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Firm Level Strategy and Value Creation in Small Businesses: The Nigerian Experience

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Abstract: The issue of firm specific strategies and how they affect organizational performance has engendered a lot of discussions in the extant literature. This creates a need to investigate the extent to which firm level strategy influences value creation in small businesses. Premised on the elements of corporate, business and functional level strategies, this study examines the influence of firm strategy on value creation in a developing economy ie. Nigeria. Employing a survey research design, 689 small business owners and managers were surveyed utilizing questionnaire research instruments. Using PLS-SEM, the study reveals that firm strategy is a driver of value creation in small businesses. The study also shows that corporate level strategy and business level strategy are the most significant drivers of value creation. The results of this study highlight critical concerns and guide small businesses through the value creation process to achieve competitiveness. Small firms should be active in the formulation and implementation of strategies that are based on value creation. More attention should be given to business level strategy, as this is the most significant driver of value creation.

Keywords: value creation, small businesses, corporate strategy, business strategy, functional strategy

JEL Classification: L1, L2, G32

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Introduction

The issue of strategy and how it leads to firm performance has been discussed over time. Alfaro et al., (2020), has argued that strategy consists of identifying a firm's long-term goals and objectives, taking action and allocating the resources required for achieving the objectives. Carter (2013) believes that strategy provides the model of the priorities, objectives, goals, and plans presented to accomplish them, and describes the market in which the organization is or will be operating. This is also supported by Pashazadeh and Navimipourthe (2018), who assert that strategy is choosing the range of activities in which an organization distinguishes itself to assess a sustainable difference in the market; the distinction between the chosen activities and the way they are conducted. In comparison, these studies see strategy as being critical to better performance in an organization. Farjoun (2002), however, considered that the conceptual viewpoint is limited and contributes to a complex and holistic perspective. The new ideas in the social and management sciences argue that strategic processes are not just rationalist models of unitary actors but also that complex, sensitive variables are essential and that the fuzzy side of reality is taken into account. It maintains that while the conceptual perspective is discrete, directional and distinct for the formulation of strategies, the holistic perspective is complicated, unpredictable, collaborative and integrative. This view was also supported by Strakova et al., (2020), who stated that corporate strategy practices in the present state of scientific knowledge, as regards the creation, structure, design and execution, together with their decomposition into partial strategies, including the implementation methods, are characterized as inconsistent and difficult to use.

Strakova (2017) points out that corporate strategy is pivotal to providing the framework with which an organization will achieve its goals, irrespective of its market. Different studies (e.g. Alfaro et al., 2020; Njagi et al., 2016; Monday et al., 2015, Aremu & Oyinloyes, 2014) have investigated how strategy could be effectively utilized to drive organizational performance. However, various studies (e.g. Sowers and Goldminz, 2018; Strakova et al., 2020) have revealed that an organization's focus should not be on performance, but value creation. Narver and Slater (2000) explain that value creation is a prerequisite for organizational performance, achieving and sustaining competitiveness, and creating customer values to be generated when the benefits associated with a product or service to the customer surpass the cost of customer supply. The creation of long-term management value for businesses anywhere in the world involves pleasing other stakeholders as well. By ignoring the customers' needs, a firm cannot build long-term value that will sustain its opportunities and competitiveness (Goedhart & Koller, 2020). Investing in sustainable values can, and often does, contribute to stronger economies, higher standards of living and more significant opportunities for people. It should not be surprising, then, that firms that generate value have helped catalyze change, whether by satisfying the customers more, creating better customers, or better performance in firms.

Therefore, strategy becomes a vital part of how value is generated and maintained (Worimegbe, 2020). Capital maintenance investments and the development of strategic assets and capabilities such as talent, innovation, infrastructure, brand and intellectual assets allow for the creation of value, beyond the expected financial returns and in the light of internal and external stakeholder results and a broader range of impacts, the issue of strategy and how it creates sustainable values in a firm needs to be addressed. The question of what a strategy is and its dimensions has been answered in the existing literature (Olson and Slater, 2002; Maltzet al., 2003; Gosselin, 2005). While the existing literature has investigated the interaction between firm strategy and organizational performance (Agwu & Onwuegbuzie, 2017; Anugwuo & Shakanti, 2015; Teeratansirikool et al., 2014; Aftab et al., 2012; Thompson & Strickland, 2007), it is yet to be seen how the dimensions of corporate strategy, business strategy and functional strategy, which are measures of firm level strategy (Nikols, 2016) drive value creation in small businesses. The choice of small businesses was influenced by the position of Worimegbe (2020), who argues that it is not enough to look at the effect of strategies among more prominent firms, since large firms which are still in existence were first smaller firms, and that the strategy applied by these smaller firms could go a long way in determining their performance both in the long and short run.

On the other hand, Zook and Rogers (2001) have suggested that it has become critical for small businesses to identify the strategies that will create value and sustain performance in the pursuit of growth. Small businesses are the major employer of labor in the Nigerian economy, and the Nigerian economy is seen as the biggest in Africa (Naidoo, 2020). Hence, this study's kernel is to establish how strategy could influence value creation among small businesses in Nigeria. This study also seeks to establish the most significant strategy for driving value creation in a firm, irrespective of its industry. Based on the objectives as mentioned above, the following research questions were raised:

RQ1: To what degree does corporate level strategy influence value creation?

RQ2: How does business level strategy affect value creation?

RQ3: To what extent does functional level strategy determine value creation?

RQ4: What is the most potent strategic dimension driving value creation in the service and manufacturing industries?

Literature Review

Strategy and Measurements

The concept of strategy is sometimes mistaken for the process of building rent (microeconomics), strategy for generating shareholder value (finance), strategy seeking an ideal market position (marketing), or strategy facilitating emerging processes (organizational structure). The ability to maintain value creation is the ultimate objective of any plan, whether from the consumers' viewpoint or the shareholders' (Frery, 2016). The fundamental theme common to all strategy concepts provided by various scholars such as Aftab et al., (2012), Mintzberg (1981), Thompson & Strickland (2007), Teeratansirikool et al., (2014) is a firm's ability to achieve its goals by resourcefully directing its efforts to align them with changes in the external environment. In the concept of strategy, having defined this theme, it becomes crucial to decide if each particular field of study in the area is a proponent of this philosophy professed by eminent researchers. To do so, the orientation of the subdomains in the field of strategy must be established. For massive long-term corporate objectives and goals, for more business process unit goals and objectives, or for a functional unit, including one as limited as a cost centre, a strategy or general plan of action may be formulated. The essence of the firm, its culture, the kind of business its leadership wants it to be, the markets it will or will not join, the basis on which it will compete, or any other feature, quality or characteristic of the organization, may or may not be addressed by such objectives (Nikols, 2016). Strategy refers to how to accomplish a given end. In executing a given strategy, resources are allocated or mobilized and then employed to realize the desired end. The setting of the objectives to be accomplished calls for strategic thinking, but it is distinct from deciding on the plan that will achieve them. The definition involving the study of the organization's external and internal climate and the identified vulnerabilities of the relevant strategy is part of the strategy formulation subdomain of strategy research.

On the other hand, the subdomain that deals with the design of organizational structures and processes to execute the strategy is referred to as implementing the policy. The choice of strategy is a component of strategy formulation that involves identifying strategic alternatives in tandem with the organization's strengths and weaknesses. These alternatives differ depending on the hierarchical levels of the organization, this is supported by Hofer & Shendel (1979) who point out that a strategy's content varies with the level of organizational hierarchy because a strategy is about determining the appropriate courses of action. Aftab (2012) established that corporate level, business level and functional level strategies are the hierarchical levels defined by various management theorists in the strategy domain. Anugwuo and Shakantu (2015) posit that business level and corporate level strategies are two sides of the same coin, relating to both intra-industry and interindustry firm variation strategies. To ensure that market stakeholders are happy at all times, the corporate level approach involves decisions taken by corporate managers. With this as the target, managers decide to invest in the business at the company hierarchy's strategic level, resulting in long-term profit maximization and improved returns for the company's stockholders. Corporate plans require two strategies: separate dimensions, which includes growth (Zook & Rogers, 2001), and liquidity (Frery, 2016) steps. Corporate executives determine which firms to invest in and how liquid the firm's assets should be in both the short- and long-term situations to optimize its value.

Before being effective, the business strategy of an organization should be consistent with its organizational structure. Otherwise, the executives would not know if the company is making progress toward its objectives. A correlation between business strategy and performance metrics in various dimensions is reflected in the current literature (Alfaro et al., 2020; Strakova et al., 2020; Worimegbe, 2020; Agwu & Onwuegbuzie, 2017). Weir, Kochhar, LeBeau and Edgeley (2000) described a strategy at the functional level as an action plan to improve organizations' operational or organizational capital and their coordination skills to establish core competencies. Each function's strategic objective is to demonstrate a core competence that gives a competitive advantage to the organization. Wetherbe (1996) emphasized that functional strategy is an active area to achieve organizational and business unit goals and strategy, by optimising resource efficiency. To provide a corporation or business unit with a competitive advantage, it is necessary to establish and cultivate a distinctive competence. The functional level strategy aims to enhance a business's capacity to achieve superior performance, quality, creativity, and responsiveness to customers. Two main elements of the meanings should be noted when looking at the definitions given above; a plan is part of the functional level strategy, and the second part aims to develop the organization's skills. The functional level tests the reality of the strategy at the corporate and business level, and brings the desired outcome into existence by turning plans and preparations into reality.

Small Enterprises Value Creation

The classifications of small enterprises and their meanings are divergent. The Development Agency for Small and Medium Enterprises (SMEDAN, 2019) describes small businesses as companies with 10 to 49 employees, with a total value of between 10,000 to 100,000 dollars. Olaolu and Obaji (2020) claim that small businesses are crucial to job growth, economic development, poverty alleviation, and improved living standards, while facing various challenges in their operations. Kozak (2017) described that in the redistribution of resources and transformation of the macroclimate, small businesses are crucial to achieving the sustainable goals of a government. Growth is a vital driver for small businesses, according to Machado (2016), and their survival depends on their ability to engage in strategic partnerships, build value, and compete with other firms in the sector. This is hinged on the idea that the interventions available are centered on financial measures.

In most cases, small companies are not concerned with net present values; instead, they are searching for new ways to make their businesses more profitable and competitive in the long term. Thiel (2018) argues that small companies must generate value and that not all values are beneficial to the organization and society at large. If a small business operates in a competitive equilibrium field, since an undifferentiated competitor is ready to take its position, its strategy and survival will not matter to the market (Sharma & Carney, 2012). Morris et al., (2007) suggested that small enterprises are more vulnerable because they rely on consumer loyalty compared to large and medium-sized corporations, they suffer from the regional market, oscillating competition and the ever-evolving business climate.

Jorgenson (2015) suggested that they should first be worried about value creation before the business becomes lucrative. Georgescu-Roegen (1971) argues that if it satisfies the conditions of irreversibility (creating an irreversible value), health (creating values that benefit human purpose) and entropy (there is an increase in such value created), a company has created an economic value. Small companies, in other words, produce value through an inevitable mechanism that provides the resource holder with more substantial benefits for society as a whole. Sharma and Carney (2012) claim that value creation's financial metrics do not capture small companies' real essence. Merchant and Sandino (2009) concluded that value creation's financial measures disregard shifts in value and economic principles, are conservatively biased, transaction oriented and concentrate on the past. Jorgenson (2015) established that value creation should be calculated in terms of sales and the competitive cost of delivering a service. Merchant and Sandino (2009) also proposed that a mix of indicators such as profit, customer satisfaction, efficiency, research and development expenditure, and market share should be used when calculating the value created. Value development stems from the systematic implementation of costing methods, expended sales capital and the utilization of capacity. The point of view of Lieberman and Balasubramanian (2007) should be considered in deciding the measurements of value formation in this report. The researchers assert that only the consumer or the producer (small enterprises) can capture the value produced. Jorgenson (2015) argues that small firms struggle when they do not generate value for both suppliers and customers. The non-financial measures in this study would, therefore, be implemented. The preference is also affected by the fact that most SMEs in Nigeria do not have sufficient accounting records (Olaolu and Obaji, 2020). New markets, new services or products and value-added services (Markgraf, 2020) are the non-financial steps that expose value creation for both customers and producers in small enterprises.

Strategy Analysis and Corporate Value Creation: Hypotheses Development

Agwu and Onwuegbuzie (2017) examined the strategic importance of functional level strategies as an effective tool for the attainment of firms goods . The study shows that the current market climate is characterized by levels of rivalry, dynamism and technical sophistication. This makes it extremely difficult as firms have to devise and execute policies that can achieve and maintain their competitive advantages. As a consequence, the issue of functional level strategy plays a crucial role as organizations . Findings from the study show that there is a correlation between price strategy, consumer intentions and customer satisfaction. While this study shows the relationship between the functional level and customers behavior, the extent to which the functional strategy affects value creation was not revealed. Anugwuo and Shakanti (2015) investigated strategic management elements as drivers for the survival of emerging contractors in the South African construction industry. Findings from the examined literature suggest that about 80% of new contractors in the South African construction industry are forced to leave the construction industry prematurely during their first five years of operation. This is caused by a poor and incomplete understanding of strategic management and the business principles needed a sustainable organization. It was also revealed that emerging contractors needed to have the required industry skills and experience to become a successful company. It can be concluded that emerging suppliers will strengthen . However, the study did not reveal the strategic elements that influenced firms performance. Aftab et al., (2012), in the same vein, looked into the impact of strategy and value creation on the performance of Pakistan's banking sector. The study described the dimensions and variables used in the previous research for each of the frameworks examined in the areas of management and corporate finance, corporate strategy, capital structure, and company performance.

Nonetheless, most studies disregard the combined impact of corporate strategy and capital structure on company performance. Aftab et al., (2012) resolved the problem and used samples from Pakistan's listed companies that showed the commonalities between these market analysis fields. The findings support some banking industry researchers' claims; they stressed the importance of analyzing business strategies using financial concepts. The study establishes the feasibility of corporate strategy and value creation on an organization's performance. However, Aftab et al., (2012) did not empirically establish how corporate strategy could influence value creation in a specific industry. Gudmundsson and Lechner (2014) discussed how the interaction between competitive strategy and an organization's productivity is affected by individual aspects of entrepreneurial orientation. The results show the dimensions of entrepreneurial orientation have numerous effects on corporate exposure, which influence competitive strategy and the consequences of a pricing strategy on a firm's output and competitiveness. Innovation is most closely related to the technique called differentiation. Both differentiation and cost leadership strategies are negatively correlated with risk-taking and competitive aggressiveness. The study established that firms' strategies are positively linked to efficiency. The study expands the frontier of knowledge on the effect of firm strategy on entrepreneurship for small businesses' efficiency. However, the methodology did not reveal how these firms were selected and the extent to which firm strategy could drive business efficiency. Research by Nandakumar et al., (2010) explored the mediating impact of the external environment and organizational structure in the correlation between strategy at the company level and success at the corporate level. Their study focused on manufacturing companies in the United Kingdom belonging to the electrical and mechanical engineering sectors, with their chief executive officers participating in the study. To evaluate performance, both objective and subjective indicators were used. The findings suggest that environmental dynamism and aggression serve as buffers in the relationship between business level strategy and relative competitive success.

While these empirical studies reveal the relationship between firm strategy and organizational performance in large and multinational firms, there is a dearth of information about how firm strategy could influence value creation in small enterprises. This creates a need to investigate which is the most critical element of firm strategy that drives value creation. The need for this is premised on the belief that value creation is a prerequisite for organizational performance, achieving and sustaining competitiveness, and the creation of customer value, which is generated when the benefits associated with a product or service to the customer surpass the cost of customer supply (Narver & Slater, 2010)

A priori suggests that corporate level, business level, and functional level strategies could drive value creation in small businesses. This is premised on the belief that firm capabilities are significant drivers of competitive strategies and small firms value creation (Rashidirad & Salimian, 2020). Babajide and Eretan (2020) assert that firm strategic positions could drive better manufacturing industry performance, in terms of efficiency, by incorporating business level strategy while increasing competition. This provides a critical argument: as firms increase their strategies, there is a tendency for them to create value that will bring about better performance in the long-run. Anchored on the arguments and emphasis of Alfaro et al., (2020), who opined that firms should consider the influence of various strategies in achieving their corporate performance, determining their strategic approaches, restructuring their organizations and creating value that will make the firms industry benchmarks.

Based on the discussions mentioned above, it is expected that there is an interaction between the dimensions of firm strategy and value creation in small enterprises. Hence, the following hypotheses were formulated:

H1: Corporate level strategy significantly affects value creation in small enterprises

H2: Business level strategy significantly affects value creation in small enterprises

H3: Functional level strategy significantly affects value creation in small enterprises

Chamberlain's Strategic Theory

Chamberlain's (2010) strategic theory notes that a firm's strategy is the product of several elements with the strategist's cognitive bias in and around the entity. These elements are arbitrarily divided into three broad groups: internal, external, and shareholders. Chamberlain (2010) claims that as strategists, only six of these styles are likely to succeed and identifies seven crucial individuals at the specific functional strategy levels (operators), corporate strategy (executives, founders, and pioneers), and business level (administrators and supervisors) . Chamberlain (2010) studies the strategy construct by considering it as a combination of four variables: functional, business, corporate, and overall strategies. Chamberlain (2010) postulates that strategy formation's different processes are implicitly specified in factors 1 (mission) and 2 (vision). The assertions of this theory are critical in driving value creation by presenting a simple sequential process chart that distinguishes between intentional and emerging strategies at each step. The theory explains these and shows how firm corporate goals can be achieved through a deliberate and pragmatic drive to implement such strategies. The theory provides a solution to an old dispute over the technical and practical gaps between intentional and emerging strategies' development in the management literature. A strategy is influenced by two forces: the setting of the company and the strategist's personality.

The strategy aims to optimize the degree to which the organization accomplishes its underlying purpose. Forming a plan consists of finding a general approach to doing this and choosing ways to deal with the environmental forces so that the company and the environment can make as much progress as possible in several ways. By engaging with the environment, the plan succeeds or fails. Through preventing, using, or overcoming the impingements, it succeeds. Suppose the strategy's objective is to optimize the achievement of the underlying goal, which depends on how the company interacts with its environment. In that case, we need to understand the fundamental, generic mechanisms by which the strategy can influence this environment. Chamberlain (2010) posits that the business environment's current trends have revealed that change is the only unavoidable thing. To achieve maximum output, an organization that wishes to survive and succeed must strategically manage all the resources at its disposal. The change in the market climate is such that it can be contrasted with the speed of light, and it is most likely that any company that is not constructive in its man-

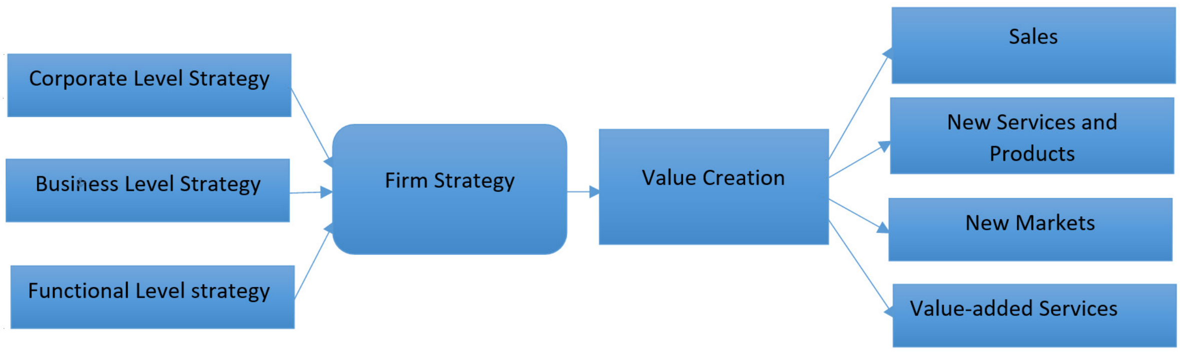

Figure 1: Research Model Showing the Interaction Between Dimensions of Firm Strategy and Value Creation

agement approach to reacting and adapting to this change will underperform and thus will not survive. Given this, this study aimed to analyze the influence of firm strategy and value creation based on the corporate strategy, business level strategy and functional strategy.

Methods

In this study, the survey research design was adopted. Lagos State, in Nigeria, was used as the theatre for the survey. The selection of Lagos State was motivated by the fact that the state has the largest number of small businesses in Nigeria, according to SMEDAN (2019). The total population of small firms is 8,042 in this state. In arriving at a sample size of 690, the Raosoft sample-size calculator was used at a 3% margin and a 95% confidence interval. This sample size was adequate and recommended for this survey, according to Hamburg (1985), as it would provide more accurate and correct answers to the phenomenon at hand, rather than a larger sample size would, where the sample responds to only a small percentage of the survey . The error factor is reduced by having a sample size of 400 in such a way that minor variations are considered statistically meaningful (Hair, Anderson, Tatham & Black, 2010).

Given the limitations of the research environment and the theoretical nature of this analysis, the sample size of 690 was therefore considered appropriate for the study. Due to the variety in the characteristics of the small enterprises in focus, the sample size was further divided between small enterprises in the service sector and those in the manufacturing sector, to ensure sufficient representation of respondents from each group (the service and manufacturing sectors). This criterion was used to capture the small firms' industry accurately. The questionnaire research instrument was used to generate data for the study. In contrast to other survey instruments, Mugenda and Mugenda (2003) postulate that a questionnaire has a higher degree of objectivity. The basic proportion approach was employed to ensure appropriate representation of the sample size. Six hundred and 690 questionnaires were distributed equally to the service and manufacturing industries. For the study to capture the local dynamics, the questionnaire developed by Aftab et al., (2012) for firm-level strategies was adapted. During the data collection, a seven-point Likert scale was used. The seven-point Likert scale provides a more precise, more substantial representation and accurate assessment of the views of the respondents, according to Finstad (2010). The seven-point Likert scale had ratings from 1 = least agreed, 7 = firmly agreed. This was also intended to optimize the precision and reliability of the research instrument. The research instrument consisted of two parts marked firm strategies and value creation. The questionnaires were administered to the owners/managers of small businesses with the assistance of our research assistants. The owners and managers of the SMEs in focus were considered for the analysis because they are involved in all the levels of strategy creation (corporate, business and functional strategy) in the context of the Nigerian business environment, as observed by Worimegbe (2020) and Aremu et al., (2014). The questionnaires were taken to the respondents' different business premises to effectively administer and retrieve the research instruments. Six hundred and twenty-two questionnaires (90.3%) were retrieved and considered useable for the analysis.

Model Specification

Anchored by Chambalins theory, it is expected that firm strategy will be a direct antecedent of value creation in small enterprises. Based on the above premise, the following models were formulated:

$$Value\ Creation = \beta_0 + \beta_1(CORSTRA) + \beta_2(BUSTRA) + \beta_3(FUNSTRA) + \mu$$

Value Creation = (sales, new markets, a new service or product added and value-added services)

Where:

CORSTRA = corporate strategy

BUSTRA = business strategy

FUNSTRA = functional strategy

$\beta 0$ is a constant

$\beta 1$, $\beta 2$, $\beta 3$, are the coefficient estimators

μ is the error term

A' Priori Expectation

From the above framework, all firm strategy measures are expected to exhibit a positive relationship with the customers' experience elements. The relationship between firm strategy and value creation is expected to be directly proportionate.

Table 1. Measurement of Variables

Variables	Type	Observed	Authors
Firm Strategy	Explanatory	Corporate Strategy Business Strategy Functional Strategy	Agwu and Onwuegbuzie (2017), Anugwuo and Shakantu (2015) growth (Zook & Rogers, 2001)
Value Creation	Dependent	Sales New Markets New Services Added Value-Added Services	Markgraf (2020)

Table 1 reveals the latent variables and their observed measurements. These measurements are based and adapted from the existing literature in this study to reflect local dynamics. The number of items and the source of each item is provided in Appendix 1.

Table 2 shows the demographics and profile samples of the respondents. The findings showed that most enterprise owners were women (n = 319, % = 51.3) while most of the respondents are married (n = 324, % = 33.4). The findings also showed that most enterprise owners have formal education at the tertiary level (n = 516, % = 82.9), while the respondents' mean age was 43.6 years. The implication of this is that most of the small enterprise owners are still of a vibrant and robust age. The result also showed that most of the enterprises sampled have been operating for over five years. This refutes the claim by Olaolu and Obaji (2020), who stated that most enterprises are liquidated within the first three years of their operations. A reason for their survival could be attributed to the type of strategy these enterprises employ

Reliability and Validity

For the assessment of diagnostic accuracy, the confirmatory factor analysis (CFA) was used. The measurements of the explanatory variable (firm strategy) and the explained variable (value creation) were evaluated, and the model's items were limited to the criteria set by Fornell and Larcker (1981). The la-

Table 2. Sample Profile and Respondents' Demographics

Demographics	**Frequency (n)**	**%**
Gender (622)		
Male	303	48.7
Female	319	51.3
Marital Status		
Single	184	36.9
Married	326	33.4
Others (widowed and separated)	112	29.7
Education		
Secondary	106	18.1
Tertiary	516	82.9
Age of Respondents		
18-35	223	35.9
36-65	358	57.6
66 and above	41	6.5
		Mean age (μ) = 43.6
		Standard deviation (SD) = 11.2
Age of Firm (Years)		
1-5	196	31.5
6-10	211	33.9
11-15	108	17.4
16-20	85	13.7
21 and above	22	3.5

Table 3. Second-order Confirmatory Factor Analysis

Measurement	Construct Reliability	Average Variance Extracted
Firm Strategy	0.883	0.721
Corporate Strategy	0.866	0.706
Business Strategy	0.896	0.764
Functional Strategy	0.901	0.828
Value Creation	0.766	0.695
Sales	0.791	0.711
New Markets	0.853	0.729
New Products and Services	0.932	0.819
Value-Added Services	0.892	0.793

Goodness-of-fit indices: CMIN = 2.68; CFI = 0.97; IFI = 0.97; RMSEA = 0.04
Source: Analysis Using SMART PLS 3.3.2

tent variables and internal consistency of the items, in other words, were > 0.5. The results obtained showed reasonable reliability for the construct and average variance. For establishing content and creating authenticity, this is important. The researchers adapted the previous scholars' methods to ensure face validity while changing it to represent the local dynamics. To evaluate what it was supposed to measure, the surveys were issued twice, with an interval of two weeks between them, to the respondents. This is shown in Table 3.

The normality test indicated in Table 4 that the model fulfilled Kline's criteria (1998). Cook's distance was used to assess any undue

Table 4. Test of Normality

		Recommended Value	Firm Strategy	Value Creation Dimensions
Multicollinearity	*Tolerance*	> 0.10	0.65 to 1.96	2.64 to 2.88
	VIF	< 10	2.75 to 3.66	2.13 to 4.55
Normality	*Skewness*	-3 to 3	0.844 to 1.69	-0.56 to 1.03
	Kurtosis	-10 to 10	-2.54 to 3.91	-1.88 to 4.74
Collinearity Statistics	*Correlation between variables*	< 0.90	-0.108 to 0.259	0.114 to 0.301
Independence of Residual	*Cook's distance for residual*	< 1.0	0.416	0.284

impact on the model's performance, and the value indicated that there was no undue influence on the model. The normality checks are shown in Table 3.

Results

Test of Hypotheses

Table 5. HA1: The dimension of corporate strategy significantly affects value creation in small businesses.

Value Creation					
Variable	**B**	**SE.**	**β**	**T-Value**	**P-Value**
Corporate Strategy (MF*)	0.628	0.007	0.638	91.142	0.000
AdjR2	0.407				
F-Stat	48.651 (p*=0.000)				
Corporate Strategy	0.766	0.021	0.794	37.809	0.000
(S.F.**)	0.630				
AdjR2	51.645				
F-stat	(p*=0.000)				

MF*: Manufacturing Firms
S.F.**: Service Firms

63% of the variation in service small enterprises' value creation is caused by corporate strategy. The standard error *(M.F.* = 0.007, S.F.** = 0.021) shows that the model is a good fit by indicating the extent corporate strategy accurately predicts value creation in small enterprises, since the value falls between the accepted estimates 2.5. The unstandardized beta for manufacturing firms (B = 0.638) reveals that value creation in small businesses increases by 0.638 units when corporate strategy increases by a unit, while the same estimator shows that the service firms' value creation increases by 0.766 units as corporate strategy increases by a unit. The t-values for manufacturing firms (t = 91.142, p = 0.0000) and service firms (t = 37.809, p = 0.0000) indicate that corporate strategy is a significant predictor of value creation in small businesses. The F-stat for manufacturing firms (F = 48.651,

The results in Table 5 show that corporate strategy significantly influences small firms value creation for both the manufacturing and service firms. There is a significant and positive relationship between corporate strategy and value creation in both the manufacturing (β = 0.638) and service firms (β = 0.794). The coefficient of variation (R2 = 0.407) shows that 40.7% of the variation in manufacturing small enterprises' value creation is caused by corporate strategy, while p = 0.000) and service firms (F = 51.645, p = 0.000) establishes that corporate strategy is reliable and influential for explaining value creation. The findings of the result establish that corporate strategy significantly drives value creation.

The results in Table 6 show that business strategy significantly influences small firms value creation for both the manufacturing and service firms. There is a significant and positive relationship between business strategy and value creation in both the manufacturing (β = 0.727) and service firms (β = 0.773). The coefficient of variation (R2 = 0.529) shows that 52.9% of the variation in manufacturing small enterprises' value creation is caused by business strategy, while 59.7% of the variation in service small enterprises' value creation is caused by business strategy. The standard error (MF.* = 0.018, SF.** = 0.011) shows that the model is a good fit by indicating the extent business strategy accurately predicts value creation in small enterprises since the value falls between the accepted estimates 2.5. The unstandardized beta for manufacturing firms (B = 0.706) reveals that value creation in small businesses increases by 0.706 units when business strategy increases by a unit, while the same estimator shows that the service firms' value creation increases by 0.782 units as business strategy increases by a unit. The t-values for manufacturing firms (t = 40.338, p = 0.0000) and service firms (t = 70.278, p = 0.0000)

Table 6. HA2: The dimension of business strategy significantly affects value creation in small businesses.

			Value Creation		
Variable	**B**	**SE**	**β**	**T-Value**	**P-Value**
Business Strategy (MF*)	0.706	0.018	0.727	40.388	0.000
AdjR2	0.529				
F-Stat	33.180 (p*=0.000)				
Business Strategy (SF.**)	0.782	0.011	0.773	70.278	0.000
AdjR2	0.597				
F-stat	48.326 (p*=0.000)				

MF*: Manufacturing Firms
S.F.**: Service Firms

Table 7. HA3: The dimension of functional strategy significantly affects value creation in small businesses.

			Value Creation		
Variable	B	S.E.	β	T-Value	P-Value
Functional Strategy (MF*)	0.596	0.009	0.631	70.111	0.000
AdjR2	0.398				
F-Stat	18.781 (p*=0.000)				
Business Strategy	0.685	0.016	0.687	42.938	0.000
(S.F.**)	0.472				
AdjR2	33.613				
F-stat	(p*=0.000)				

MF*: Manufacturing Firms
S.F.**: Service Firms

indicate that business strategy is a significant predictor of value creation in small businesses. The F-stat for manufacturing firms (F = 33.180, p = 0.000) and service firms (F = 48.326, p = 0.000) establishes that business strategy is reliable and influential in explaining value creation. The findings of the result establish that business strategy significantly drives value creation.

The results in Table 7 show that functional strategy significantly influences small firms value creation in both the manufacturing and service firms. There is a significant and positive relationship between functional strategy and value creation in both manufacturing (β = 0.631) and service firms (β = 0.687). The coefficient of variation (R2 = 0.398) shows that 39.8% of the variation in manufacturing small enterprises' value creation is caused by business strategy, while (R2 = 0.472) 47.2% of the variation in service small enterprises' value creation is caused by functional strategy. The standard error (MF.* = 0.009, SF.** = 0.016) shows that the model is a good fit by indicating the extent functional strategy accurately predicts value creation in small enterprises since the value falls between the accepted estimates 2.5. The unstandardized beta for manufacturing firms (B = 0.596) reveals that value creation in small functional increase by 0.596 units when functional strategy increases by a unit, while the same estimator shows that the service firms' value creation increases by 0.685 units as functional strategy increases by a unit. The t-values for manufacturing firms (t = 70.111, p = 0.000) and service firms (t = 42.938, p = 0.0000) indicate that business strategy is a significant predictor of value creation in small businesses. The F-stat for manufacturing firms (F = 33.180, p = 0.000) and service firms (F = 48.326, p = 0.000) establishes that functional strategy is reliable and influential in explaining value creation. The findings of the result established that functional strategy significantly drives value creation.

The path assumptions and the error variance of all the paths estimating the effect of firm strategy on customers experience are shown in Figure 2. The structural equation model's goodness fit indicates CMIN = 2.845 = 0.00; GFI = 0.97, RMSEA = 0.05, IFI = 0.97, CFI = 0.96). The relationship between the latent, observed and explained elements are shown by the path coefficients. The findings show that business strategy is the most significant (β = 0.808) variable influencing customers experiences. The path analysis also shows that new products and services (β = 0.970) is the most significant construct of value creation, explained by firm strategy. The result also indicates that firm strategy dimensions have a combined effect of β = 0.919 on value creation.

Path Analysis Showing the Interaction between Firm Strategy and Value Creation

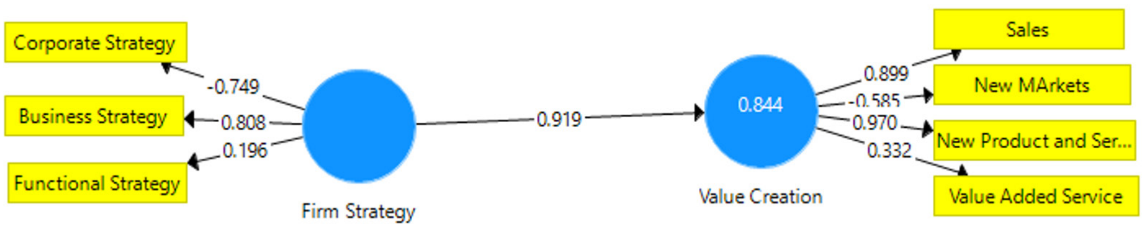

Figure 2: Firm Strategy and Value Creation

$$Value\ Creation = \beta_0 \pm -0.749\,(CORSTRA) + 0.808\,(BUSTRA) + 0.196\,(FUNSTRA) + \mu$$

The path analysis shows that in the combined analysis, corporate strategy (β = -0.749) has a significant effect on value creation in small firms, although such an effect is inverse. That is, as corporate strategy increases, value creation decrease. The findings also show that business strategy (β = 0.808) is a significant positive driver of value creation, while functional strategy (β = 196) shows a positive but moderate effect on value creation. The implication of this is that small firms should first consider their business strategy before any other class of strategy. The combined effect shows applying these three strategies will lead to a better and more robust effect (β = 0.919) in value creation. That is no strategy that should be implemented by itself, without the others, as this will lead to a poor result in small firms

Discussion

The result shows the interaction between the dimensions of firm level strategy and value creation in small businesses. The descriptive analysis disproves the opinion held by Olaolu and Obaji (2020) that most small enterprises are liquidated within the first three years of their operations, as the result shows that small enterprises are viable and can exist for an extended time. A reason for their survival could be attributed to the type of strategy these enterprises employ. The findings show that most of these small businesses are owned by women who have a tertiary education level. The implication of this is that the educational level of small businesses owners could play a critical role in their value creation strategy.

In answering the first research question, to what degree does corporate level strategy influence value creation, Hypothesis HA1 reveals the interactions between corporate strategy and value creation in small businesses. The findings indicate that corporate strategy is a driver of value creation in small businesses. The more firms are involved in corporate strategy, the more they can create value that will lead to better performance in the long run. The result also shows that top management needs to consistently implement the strategy to drive value creation in small business. This is because corporate strategy is made only by top management. The quality of the strategy made at the top management level significantly drives the nature of the value created. The findings of this study are consistent with Anugwuo and Shakanti (2015) and Aftab et al., (2012), who argued that corporate strategy is critical for a firm to achieve better performance while also increasing its capacity to compete in the market place favorably. The results establish that for firms, especially new ones, to create value that will improve customer experience, corporate strategy should be implemented.

In explaining RQ2, Hypothesis HA2 indicates the degree of influence of the business strategy on value creation dimensions in small businesses. The result shows that business strategy significantly influences value creation. This implies that there is a need for a middle-level strategy to be made and implemented in small business operations as this will lead to better value creation in the service delivery process. The results indicate that more business strategy is needed. This is premised on the analysis, which shows that a business strategy offers better value than corporate strategy and functional strategies do when combined. In terms of value creation, small firms need to exploit business strategies more, in order to create new products and services in terms of the customization of services and products. The result adds credence to the opinions of Klein (2010) and

Shane (2003), who suggested that business level strategy which incorporates identifying new opportunities is pivotal to creating value while supporting the arguments by Shane and Venkataraman (2000) that the strategy employed in pursuing opportunities could create more value for the firm.

The third hypothesis shows the degree of functional strategy's effect on small businesses value creation by providing an explanation for RQ3. The result established that although there is a relationship between functional strategy and value creation, the functional strategy is not a significant predictor of value creation. The result contradicts the position of Agwu and Onwuegbuzie (2017), who emphasized that the strategic importance of functional level strategies as an effective tool for the attainment of firms goods should not be ignored and that the issue of functional level strategy plays a crucial role in organizations. The reason for this contradiction could be as a result of the Nigerian environment in which small businesses thrive. According to Olaolu and Obaji (2020), small businesses do not give cognizance to functional strategies.

In offering insight into the fourth research question, the analysis also reveals that corporate-level strategy is the most significant strategy influencing manufacturing enterprises' value creation. In contrast, the business level strategy is the most significant and potent measure of firm strategy, driving value creation in small services businesses. This implies that manufacturing small businesses should first pursue a corporate level strategy to provide better value creation while the small service businesses should pay more attention to the formulation and implementation of their business level strategy. The most potent strategy in the combined analysis shown by the path analysis reveals that small businesses should generally purpose a business level strategy by providing new products and services. This is because the path analysis also shows that new products and services are the most significant measure of value creation impacted by firm strategy. It can be deduced from this that creating new products and services should be the focal point and core of the small busineesses' business level strategy. A firm's business strategy is dictated by the qualities and deficiencies of its services and how it wants to be viewed by its consumers. Following the identification of whom the small businesses will satisfy and the motivating factors for this, businesses should ascertain how to use their competencies and capabilities to create new products and services that can meet the expectations of their target market. Enterprises should utilize the business level strategy for value creation, thereby achieving competitiveness.

Conclusion

This research examined the impact of firm strategy on the creation of value for small businesses. Extant literature presented the need to analyze the essence of firm level strategy and assess the degree to which such strategy influences the value creation of small businesses and the dimension that small businesses can adopt among the firm strategy for value creation in a given time frame. The descriptive analysis confirms that the business owners' educational level plays a critical role in firm value creation strategies. Using the corporate, business level, and functional strategy dimensions, the study found that the corporate strategy and business strategy dimensions significantly impact small companies' value creation (value-added services, new markets, new goods and services, and sales). In contrast, the functional service has no significant influence on the dimensions of value creation. The study attributes this to how small businesses exist in Nigeria and the small enterprises' perception toward functional level strategy. The study also shows that business level strategy is the most critical dimension of the company strategy that small companies should follow. Value creation should be the cornerstone of any successful business strategy, and the creation of new products and services should never be overlooked. Strategic alignment will effectively aid small businesses in answering questions such as whom, when, and how. When it comes to value creation, small businesses should decide who will benefit from creating new products and services and what expectations the new products and services will satisfy.

In contrast, the first form of value creation to be generated by small businesses should be the creation of new products and services. The study's path analysis indicates that businesses do not first include value-added services in the value creation process because they have the least important measure in the value creation process. In order to stay relevant and remain competitive in the long run, the study advises that small businesses make the production of innovative products and services a key force in their business strategy. It is also essential for small businesses to tailor their products and services in order to retain their value in the market place.

Practical Implication

The results of this study highlight critical concerns and guide small businesses through the value creation process to achieve competitiveness. Small companies should be active in the formulation and implementation of strategies that are based on value creation. More attention should be given to business level strategy, as this is the most significant driver of value creation. Although business level strategy is not the only strategy for capturing new markets, this study offers a more robust approach that encourages small businesses to formulate more business level strategy to gain access to a range of resources and knowledge. Small businesses can also offer innovative products and services that will allow them to capture the market and compete favorably with larger corporations. The business level strategy will distinguish the firm's position from that of the market's competitors through new products and services. Small businesses must determine whether they want to differentiate themselves from their competitors by performing activities diversely or performing a specific business level strategy in this case.

Theoretical Implication

To achieve maximum output, an organization that wishes to survive and succeed must strategically manage all the resources at its disposal. The change in the market climate is such that it can be contrasted with the speed of light, and it is likely that any company that is not constructive in its management approach to reacting and adapting to this change will underperform and thus will not survive.

Limitation

This study investigated the interaction between firm level strategies and value creation in small businesses using the corporate strategy, business strategy, and functional strategy as corporate strategy elements. The study is limited to small businesses in one area of Nigeria. The results from this study could be limited in application due to environmental and frim specific factors. It is suggested that a future study investigates the mediating role of the environment and firm factors in determining value creation, especially in larger firms since they enjoy better economies of scale.

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Appendix: Questionnaire Items

Corporate Strategy	Items	1	2	3	4	5	6	7
	The enterprise's vision is to first create value in the market place							
	Our services and products are tailored to capture our mission							
	The goal of our enterprise is to create value							
	Decisions made at the top level are geared toward identifying and meeting stakeholders needs							
Business Strategy	Organizational resources are geared toward value creation							
	Our enterprise is structured in a way that at all levels value is created							
	Our business strategies are defined by our value statement							
	Our core competences are influenced by the need to create value							
	We regularly conduct analysis to determine our strengths, weaknesses, opportunities and threats.							
Functional Strategy	The functional strategy includes optimizing resource efficiency to achieve corporate and business unit goals and strategies.							
	Our strategy enhances our core competencies.							
	All departmental actions are geared toward achieving value creation							
	All our resources (man, machine, material and money) are tactical strategies to create value							
Sales	We meet our target sales/revenue at all times							
	Our revenues have consistently risen							
	Our sales process represents a competitive advantage for us.							
	We understand and utilize the best sales and marketing technologies to our advantage.							
Value Added	We understand our customers' strategic initiatives and focus on how to help their businesses improve.							

	What we say about ourselves, our strategy and our offerings resonates with prospects.
New Products	We look at the market needs before creating or bringing new products to the market
	Our new products are competitive
	Our operational activities allow us to predict new products' performance with relative certainty.
	Our products meets the customers needs
New Market	We are more concerned about creating and entering new markets in order to achieve our corporate objectives
	Our drive is to create a niche for us by entering a new market
	Our products are aligned to the different market segments
	Our customer and prospect relationships are virtually unbreakable.