically and significantly predict an impact on the dependent variable, F = (33.354), P < 0.000. The ANOVA result further validates the robustness of the regression analysis. Growth opportunities has significantly influenced business enterprises in Southeast Nigeria.

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Table 6: Coefficients[a]

Model		Unstandardised Coefficients		Standardised Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.263	.231		1.143	.256
	BUSENT	.988	.171	.531	5.775	.000
a. Dependent Variable: GRO						

Decision Rule

From Table 6, the coefficient of 69% shows the presence of a positive and significant impact of growth opportunities business enterprises in Southeast Nigeria. Growth opportunities has significantly influenced business enterprises in Southeast Nigeria. A unit increase in growth opportunities impacts the business enterprises by 28%. Hence, the null hypothesis is rejected, and the alternate is accepted accordingly meaning that growth opportunities has a significant impact on business enterprises in Southeast Nigeria.

DISCUSSION AND CONCLUSION

Discussion

The study of the determinants of capital structure of business enterprises opened up intriguing findings that spurred the researcher to now see capital structures from a different point of view.

1. Hypothesis one was tested to ascertain how profitability influences business enterprises in Southeast Nigeria. The result revealed that profitability significantly influences business enterprises in Southeast Nigeria. $F = (12.671)$, $P < 0.001$. This hypothesis supports the study by Abubakar, Shagari, Umar & Abubakar (2023) who stated that a company's survival and growth over time depends on its ability to make profit. Abor (2005) in his study suggested that profitable firms depend on debts as their main financing option, while stating that 85% of the debt of listed firms in Ghana are short-term debts.
2. Hypothesis two was tested to determine the relationship between growth opportunities and business enterprises. The result revealed that the growth opportunities significantly influences the business enterprises. $F = (33.354)$, $P < 0.000$. This hypothesis is in line with Deesomsak, Paudyal, & Pescetto (2004), opinion that the growth opportunity of a businsess is the book value of total assets minus the book value of equity plus the market value of equity divided by the book value of total assets.

Conclusion

The study revealed the capital structure components of growth opportunities and profitability as key elements in the status of a business enterprise. In conclusion, the determinants of capital structure are vital elements necessary for all business enterprises owners to keep abreast of their businesses.

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APPENDIX

Appendix 1

Sample Size Determination

The sample size of this study was determined using Cochran (1963) formula for finite populations as shown in the following computation:

$$n = \frac{Z^2 Npq}{Ne^2 + Z^2 pq}$$

Where n = the sample size

N = the study population which is 1,348

Z = 1.96 at 95% confidence level

p = the estimated proportion of success = 0.50

q = the estimated proportion of failure = 1-P $\Rightarrow$ 1- 0.50 = 0.50

e = Proportion of sampling error in a given situation i.e. 5% or 0.05.

$$n = \frac{Z^2 Npq}{Ne^2 + Z^2 pq}$$

$$n = \frac{(1.96)^2 \times 1{,}348 \times 0.5(1-0.5)}{1{,}348 \times (0.05)^2 + (1.96)^2 \times 0.5(1-0.5)}$$

$= \frac{1{,}294.6192}{4.3304}$

= 298.96065

$\approx$ 299 (rounding it up to a whole number since we cannot use decimal for a human being)

Appendix 2

Questionnaire

Section A

Please tick or fill in the boxes where applicable

1. Gender: Male [ ] Female [ ]
2. Age Bracket: 20-30 years [ ] 31-40 [ ] 41-45 [ ] 46-above [ ]
3. Marital Status: Married [ ] Single [ ] Widow/Widower [ ] Divorce [ ]
4. Qualification(S): FLSC [ ] SSCE [ ] Sc / BA [ ] OND/ NCE [ ] MBA/M.Sc/PHD [ ]
5. How many years have you been with the organization: 0-5 years [ ] 6-10 years [ ] 11-15 years [ ] 16-20 years [ ] 21-25 years [ ] 26-30 years [ ]

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Section B

Dear respondents you are expected to tick (√) according to the question items that affect you in order of undecided (1), disagree (2), strongly disagree (3), agreed (4), and strongly agreed (5)

	Question Items	SA(5)	A(4)	SD(3)	D(2)	U(1)
1	Your organization take loan to finance their business operations					
2	Your organisation measure the profitability of their business by checking their net income ,gross profit or margin return on investment					
3	These factors affect the profitability of your organizational business market demand ,operating costs, competition and economic conditions					
4	Your organisation have strategies implemented to improve the profitability of their business					
5	Your organisation diversify their product/service offerings to increase profitability					
6	Your organisation manage cash flow in their business by regular monitoring ,maintaining a cash reserve, negotiating better payment terms with suppliers, seeking external financing					
7	Your organisation outsource certain functions to reduce costs and improve profitability					
8	Your organisation have a contingency plan in place to address unexpected financial challenges					
9	Your organisation have enough employees who can identify and capture growth opportunities					
10	Your organisation encourage employee to identify new products and build new businesses					
11	Your organisation create new markets by solving different customers problems					
12	Your organisation seek growth by expanding into new territories					