JURNAL BECOSS
(Business Economic, Communication, and Social Sciences), Vol.7 No.3 September 2025: 367-379
e-ISSN: 2686-2557
DOI: 10.21512/becossjournal.v7i3.14279

Managerial Ability and Value Creation among Small Businesses in Lagos State - Nigeria

Olajide Okunbanjo[1*], Gabriel Okwuelum[2]

[1,2] Department of Business Administration, Faculty of Management Sciences,
Lagos State University,
Lagos 102101, Nigeria
olajide.okunbanjo@lasu.edu.ng; gabriel.okwuelum@lasu.edu.ng

*Correspondence: olajide.okunbanjo@lasu.edu.ng

ABSTRACT

Competitive level of business activities in Lagos State as a commercial hub of Nigeria is high for small businesses. This makes small businesses struggle to penetrate and compete with their counterparts; mid and large businesses with an element of renewal in their business processes. Thus, the study investigated managerial ability and value creation of small businesses in Lagos State. Th study made used of survey research data with purposive sampling to collect data from the small business owners that are registered with SMEDAN using structured questionnaire. The study used simple regression as the statistical tool to report that managerial skills have a positive and significant effect (β=1.174; p=.000) on value creation of small businesses in Lagos metropolis. Managerial roles have a positive and significant effect (β=1.987; p=.000). on value creation. The study concluded that managerial ability helps small businesses operating in Lagos metropolis to create value in order to compete in the markets that are control by mid and large businesses. It was recommended that small business owners/managers should continue to possess the need skills that will enhance their business practices towards creating value for the customers or clients. Also, small business owners/managers should focus more on decisional, informational and interpersonal capacities in order to continue to create values for their businesses.

Keywords: *Managerial Ability; Managerial Skills; Managerial Roles; Value Creation*

INTRODUCTION

Managerial ability is important for management team to achieve organisational success (Al-Idrus et al., 2022; Popescu et al., 2020). Managerial ability is the main intangible resource that a business entity could possess (Park & Byun (2021). Managerial ability covers all efficiency in all aspects of a business entity. Andreou et al (2016) contended that managerial ability signifies the competency of a managerial team during financial crises as well as the efforts display in creating and maintaining reasonable market or industry position. This is also mentioned by Adegbie et al (2019). The present and future of a business lies on the ability of the individual(s) that constitute the management team. Managerial ability shows the creation, changing, adjusting and readjusting of a business operational capability. Fernando et al. (2020); Andreou et al. (2017); Palvia et al. (2015) pointed that the ability of managers accumulates to reputational capital which could investors, quality business partners and induces the trust of stakeholder. Curi and Lozano-Vivas (2020) narrated that when the ability of a management is high, productivity and innovativeness will be feasible.

Suryaningrum et al (2023) added that opportunities and threats identification acts are improved as result managerial ability that is high. Additionally, it facilitates increased investment, risk management, financial management, functional service quality and value added. Thus, managerial ability aids the controlling and management of environmental variations in order to be competitive in the market. Hsu (2016) pointed that value added as a result of value creation in all aspects of business operations makes competitive advantage easier. Managerial ability influences acquisition of knowledge and innovation which helps businesses to achieve the predetermined objectives. (Kasongo et al., 2023; Duan et al., 2022).

Adelekan et al (2021) explain that value creation serves as a prerequisite for how a business entity perform. Value creation creates competitive advantage. Asaolu et al (2014) stated that value creation is the cornerstone of business products performance in the markets It attracts more customers, clients, and more profitability (Hsu, 2016). Otola et al (2021) mentioned value creation describes the whole process in a business entity. The whole process of value creation is center on the individuals and other resources in a business. The value created by a business entity shows the quality of the resources possessed (Elegunde et al., 2024a). As earlier mentioned by Spivey et al (2002), consistent value creation makes businesses to experience rapid growth, opens door for accessibility of capital, creation economic opportunities among others. Value must be created in way that it will capture the proper understanding of the market needs (Asaolu et al., 2014). It leads to structural advantages for the business entity. All business stakeholders especially the customers are expected to experience the value created by a business entity which is enhanced by the skills and responsibilities of the business managers.

One of the greatest results of today's businesses is skilled management. According to Asamoah et al (2021) the skills of business managers show the competence level that could be utilised to experience business success. In the view of Asghar et al (2021) effective and efficient managerial skills could make businesses to discover and use the organisational skills or talents. Today's businesses are expected to identify and develop the managers and employees' skills to survival environment challenges (Simamora, 2021). Managerial skills are applied based on the roles that are expected from a manager(s), Managerial role is most advantageous for setting goals, managing resources, managing conflict, improving communications among others.

Value creation has become one of the objectives of 21st century small businesses. The need to create value in the wealth, products and services to the stakeholders by small businesses in developing economy like Nigeria can never be over-stressed. Weak value creation poses challenges to small businesses (Auliana, 2012). The businesses will experience low market demands and inability to compete in the Nigeria market where the large foreign businesses dominate. This has always been the fate of small businesses in Nigeria. This affects the businesses from growing and achieving specified objectives. Adelekan et al (2021); Goedhart and Koller (2020) expressed that absence of value creation implies ignoring the needs and demand of the customers.

Small businesses as pointed by Elegunde et al (2024a) face low level of managerial experiences, lowcapacity level, high market competition, unstable government policies among others. Okunbanjo et al (2017) added that the operational model of most small businesses does not contain what could create value to the stakeholders especially the customers. This was earlier emphasized by Spivey et al (2002) that small businesses encounter tremendous pressure in creating value in the markets which result in financial loss. These could be part of the factors that make small businesses to collapse in their early livelihood as pointed by Elegunde et al (2024b); Muo et al (2020). In the view of Ayodeji (2018), larger number of small businesses experience difficulties in terms of growth and survival. This could be due to low attention that is being given by the small businesses to adding value to the operational process that will yield value creation on the goods and services.

The responsibility of value to be added to the operational process to yield valuable results lies with the ability of the management in planning, coordinating and integrating the resources of a business. Low level managerial ability hinders a business from achieving the predetermined objectives. It is observed that most small business owners or managers lack the appropriate managerial ability that will bring out the best for value creation. According to Adelekan et al. (2021), small businesses are more on the present value of their business acts rather than both the present and future value. They are so glued to the present profits they will make which is for short term without considering the long term. In the opinion of Thiel (2018), small businesses generate value without considering how the value will be beneficial to the customers that serves as the focus of every business. This could be why small businesses in Nigeria especially in Lagos metropolis that has highest number of small businesses. Similarly, Jorgenson (2015) argued that absence of consistence value creation is what makes small businesses to struggle for survival.

The general objective is to investigate managerial ability and value creation among small businesses in Lagos State. The specific objectives are to:

- examine the influence of managerial skills (conceptual skill, technical skill and financial management skill) on value creation among small businesses in Lagos State.
- examine the influence of managerial roles (decisional role, informational role and interpersonal role) on value creation among small businesses in Lagos State.

Managerial ability is the capability of a business owners/manager to efficiently coordinates a business's resources (Adegbie et al., 2019; Leverty & Grace, 2012). The managerial ability is the ability to efficiently utilize resources and choose the investment plan with the highest future net cash flows (Park & Byun, 2021). Managerial ability is seen by Jakada and Aliyu (2015) as the integration of tangible and intangibles assets of a business entity by the manager to achieve efficient and effective results. It implies the integrated skills of a business owner(s) or manager(s). Cho and Lee (2017) believed that managerial ability is the utilisation of all business resources to achieve desired results. Managerial ability is referred to as a business manager's capability in the allocation of the business resources (Bhutta et al., 2021; Guillén-Gámez et al., 2020). Managerial ability signifies how a business manager is efficiently capable of utilising all components of a business towards achieving the predetermined objectives (Al-Idrus et al., 2022; Demerjian et al., 2012). Managerial ability is centered on creating, adjusting, adjusting, updating and changing operational capabilities (Ting et al., 2021). Curi and Lozano-Vivas 2020) stated that managerial ability determines the efficacy of a business in scanning the internal and external environments as well as the business reputational capital.

Despite many perspectives of the concept of managerial ability which still connotes the same, the study therefore views managerial ability from the angle of small business operations. Thus, the study defines managerial ability as the efficiency in skills application in the process of planning, organising, leading, forecasting and controlling a business resource in order to achieve specific objectives. In line with this, the study adopts managerial skills and managerial roles as the dimensions of managerial ability which is lacking in most literature on managerial ability.

According to Asamoah et al. (2021), managerial skills are the competencies of a manager in using the business resources. These are the ability possess by a business manager to achieve business goals and objective. Managerial skills are viewed as the individuals' qualities and attributes employed for effective workable organization (Okwurume, 2023). Managerial skills imply the possessed technical knowledge of a business manager in the process of coordinating and integrating business resources to achieve the desired objectives (Lakshman et al., 2017). Managerial skills are the qualities acquired by an individual who is a manager of a business entity used to achieve business objectives. Managerial skills are the application of a manager's attributes in the business operations.

According to Chandekar et al (2023), managerial skills are crucial for individuals in leadership positions, as they play a pivotal role in ensuring the success and efficiency of an organization or team. Effective managers possess a multitude of skills that allow them to effectively lead and guide their team towards achieving set goals. Managerial skills, including technical, interpersonal, and cognitive skills, significantly and positively affect organizational productivity (Asghar et al 2023; Ghalandari, 2012). thus, the study sees managerial skills from the angles of conceptual skills, human skills and technical skills.

Conceptual Skills. Chandekar et al (2023) pointed that conceptual skills are expected to be possessed by the top management. They are the ability that involves strategic thinking, problem solving and analysing situations (Olubiyi et al., 2019). It can also be called analytical skills (Okwurume, 2023). It simply means manager's ability for critical and analytical thinking Miles (2002) submitted that conceptual skills show a manager's mental ability in analysing and diagnosing a business complex situation.

Human Skills: According to Olubiyi et al (2019), human skill implies a manager's ability to perform his duties through the organisational members. It captures establishing a working relationship among the employees in order to achieve organisational goals. It includes good human relationship in order to motivate employees to work. As added by Nwagboa (2004), human skill involves ability of a manager to resolve conflict among the employees, motivating the employees and working well with the employees.

Technical Skills: These are the skills represent the understandability of a manager on the nature of a business operations or practices. Technical skills are the needed ability to understand and carry out a business methods, processes and procedures. Technical skills entail a manager's ability in applying the possess specialized knowledge, experiences and expertise (Olubiyi et al., 2019). Technical skills have to do with specific training as well as the proficiency employed on executing a set of specialized tasks. These skills could be enhanced training programmes, coaching programmes, rotation of jobs, as well as educational programmes. It serves as the ability to use the resources in line with the procedures and processes of a business line.

Managerial roles are referred to attributable to a job or position of a manager. Managerial roles are the responsibilities that a manager plays within and outside a business entity. Asghar et al 2023) mentioned that managerial role are advantageous for setting of objectives, coordinating business resources, conflict management and managing external factors. Managerial roles are set of behaviours to manage both internal and external circumstances as related to the business entity. Managerial roles are important for a business entity's efficacy and productivity. Managerial roles are classified into the following: Interpersonal roles, decisional roles and informational roles.

Interpersonal Roles: These are the roles that focus of organising, directing and leading. The roles are about conflict management and establishing cordial relationship among the workforce. It is about human resource management. These roles include figurehead (ceremonial and symbolic duties), Leadership (inspiring and influencing the employees) and Liason (as a connector between or among organisational members and units).

Informational Roles: These are the roles that involve the manager of a business entity communicating the management decisions, mission and vision of business to the employees and to the public or other stakeholders. Also, the manager gathers information from external factor(s) and pass it to the management and other organisational members. The roles are monitor (receiving and collection of information), disseminator (who share information internally) and spokesman (sharing information externally)

Decisional Roles: These are the roles that have to do with decision making of a business manager on the business activities. The role makes manager to initiate plan for the business by setting objectives to be achieved. A manager decides how a business entity could achieve its objectives and goals. It involves disturbance handler (dealing with expected situations, shocks and changes), entrepreneur (identifying business opportunities and innovation), resource allocator (utilising the limited resource appropriately) and negotiator (leading negotiation, compromisng and conflict management) management of business. challenges, problems and issues).

Value creation implies a business process that is centered on subjective adding of contents to existing values. It involves customer perceptions on what quality(ies) should be added to a product or service to enhance its usage or functionality. Value creation is the ability of a business entity to enhance the worth of the business products and services offer to the markets (Asaolu et al., 2014). Value creation could also be the increment of the whole business operations to meet the demand of the markets. Pinelli et al. (2021) viewed value creation as the process that begins with recognition of opportunity(ies) and exploitation of opportunity(ies) that are economic and business in nature. Value creation as a business ability in analysing, understanding and meeting the customers' needs in terms of product or service quality (Ursula et al.,2012). Value creation implies production of goods and/or services in line with the tastes of the customers (Asaolu et al 2014; Ellegaard et al., 2009).

Shiratina et al. (2019) expressed that value creation entails the pattern that involves creating newness in the business process that can be beneficial to the customers or clients. Ogunkoya (2019) mentioned that value creation is expected to raise business and owners' income and create for other stakeholders of a business. It cuts across relationships between a business entity and the customers, others stakeholders

(Elegunde et al, 2024a). Value creation increases the benefits that customers derive from the use of a product. Shiratina et al. (2019) stated that value is created only when the benefits is experienced or derived by the customers. The benefits must equate to the expectations of the customers. Thus, customer value is a trade-off between the total benefits received and the total sacrifice (Ogunloya, 2019). Creation of value as narrated by Elegunde et al (2024a) has to be connected with the demands of the markets. The value that will be added to every business activity should be tailored to the tastes of the customers. It results in customers retention, attract new customers and improve the profitability of a business (Elegunde et al., 2024a; Asaolu et al., 2014). Hsu (2016) extended value creation to its appropriation by asserting that value should be created in a way that it will be difficult to imitate by the competitors. This aids businesses to maintain steady economic returns on the value created.

Hambrick and Mason propounded Upper Echelon Theory in 1984. The upper echelons theory posit that the highest level of management in an organisation determines its activities. Andreou et al (2016) expressed that decision making lies with the highest level of management which is the top management. According to Ting et al (2021), the characteristics of the top management is reflection of what the organisation does, its destinations and how to get there. Upper echelons theory stresses on the abilities of the management of a business entity and these abilities are referred to as characteristics which all determines oranisational performance (Lee et al. 2018; Dubey et al. 2018)

The theory is relevant to the variables captured in the study. Managerial abilities are the skills and roles of managers. These abilities begin with the top management downward to the low-level managers. Managerial skills and roles are what the management levels must do in today's world. The top management defines the skills and talents that will be part of the organisational members, the top management plans while other management levels do their parts. In a case of small businesses, the business owner or manager represents top management and makes decision, exhibit the conceptual skills, technical skills as well as the skills to manage the workforce. In addition, the business owners or managers engages in decisional roles, informational roles, and interpersonal roles.

Chandekar et al (2023) investigated how managerial skills affect the performance of an organisation focusing on the employee performance. The study captured planning skill, organising skill, leading skill, controlling skill as well as decision-making skill. Through the adopting of content analysis, the study concluded that managerial skills are not just only determinants for business success but also determine employee development. Managerial skills were explored by Okwurume (2023). the study looked at a managerial skill from the angle of development. Cross-sectional type of survey research was adopted with multi-stage sampling. The primary data collected using questionnaire from selected business managers. The correlation results revealed that conceptual skills and technical skills developments as proxies for managerial ability have no significant relationship with the manufacturing firms' profitability.

Suryaningrum et al (2023) viewed managerial ability as problem to be solved by merger and acquisition among Indonesian organisations. The study covered 8 years period of organisations that involved in merger and acquisition. The study, using regression and difference analysis. It was reported that there is connectivity between operating performance and managerial ability. Al-Idrus et al (2022) conducted a study on managerial ability among small and medium enterprises (SMEs) using purposive sampling with primary data collected using questionnaire. The study made used of structural equation model. It was shown that managerial ability influenced entrepreneurial motivation and SMEs performance.

Mishra (2023) looked at the connection that could occur between managerial ability and the strategic orientation. Strategic and operational abilities were adopted as the indicators for managerial ability while strategic orientation was measured by exploration and exploitation.Using primary source of data collection through questionnaire, the regression results demonstrated that mixed reactions. Exploration and exploitation activities are positively influenced by strategic ability. However, exploitation activities are influenced by operational ability but does not influence exploration activities. The study concluded that managerial ability determines strategic orientation choice of firms and vice-verse.

Cao et al (2023) found in United State of America that organisations with high managerial ability experienced diminishing during covid 19 period. It was concluded that no positive effect of managerial ability on organisational activities during the lockdown and movement restriction period. Kumar and Zbib

(2022) asserted that a business entity with high managerial ability experienced good stock prices and reasonable raw and cumulative abnormal returns during Covid period. Park and Byun (2021) studied SMEs that are listed in the stock market of Korea on managerial ability and firm value. The study relied on secondary data which was collected from 2012 to 2017. using the data envelope analysis, it was reported that managerial skills which served as a proxy for managerial ability has a positive impact on executive compensation and firm value. Ghosh et al (2020) further pointed that managerial ability does not significantly related cost components of employees do not see a significant association between managerial ability and the employee cost component among United State of American firms.

Ming et al (2019) studied managerial ability and dividend policy of Chinese listed non-financial firms. The study employed secondary data and econometric techniques to report that managerial ability is positively related to dividend initiation decision. However, managerial ability has a negative relationship with dividend termination decision. Managerial ability has a positive in post-acquisition stock returns (Doukas & Zhang, 2020). It was demonstrated that managerial abilities aids utilisation of business resources for long term financial sustainability, cost minisation and contributes significantly to decision making in all business practices of an organisation (Bhutta et al., 2021; Naseem et al., 2020; Phan et al., 2020; Corrêa et al. 2019; Gan 2019; Yung & Chen, 2018; Setiawan, 2015). Similarly, Studies showed that managerial ability has a positive association with employee productivity, innovation outcome, organisational stock returns, credit rating and financial cost saving (Shang 2021; Demerjian et al., 2020; Ghosh et al., 2020; Huang & Sun, 2017; Cheung et al., 2017; Bonsall et al., 2017). however, Ghosh et al. (2020) show that managerial ability moderates the negative effect of an uncertain environment on employee productivity.

Mohamed (2019) submitted that managerial ability there is a positive as well as a significant influence of managerial ability on operational performance and organisational earnings management. Adegbie et al (2019) investigated managerial ability and quoted firms' financial performance in Nigeria. The analysed data collected from the secondary sources were analysed using inferential statistics. It was shown that managerial ability measured by managerial efficiency has a strong explanatory power on return on assets. However, the explanatory power on Tobin Q is weak.

Jakada and Aliyu (2015) examined managerial ability and the performance of selected multinational corporation firms. The study collected data from the annual reports of the selected firms from 1995 to 2009. The regression analysis showed that managerial ability is positively related with the performance measures of the selected firms. Similarly, Andreou et al (2016) found that managerial ability determines managerial efficiency of banks in the United State of America from 1994 to 2010 using stochastic frontier analysis (SFA). In the same vein, Leverty and Grace (2012) adopted frontier efficiency method as a measure of managerial ability and reported that managerial ability is indirectly associated with firms distress period, high probability failure and cost of failure. Demerjian et al. (2012) saw how managerial ability could be deployed to improve sales revenue. Envelope analysis (DEA) was adopted to develop a score for managerial ability. It was demonstrated that managerial ability positively influenced of stock returns and return on assets.

Based on the review of the past studies, it is observed the influence of managerial ability on the creation of values for small businesses has been ignored past studies did not focus on how the skills of a small business managers or owners as well as the roles they play as pointed by Henri Mintzberg. Most of the studies reviewed did not see managerial skills and managerial roles of managers as measures for managerial abilities among small businesses that operating in developing economies like Nigeria. In addition, Suryaningrum et al (2023); Kumar and Zbib (2022); Park and Byun (2021) among other studies used secondary data. Chandekar et al (2023) Okwurume (2023; Mishra (2023); Ghosh et al (2020); Al-Idrus et al (2022) used primary and yet all did not capture small businesses. Okuwurume (2023) reported negative result of managerial ability and organisational activities. Ghosh et al. (2020) show that managerial ability moderates the negative effect of an uncertain environment on employee productivity. All these studies especially studies that used secondary data adopted the quantitative measure of Demerjian et al. (2012) on managerial ability which does not in line with the perspective of this current study on what managerial ability implies. Thus, the motivation of this study.

Hypotheses of the study

H_1: *Managerial skills (conceptual skill, technical skill and financial management skill) do not have significant influence on value creation among small businesses in Lagos State.*

H_2: *Managerial roles (decisional role, informational role and interpersonal role) do not have significant influence on value creation among small businesses in Lagos State.*

METHODS

Due nature and objectives of the study influence choice of research design, therefore, the study adopted survey research design. This research aided in gathering and understanding the skills and roles of today's managers' operating small businesses towards creating values for the businesses. The study captured the number of small businesses that are under the umbrella of Small and Medium Enterprises Development Agency (SMEDAN) in Nigeria as the population of the study. Thus, the population size of the study is 37,135 registered small businesses. The study adopted Taro Yamane formular to determine the sample size and 395 was arrived at. The study adopted purposive sampling so as to capture the appropriate individuals that will serve as the respondents to achieve the objectives of the study. Questionnaire was the adopted research instrument for primary source of collection data. The items in the research instrument items were sourced from past studies on the variables of interest to achieve the study's objectives.

Managerial skills items were adopted from the studies of Okwurume (2023); Chandekar et al. (2023) on managerial skills. Items on managerial roles were self-developed using the perspective Henri Mintzberg. Value creation items were adopted from the studies of Elegunde et al (2024a); Adelekan et al (2021). Each variable employed in the study has 6 items for measurement which were all ranked by 4-point likert scale-strongly agree, agree, disagree and strongly disagree. This is to restrict the respondents to either agreement or disagreement. These items were subjected to face validity. Resource persons in the university academic environment validity and practitioners in the Nigerian business world reviewed the questionnaire items. Content validity was further conducted on the questionnaire items in order to ensure that all aspects of the constructs are captured. Thus, no item in the questionnaire was adjusted and all constructs are adequately represented by their item measurement. All items are satisfactory for the analysis. Thus, the data collected via the questionnaire was analysed through regression analytical technique observing the assumption of regression analysis.

RESULTS AND DISCUSSION

Diagnostic Test for Assumption of Regression Analysis

Shown in table 1 showed results of diagnostic test on the responses collected from the respondents on the variables of interest. The test includes correlation, normality and multicollinearity. The correlation values (R) are 0.320 and 0.385 for managerial skills and managerial roles with p=.000. The table showed that average mean of value creation, managerial skills and managerial roles are 3.41, 3.04 and 3.55 with 0.73, 0.76 and 0.61 values standard deviation respectively. This implies most responses are on the agreement side of the questionnaire scaling without large dispersion. The skewness has values of 1.521, 1.534 and 2.469 for value creation, managerial skills and managerial roles respectively. Kurtosis values for value creation, managerial skills and managerial roles were 2.483; 2.514 and 4.622 respectively. The results indicated that variance inflation factor (VIF) values for all the variables-value creation, managerial skills and managerial roles are within the threshold. This indicated that there is absence of multicollinearity. Thus, the independent variables are solely independent of one another. Thus, the assumptions of regression analysis are fulfilled, and regression analysis can be estimated.

Table 1. *Diagnostic Test*

Variables	R	Mean	STD	Skewness	Kurtosis VIF
Value Creation	3.41	0.73	1.932	2.483	1.303
Managerial Skills 0.320*	3.04	0.76	1.367	2.514	2.674
Managerial Roles 0.383*	3.55	0.61	2.541	4.622	1.038

*=p<0.005
Source: Researcher's Field Survey, 2025

Hypotheses Testing

The hypotheses are tested for the purpose of achieving the objectives of the study. As shown in table 2, the regression results on the influence of managerial ability and value creation. The findings showed that managerial skills explained 42.1% of the changes that occur in value creation. Also, there is both positive and significant effect of managerial skills on the value created by small businesses (β=1.174; p=.000). It is shown that model is fits to explain the hypothesis as the f-stat is 42.029 which is considerable larger that the f-tab. Thus, the null rejected is rejected. The findings on hypothesis two demonstrated that 62.5% of the variations in value creation is caused by managerial roles. Managerial roles have a positive and significant influence on value creation (β=1.987; p=.000). The f-statistic has a value of 49.040 with p=value 0.000 which signified that the model is fit for study. Thus, the null hypothesis is rejected.

Table 2. *Regression Results for Managerial Ability and Value Creation*

	R-Square	β	T-Statistic	F-Statistics	p-value
H1: Managerial Skills	0.421	1.174	6.483	42.029	0.004
H2: Managerial Roles	0.625	1.987	7.003	49/040	0.000

Dependent variable: Value Creation
Source: Researcher's Computation

Discussion of Findings

Every business entity requires an individual or a group of individuals that manages the affairs or running of the business operations that is referred to as the manager or management. The skills possessed by the manager contribute to the level of business successes in all ramification. The roles played by managers which serves as extension of the conventional functions of managers in attaining business mission and vision. Managerial ability results in values added in the business processes or operations which could aid in gaining reasonable market advantage.

The findings showed that managerial ability of small business owners is adequate for value to be created. Managerial skills as a measure of managerial ability improve value creation of small businesses. A change in the units of managerial skills of small business owners rises the values that will be created by the business. Small businesses create values for their customers/clients which begins from the values added to the operational processes which could be in terms of introduction of new product/ service, adding more features to the products/service to enhance its functionality, acquisition and updating of resources for the businesses. All these factors notably contribute to value creation for the consumers to experience standard service delivery. The findings on managerial skills and value creation support the submissions of past studies on the subject matter. Chandekar et al (2023); Suryaningrum et al (2023); Al-Idrus et al (2022); Park and Byun (2021); Doukas and Zhang (2020) concluded that managerial skills determined firm performance. However, the findings of Okwurume (2023) on managerial skills do not agree with this current study findings.

The managerial roles of today's could be said to represent the functions of management within and outside a business entity. Small managers of today engage in decisional roles, informational roles and interpersonal role. A change in the units of managerial roles that are about decisional, informational and interpersonal roles results in a rise in the value created by the business entity. This represents a direct relationship between how managerial roles are being played by small business managers and the business value creation. Managerial roles predict how values are added to the operational activities of the small businesses which enhance the chances of the businesses in the markets. Small businesses owners/managers are the representative their businesses in social and business gatherings or functions.

All the business decisions are made by the owners/managers as regards improving the working relationship among the employees, monitoring environmental changes and ways to curb or protect the business against the negative consequences of the changes. All these aid the business decisions on the nature of values to be added to the business processes and outputs. Managerial roles, it could be said that small business owners are versatile in handling different responsibilities of the businesses without allowing contextual factors that could disrupt the business processes towards value creation.

The findings supported that managerial roles enhance the uses of business resources to achieve financial sustainability (Bhutta et al., 2021; Naseem et al., 2020; Phan et al., 2020; Corrêa et al. 2019; Gan 2019; Yung & Chen, 2018; Setiawan, 2015). However, Mishra (2023) reported mixed reactions of managerial roles on business outcomes. Cao et al (2023) mentioned that managerial roles as an element of managerial ability during the lockdown and movement restrictions in United State of America has no influence on organisational activities.

CONCLUSION

Every individual that performs the duties of a manager in a business entity is expected to be responsible to some actions. Value creation is the responsibility of today's managers in a small business entity due to the competition level. The findings demonstrated that small business managers do possess the needed skills to create values for the business in order to achieve business objectives and goals. These skills are helpful in the creation value. Based on this, managerial skills are among the managerial factors that determine small business value creation. Similarly, the Mintzberg's managerial roles have been proven to effective indicator for managerial ability in the study as it shows strong contribution to small business value creation. The managers recognise the theoretical practices of these managerial roles towards achieving value creation objective. Managerial roles are determinants to value creation. The study concluded that managerial ability helps small businesses operating in Lagos metropolis to create value in order to compete in the markets that are control by mid and large businesses. Thus, the following are put as recommendations.

- Small business owners/managers should continue to possess the need skills that will enhance their business practices towards creating value for the customers or clients. These skills include conceptual skills, technical skills, human resources and many more relevant skills.
- Small business owners/managers should focus more on decisional, informational and interpersonal capacities that involve resource allocation, environmental monitoring, figurehead among others so as to continue to create value that will be appreciate more in the markets.

Policy Implications

The study has affirmed the contributions of managerial ability in value creation for small business in Lagos State. The findings are relevant to small businesses owners/managers. The findings enlighten the small business/owners on how effective their abilities are towards value creation to compete in the competitive markets. It makes the business owners/managers to acquire and develop their abilities in order to continue to achieve business objectives and goals. Therefore, the findings could motivate the owners/managers of and intending small businesses in Lagos State to put more efforts in achieving predetermined objectives. The findings could enlighten the institutions established by government to assist in the development of small businesses in Lagos State and Nigeria as a whole on how to support small businesses owners/managers in terms of training and development to acquire and develop their managerial abilities. Also, the findings could be useful for future studies on the subject matter. The finding could serve as a platform for further studies to use create new knowledge or extend the frontier knowledge.

REFERENCES

Adegbie, F.F, Akintoye, I. R., & Alu, C. N. (2019). Effect of managerial efficiency on corporate financial performance of quoted Nigerian firms. European Journal of Accounting, Auditing and Finance Research, 7(6), 12-39.

Adelekan, A.S., Majekodunmi S. A., & Worimegbe, P.M. (2021). Firm level strategy and value creation in small businesses: The Nigerian experience. Gadjah Mada International Journal of Business,23(2), 193-214.

Andreou, P.C., Philip, D., & Robejsek, P. (2016). Bank liquidity creation and risk-taking: Does managerial ability matter? Journal of Business Finance & Accounting, 43(1-2), 226-259.

Asamoah, D., Agyei-Owusu, B., Andoh-Baidoo, F. K., & Ayaburi, E. (2021). Inter-organizational systems use and supply chain performance: Mediating role of supply chain management capabilities. International Journal of Information Management, 58, 02-19. https://doi.org/10.1016/j.ijinfomgt.2020.102195

Asaolu, T.O., Ogunkoya, O. A., Lasisi O. J., Okuneye, M.Y., & Shodiya, O. A. (2014). Value creation and organizational sales performance in the Nigeria business environment: A study of SMEs. Africa Development and Resources Research Institute Journal, 6(6), 80-94.

Auliana, L. (2012). The impact of value creation on business performance: The case of small and medium businesses in West Java Universitas Padjadjarm. Business and Management Review, 1(2), 24-41.

Ayodeji, A. (2018). Successful survival strategies for small business owners in Nigeria. Ph.D. Thesis, Walden University.

Bhutta, A. I., Sheikh, M. F., Munir, A., Naz, A., & Saif, I. (2021). Managerial ability and firm performance: Evidence from an emerging market. Cogent Business and Management, 8(1), 1–22. https://doi.org/10.1080/23311975.2021.1879449.

Bonsall, S. B., HolKman, E. R., & Miller, B. P. (2017). Managerial ability and credit risk assessment. Management Science, 63(5), 1425-1449.

Cao, Y., He, H., & Zhao, L. (). Can managerial ability influence the firm performance during the covid-19 pandemic? Business Forum, 29(2), 58-67.

Chandekar, Y.S., Khawashi, B.P., & Munje, G. (). Impact of managerialskills on employeesand organization's performance. International Research Journal of Modernization in Engineering Technology and Science. 5(12), 22-27 Https://www.doi.org/10.56726/IRJMETS47576 .

Cheung, K. T. S., Naidu, D., Navissi, F., & Ranjeeni, K. (2017). Valuing talent: Do CEOs' ability and discretion unambiguously increase firm performance. Journal of Corporate Finance, 42, 15–35. https://doi.org/10.1016/j.jcorpfn.2016.11.006.

Cho, S. Y., & Lee, C. (2017). Managerial efficiency, Corporate social performance, and corporate financial performance. Journal of Business Ethics, 1, 17-27. https://doi.org/10.1007/s10551-017- 3760-7.

Corrêa, R.O., Bueno, E.V., Kato, H.T., & Silva, L. (2019) Dynamic managerial capabilities: scale development and validation. Management Decision and Economics 40(1), 3–15.

Curi, C., & Lozano-Vivas, A. (2020). Managerial ability as a tool for prudential regulation. Journal of Economics and Behavioural Organisation, 174, 87–107.

Demerjian, P., Lev, B., & McVay, S. (2012). Quantifying managerial ability: A new measure and validity tests. Management science, 58(7), 1229-1248

Doukas, J. A., & Zhang, R. (2020). Corporate managerial ability, earnings smoothing, and acquisitions. Journal of Corporate Finance, 65, 56-75. https://doi.org/10.1016/j.jcorpfn.2020.101756.

Duan, Y., Deng, Z., Liu, H., Yang, M., Liu, M., & Wang, X. (2022). Exploring the mediating effect of managerial ability on knowledge diversity and innovation performance in reverse cross-border M&As: Evidence from Chinese manufacturing corporations. International Journal of Production Economics, 247, 10-34. https://doi.org/10.1016/j.ijpe.2022.108434.

Dubey, R., Gunasekaran, A., Childe, S.J., Papadopoulos, T., Hazen, B.T., & Roubaud, D. (2018). Examining top management commitment to TQM diffusion using institutional and upper echelon theories. International Production Research, 56(8), 2988–3006.
Elegunde, A. F., Okunbanjo, O. I., & Afolabi, B. K. (2024a). Personality traits and entrepreneurial performance of small businesses. International Journal of Entrepreneurial Knowledge, 12(2), 78–92. https://doi.org/10.37335/ijek.v12i2.246.
Elegunde, A.F., Okunbanjo, O.I., & Afolabi, B.K. (2024b). Effects of Financial bootstrapping techniques on operational performance of small and medium-sized enterprises (SMEs) in Lagos State. International Journal of Business and Technopreneurship,14(3), 303-312.
Ellegaard, C., Medlin, C. J., & Geersbro, J. (2009). Value appropriation in business exchange – literature review and future research opportunities. Journal of Business and Industrial Marketing, 29(3), 185-198.
Fernando, G.D., Jain, S.S., & Tripathy, A. (2020). This cloud has a silver lining: gender diversity, managerial ability, and firm performance. Journal Business Research, 117, 484–496.
Gan, H. (2019) Does CEO managerial ability matter? Evidence from corporate investment efficiency. Review Quantitative Financial Accounting, 52(4), 1085–1118.
Ghalandari, K. (2012). Investigation of the effect of management skills (technical, human, and cognitive) on the productivity of human resources in Iran. World Applied Sciences Journal, 20(3), 476–480.
Ghosh, D., Huang, F., & Sun, L. (2020). Managerial ability and employee productivity. Advances in Management Accounting, 32, 101-110.
Goedhart, J., & Koller, P. (2020). Valuation: Measuring and managing the value of companies, 7th edition, Mckinsey and Company.
Guillén-Gámez, F. D., Higueras-Rodríguez, L., & Medina-García, M. (2020). Developing a regression model of cooperative learning methodology in pre-service teacher education: A sustainable path for transition to teaching profession. Sustainability, 12(6), 1-23. https://doi.org/10.3390/su12062215.
Hsu, I. (2016). Literature review on value creation and value appropriation. M.Sc Thesis, University of California, Riverside.
Huang, F., & Sun, L. (2017). Managerial ability and real earnings management. Advances in Accounting, 39, 91-10.
Idrus, S. A., Abdussakir, I., & Ahmar A. S. (2022). The contribution of managerial ability and entrepreneurial motivation on business performance with business climate as mediation variable. Iqtishoduna, 18(1), 1-16.
Jakada, A. B., & Aliyu, M. S. (2015). Impact of managerial efficiency (ME) on performance of multinational corporations (MNCs) in Nigeria. Journal of Management Sciences, 6(1), 132-144.
Jorgenson, E. (2015). Why value creation is the foundation of business: How to define it, measure it, and manage it. Retrieved from https://medium.com/evergreen-business-weekly/why-value creation-is-the-foundation-of-business-how-to-define-it-measure-it-and-manage-it- 147c92b87aca.
Kasongo, A., Sithole, M., & Buchana, Y. (2023). Empirical analysis of innovation and productivity in services firms: The case of South Africa. African Journal of Science, Technology, Innovation & Development, 15(1), 1–13. https://doi.org/10.1080/20421338.2021.2001207.
Kumar, S. & 1ebib, L. (2022). Firm performance during the Covid-19 crisis Does managerial ability matter. Finance Research Letters, 1, 63-76.
Lakshman, C., Kumra, R., & Adhikari, A. (2017). Proactive market orientation and innovation in India: The moderating role of intrafirm causal ambiguity. Journal of Management & Organization, 23(1), 116-135.
Lee, C. C., Wang, C. W., Chiu, W. C., & Tien, T. S. (2018). Managerial ability and corporate investment opportunity. International Review of Financial Analysis, 57, 65–76. https://doi.org/10.1016/j.irfa. 2018.02.007.
Leverty, I. T., & Grace, M. F. (2012). Dupes or incompetents? An examination of management's impact on firm distress. The Journal of Risk & Insurance, 79(3), 751-783.

Miles, M. (2002). The effective manager. Semi- Tough, McGraw-Hill.

Ming, X., Sarwar, B., & Naheed, R. (2019). Managerial ability and dividend payout policy during global financial crisis: Evidence from emerging market of China. Conference proceedings for ICMSS, Association for Computing Machinery, Wuhan, China. DOI: https://doi.org/10.1145/3312662.3312683.

Mishra, C.S. (2023). Managerial ability and strategic orientation. Review Management Science, 17, 1333–1363. https://doi.org/10.1007/s11846-022-00561-5.

Mohamed I. M. (2021). The impact of managerial ability on the relation between real earnings management and future firm's performance: Applied study. The International Journal of Business Ethics and Governance, 2(1),59-89.

Muo, I. Oladimeji, M. S., & Okunbanjo, O. I. (2020). Financial bootstrapping and small business growth in Lagos metropolis, Nigeria. Izvestiya Journal of Varna University Economics, 64(2) 198 - 213.

Nabila Asghar, Amira Khattak, Muhammad Hassan Danish, Ijaz Hussain Bokhari & Muhammad Waris (2023) Managerial skills, technology adaptation and firm performance: Mediating role of process innovation and product innovation, Cogent Business & Management, 10,3, 1-23. DOI: 10.1080/23311975.2023.2281485.

Naseem, M.A., Lin, J., Rehman, R., Ahmad, M.I., & Ali, R. (2020) Does capital structure mediate the link between CEO characteristics and firm performance? Management Decision 58(1), 164–181.

Nwagboa, E. (2004). Factors affecting managerial performance in multinational companies in Nigeria. Administrative Quarterly, 32(2), 271-277.

Ogunkoya, O.A. (2019). Value creation and innovation performance of Nigeria manufacturing firms. International Journal of Advanced Studies in Business Strategies and Management, 7(1), 1-11.

Okunbanjo, I. O., Adewale, O. M., & Akinsulire, O.H. (2017). Effect of entrepreneurs' character on SMEs performance in Lagos State, Nigeria. Journal of Management and Science, 7(3), 17-26.

Okwurume, C. N. (2023). Managerial skills development and organizational profitability of multinational companies in Rivers State. International Academy Journal of Management, Marketing and Entrepreneurial Studies,10(1), 16 -32. DOI: 2721425663711012.

Olubiyi, T. O1, Egwakhe, A. J2, and Egwuonwu, T. K. (2019). Managerial roles and competitive advantage: SMEs, perspective from Lagos State Nigeria. International Journal of Small Business and Entrepreneurship Research,7(3), 1-14.

Otola I., Grabowska M., Kozak M. (2021). What constitutes the value in business model for social enterprises? Polish Journal of Management Studies, 24(2), 43-59.

Palvia, A., Vähämaa, E., & Vähämaa, S. (2015). Are female CEOs and chairwomen more conservative and risk averse? Evidence from the banking industry during the financial crisis. Journal of Business Ethics,131(3), 577–594.

Park, W., & Byun, C. (2021). Effect of SME's managerial ability and executive compensation on firm. value. Sustainability, 13, 11-28. https://doi.org/10.3390/su132111828.

Pinelli, M., Lechner, C., & Kraus, S. (2021). Entrepreneurial value creation: Conceptualizing an exchange-based view of entrepreneurship. Journal of Small Business and Enterprise Development, 1(3), 53-67. DOI 10.1108/JSBED-04-2021-0155.

Popescu, L., Iancu, A., Avram, M., Avram, D., & Popescu, V. (2020). The role of managerial skills in the sustainable development of SMEs in Mehedinti County, Romania. Sustainability, 12(3), 1–16. https://doi.org/10.3390/su12031119.

Setiawan, S.Y. (2015). The impact of managerial ability towards firm market value. M.Sc Thesis, Universitas Atma Jaya Yogyakarta

Shang, C. (2021). Dare to play with fire: Managerial ability and the use of short-term debt. ournal of Corporate _x0010_inance, 70, 94-103.

Shiratina, A., Kartini, D., Mulyana, A., Helmi, A., & Suryana, Y. (2021). Implementation innovation and value creation in improving business performance Muslim fashion. International Journal of Entrepreneurship, 23(2),1 19-39.

Spivey, M. F., McMillan, J. & Jeffrey, J. (2002). Value creation and the entrepreneurial business, The Journal of Entrepreneurial Finance and Business Ventures, 7(1), 23-36.

Suryaningrum, D.H., Rahman, A. A., Meero, A.A., & Cakranegara, P. A. (2023). Mergers and acquisitions: Does performance depend on managerial ability?. Journal of Innovation and Entrepreneurship, 12(1), 1-23. https://doi.org/10.1186/s13731-023-00296-x

Thiel, P. (2018). Zero to one: Notes on startups, or how to build the future. Amazon, United Kingdom.

Ting, I.W., Tebourbi, I., Lu, W.M., & Kweh, Q.L. (2021). The effects of managerial ability on firm performance and the mediating role of capital structure: Evidence from Taiwan. Financial Innovation, 7(89), 1-23. https://doi.org/10.1186/s40854-021-00320-7.

Ursula, Y., Sullivan, R. M., & Vijaykumar, K. (2012). Value creation and firm sales performance: The mediating roles of strategic account management and relationship perception. Review of strategy, 41, 166-173.

Yung, K., & Chen, C. (2018) Managerial ability and firm risk-taking behavior. Review Quantitative Finance Accounting 51(4), 1005–1032.