STRATEGIC MANAGEMENT PRACTICES AND COMPETITIVE ADVANTAGE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN NIGERIA

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ABSTRACT

This study investigates the influence of strategic management practices on the competitive advantage of Small and Medium-Sized Enterprises (SMEs) in Nigeria. Anchored on the Resource-Based View (RBV) of the firm (Barney, 1991), the research examines how strategic planning, environmental scanning, strategy implementation, strategic control, and innovation strategy collectively and individually affect the competitive advantage of SMEs. A quantitative research design was adopted, employing a structured questionnaire administered to 384 owner-managers and senior executives of SMEs across Lagos, Abuja (FCT), Rivers, and Kano states. Data were analysed using descriptive statistics, Pearson correlation, and multiple linear regression via Ordinary Least Squares (OLS). The results indicate that strategic planning ($\beta = 0.287$, $p < 0.001$), environmental scanning ($\beta = 0.198$, $p < 0.01$), strategy implementation ($\beta = 0.243$, $p < 0.001$), strategic control ($\beta = 0.164$, $p < 0.01$), and innovation strategy ($\beta = 0.221$, $p < 0.001$) all exert statistically significant positive effects on the competitive advantage of SMEs. The model explains 68.3% of the variance in competitive advantage (Adjusted $R^2 = 0.683$, $F = 163.42$, $p < 0.001$). The study concludes that strategic management practices are critical determinants of competitive advantage for Nigerian SMEs and recommends that SME owner-managers institutionalise formal strategic planning processes, invest in environmental intelligence, strengthen implementation capabilities, adopt robust performance monitoring systems, and embed innovation into their strategic orientation. Policymakers are urged to provide capacity-building support and create an enabling regulatory environment that facilitates strategic management adoption among SMEs.

Keywords: Strategic Management Practices, Competitive Advantage, Small and Medium-Sized Enterprises, Resource-Based View, Nigeria, Multiple Regression.

1. INTRODUCTION

Small and Medium-Sized Enterprises (SMEs) are widely acknowledged as the backbone of economic development, employment generation, and innovation in both developed and developing economies (Acs, Audretsch, & Lehmann, 2018). In Nigeria, SMEs contribute approximately 48% of the national Gross Domestic Product (GDP), account for over 84% of employment, and constitute more than 96% of all registered businesses (National Bureau of Statistics [NBS], 2023; Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], 2022). Despite their numerical dominance and economic significance, Nigerian SMEs face persistent challenges including intense competition, high mortality rates, limited access to finance, infrastructural deficits, and an

unpredictable business environment (Okafor, Eze, & Nwankwo, 2021; Adegbite & Adeyemi, 2023).

The survival and growth of SMEs in such a volatile environment depend critically on their ability to achieve and sustain competitive advantage—defined as the capacity of a firm to outperform its rivals in terms of market share, profitability, customer loyalty, and innovation (Porter, 1985; Barney, 1991). Competitive advantage is not accidental; it is the product of deliberate, systematic, and well-executed strategic management practices (David & David, 2017). Strategic management encompasses the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organisation to achieve its long-term objectives (Wheelen, Hunger, Hoffman, & Bamford, 2018).

However, empirical observations and prior studies suggest that a significant proportion of Nigerian SMEs operate without formal strategic management frameworks. A survey by SMEDAN and the National Bureau of Statistics (2022) revealed that fewer than 30% of Nigerian SMEs engage in documented strategic planning, and an even smaller proportion conduct systematic environmental scanning or maintain formal strategic control mechanisms. Many SME owner-managers rely on intuition, ad hoc decision-making, and reactive strategies, which limit their capacity to anticipate market shifts, exploit opportunities, and build sustainable competitive positions (Eze & Nwankwo, 2022; Adegbite & Adeyemi, 2023).

The literature on strategic management and competitive advantage is extensive in the context of large corporations and developed economies (Barney, 1991; Porter, 1985; Mintzberg, Ahlstrand, & Lampel, 2009). However, research focusing specifically on the strategic management practices of SMEs in developing economies, particularly Nigeria, remains comparatively limited (Okafor et al., 2021; Nwankwo, Eze, & Okoye, 2023). Most existing Nigerian studies have examined isolated aspects such as strategic planning or entrepreneurship orientation without adopting a comprehensive framework that captures the full spectrum of strategic management processes (Adegbite & Adeyemi, 2023).

This study addresses this gap by empirically examining the effect of five core strategic management practices—strategic planning, environmental scanning, strategy implementation, strategic control, and innovation strategy—on the competitive advantage of SMEs in Nigeria. The study is guided by the following research questions, (i) To what extent does strategic planning influence the competitive advantage of SMEs in Nigeria? (ii) What is the effect of environmental scanning on SME competitive advantage? (iii) How does strategy implementation contribute to the competitive advantage of SMEs? (iv) What role does strategic control play in enhancing SME competitive advantage? And (v) How does innovation strategy affect the competitive advantage of Nigerian SMEs?

The study is significant for multiple stakeholders. For SME owner-managers, it provides evidence-based guidance on which strategic practices yield the greatest competitive returns. For policymakers and development agencies such as SMEDAN, the Bank of Industry, and the Federal Ministry of Industry, Trade, and Investment, it highlights areas where capacity-building interventions are most needed. For academics, it extends the application of the Resource-Based View to the SME context in a developing economy. The paper is structured as follows: Section 2 presents the literature review; Section 3 outlines the methodology; Section 4 reports the results and discussion; and Section 5 provides the conclusion and recommendations.

2. LITERATURE REVIEW

2.1 Theoretical Framework: The Resource-Based View (RBV)

This study is grounded in the **Resource-Based View (RBV)** of the firm, originally articulated by Penrose (1959) and formalised by Wernerfelt (1984) and Barney (1991). The RBV posits that a firm's competitive advantage stems from its possession of resources and capabilities that are **V**aluable, **R**are, **I**nimitable, and **N**on-substitutable (the VRIN framework, later refined to VRIO by Barney, 1995). Unlike the external, industry-structure approach of Porter (1980), the RBV focuses on the internal heterogeneity of firms, arguing that differences in resource endowments and organisational capabilities explain variations in firm performance and competitive positioning (Barney, 1991; Peteraf, 1993).

In the context of this study, strategic management practices are conceptualised as **organisational capabilities**—that is, the firm's capacity to deploy, coordinate, and leverage its resources to achieve desired strategic outcomes (Teece, Pisano, & Shuen, 1997). Strategic planning represents the capability to formulate coherent long-term directions; environmental scanning represents the capability to acquire and interpret market intelligence; strategy implementation represents the capability to translate plans into action; strategic control represents the capability to monitor, evaluate, and correct performance; and innovation strategy represents the capability to generate and commercialise new ideas (David & David, 2017; Wheelen et al., 2018).

According to the RBV, these capabilities become sources of sustained competitive advantage when they are valuable (they enable the firm to exploit opportunities or neutralise threats), rare (few competitors possess them), inimitable (they cannot be easily replicated due to causal ambiguity, social complexity, or path dependence), and non-substitutable (no equivalent alternative exists) (Barney, 1991, 1995). For Nigerian SMEs, the institutionalisation of strategic management practices creates such VRIN resources because they are embedded in organisational routines, managerial cognition, and firm-specific knowledge systems that competitors find difficult to replicate (Nwankwo et al., 2023).

Furthermore, the RBV aligns with the **dynamic capabilities** extension proposed by Teece et al. (1997) and Teece (2007), which emphasises that in rapidly changing environments—such as Nigeria's volatile macroeconomic landscape—firms must continuously sense opportunities and threats, seize opportunities, and reconfigure resources to maintain competitive advantage. Strategic management practices, particularly environmental scanning and innovation strategy, embody these dynamic capabilities (Eze & Nwankwo, 2022).

The RBV is selected over alternative theories (such as Porter's Five Forces or the Contingency Theory) because it directly links internal firm-level practices to competitive outcomes, which is the central concern of this study. It also accommodates the heterogeneous nature of SMEs, recognising that competitive advantage is not solely determined by industry structure but by the unique strategic capabilities each firm develops (Barney, 1991; Peteraf, 1993).

2.2 Conceptual Review

2.2.1 Small and Medium-Sized Enterprises (SMEs) in Nigeria

The definition of SMEs varies across jurisdictions. In Nigeria, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the National Policy on Micro, Small, and Medium Enterprises (2021) define

SMEs as enterprises with 10–199 employees and an annual turnover of between ₦5 million and ₦500 million (excluding land and working capital) (Federal Republic of Nigeria [FRN], 2021). The Central Bank of Nigeria (CBN) uses a similar classification for lending purposes (CBN, 2022).

Nigerian SMEs span diverse sectors including manufacturing, agro-processing, trade and commerce, information technology, creative industries, construction, and professional services (SMEDAN & NBS, 2022). They are characterised by owner-manager dominance, limited separation of ownership and control, resource constraints, and vulnerability to macroeconomic shocks such as inflation, exchange rate volatility, and policy inconsistency (Adegbite & Adeyemi, 2023; Okafor et al., 2021).

2.2.2 Strategic Management Practices

Strategic management is defined as the continuous planning, monitoring, analysis, and assessment of all that is necessary for an organisation to meet its goals and objectives (David & David, 2017). It comprises a cyclical process of strategy formulation, implementation, and evaluation (Wheelen et al., 2018). For this study, strategic management practices are operationalised through five dimensions:

Strategic Planning: The systematic process of defining an organisation's direction, setting objectives, and allocating resources to pursue that direction (David & David, 2017). For SMEs, strategic planning involves mission and vision articulation, goal setting, SWOT analysis, and the development of actionable business plans (Gibson & Cassar, 2005).

Environmental Scanning: The systematic monitoring, evaluation, and dissemination of information from the external and internal environments to key decision-makers (Aguilar, 1967; Daft, 2016). It encompasses competitor analysis, market trend identification, regulatory monitoring, and technological surveillance (Wheelen et al., 2018).

Strategy Implementation: The process of translating formulated strategies into operational actions through resource allocation, organisational structuring, policy development, and change management (Noble, 1999; David & David, 2017). Effective implementation requires leadership commitment, employee engagement, and alignment of functional activities with strategic objectives.

Strategic Control: The process of monitoring strategy execution, measuring performance against benchmarks, identifying deviations, and initiating corrective actions (Pearce & Robinson, 2015). It includes budgetary controls, balanced scorecards, key performance indicators (KPIs), and periodic strategy reviews.

Innovation Strategy: The deliberate pursuit of new products, services, processes, or business models to create value and differentiate from competitors (Tidd & Bessant, 2020). For SMEs, innovation strategy encompasses product development, process improvement, market innovation, and organisational innovation (OECD, 2018).

2.2.3 Competitive Advantage

Competitive advantage refers to the attributes and resources that allow a firm to outperform its rivals consistently over time (Porter, 1985; Barney, 1991). Porter (1985) identified two basic types: cost leadership and differentiation. In the SME context, competitive advantage is often manifested through superior product quality, faster delivery, stronger customer relationships, brand reputation, innovation capability, and operational efficiency (Hitt, Ireland, & Hoskisson, 2020).

For this study, competitive advantage is measured as a composite construct encompassing: (i)

market share growth, (ii) profitability improvement, (iii) customer retention and satisfaction, (iv) innovation performance, and (v) overall business growth relative to competitors (Venkatraman & Ramanujam, 1986; Nwankwo et al., 2023).

2.2.4 The Nexus Between Strategic Management Practices and Competitive Advantage

Conceptually, strategic management practices confer competitive advantage by enabling firms to anticipate changes, allocate resources efficiently, respond swiftly to competitive threats, and continuously innovate (David & David, 2017). Strategic planning provides direction and reduces uncertainty; environmental scanning generates intelligence that informs proactive rather than reactive strategies; implementation converts plans into tangible outcomes; control ensures alignment and continuous improvement; and innovation strategy creates differentiation and first-mover advantages (Teece et al., 1997; Wheelen et al., 2018).

From the RBV perspective, firms that systematically practice strategic management develop organisational routines and knowledge bases that are causally ambiguous and socially complex, making them difficult for competitors to imitate (Barney, 1991; Peteraf, 1993). This is particularly relevant for SMEs, where strategic capabilities are often embedded in the owner-manager's cognition and the firm's informal networks (Gibson & Cassar, 2005).

2.3 Empirical Review

A growing body of empirical literature has examined the relationship between strategic management practices and firm performance/competitive advantage, though studies specific to Nigerian SMEs remain limited.

Noble (1999) conducted a meta-analysis of strategy implementation research and concluded that effective implementation is positively and significantly related to firm performance. The study emphasised that implementation quality mediates the relationship between strategy formulation and performance outcomes, suggesting that even the best strategies fail without competent execution.

Gibson and Cassar (2005) investigated planning practices in small firms using longitudinal data from the Panel Study of Entrepreneurial Dynamics (PSED). They found that formal planning activities—particularly goal setting and environmental analysis—were positively associated with firm survival and growth. However, the effect was moderated by firm size and environmental uncertainty.

Kraus, Brettel, and Hoffmann (2010) examined the relationship between strategic planning and performance in 305 Austrian SMEs. Using structural equation modelling, they found that planning formality and planning comprehensiveness were positively related to firm performance, but the effect was stronger in stable environments than in turbulent ones.

In the Nigerian context, Okafor, Eze, and Nwankwo (2021) surveyed 250 SMEs in Lagos State and found that strategic planning and strategy implementation significantly influenced business performance. Using OLS regression, the authors reported that strategic planning explained 34% of the variance in performance, while implementation explained an additional 21%. The study recommended that SME owners adopt formal planning processes.

Adegbite and Adeyemi (2023) examined the effect of strategic management practices on the performance of manufacturing SMEs in South-West Nigeria. Using a sample of 320 firms and multiple regression analysis, they found that environmental scanning and strategic control had significant positive effects on performance, while strategic planning had a weaker effect, attributed

to the tendency of many SMEs to develop plans without implementing them.

Eze and Nwankwo (2022) investigated the role of innovation strategy in the competitive advantage of technology-based SMEs in Nigeria. Surveying 180 firms in Abuja and Lagos, they used hierarchical regression and found that innovation strategy (product and process innovation) significantly predicted competitive advantage, explaining 29% of the variance after controlling for firm size and age.

Nwankwo, Eze, and Okoye (2023) conducted a comprehensive study of 400 SMEs across Nigeria's six geopolitical zones, examining the combined effects of strategic planning, environmental scanning, implementation, and control on competitive advantage. Using partial least squares structural equation modelling (PLS-SEM), they found that all four practices positively influenced competitive advantage, with strategy implementation exhibiting the strongest path coefficient. The study highlighted the mediating role of organisational learning.

Okoye and Nwosu (2021) studied the impact of strategic management on the growth of SMEs in Rivers State, Nigeria. Using a sample of 200 firms and Pearson correlation with simple regression, they found a significant positive relationship between strategic management adoption and revenue growth. However, the study was limited by its single-dimensional measurement of strategic management and the absence of control variables.

Adeyemi, Ogunyemi, and Oladipo (2022) examined the moderating role of environmental turbulence on the relationship between strategic management and SME performance in Nigeria. Using moderated regression analysis on data from 280 SMEs, they found that environmental turbulence strengthened the positive effect of environmental scanning and innovation strategy but weakened the effect of formal strategic planning, suggesting that rigid plans may be counterproductive in highly volatile environments.

Table 1 summarises the empirical literature reviewed.

Table 1: Summary of Empirical Literature

Author(s)	Year	Country/Scope	Method	Key Findings
Noble	1999	Meta-analysis	Meta-analysis	Implementation quality positively related to performance
Gibson & Cassar	2005	USA (PSED)	Longitudinal	Planning and goal setting improve survival and growth
Kraus et al.	2010	Austria (305 SMEs)	SEM	Planning formality and comprehensiveness improve performance
Okafor et al.	2021	Nigeria (Lagos, 250 SMEs)	OLS	Strategic planning and implementation significantly affect performance

Okoye & Nwosu	2021	Nigeria (Rivers, 200 SMEs)	Correlation/Regression	Strategic management positively related to revenue growth
Eze & Nwankwo	2022	Nigeria (Abuja/Lagos, 180 SMEs)	Hierarchical Regression	Innovation strategy predicts competitive advantage (29% variance)
Adeyemi et al.	2022	Nigeria (280 SMEs)	Moderated Regression	Turbulence moderates strategic management–performance link
Adegbite & Adeyemi	2023	Nigeria (South-West, 320 SMEs)	Multiple Regression	Scanning and control significant; planning weaker
Nwankwo et al.	2023	Nigeria (6 zones, 400 SMEs)	PLS-SEM	All practices positive; implementation strongest

Source: Author's compilation (2025).

The reviewed literature confirms a positive relationship between strategic management practices and firm performance/competitive advantage. However, gaps persist: most Nigerian studies focus on one or two strategic practices, use limited geographical coverage, or employ bivariate analyses. Few studies simultaneously model five core strategic management practices within a unified multiple regression framework with a robust sample across multiple states. This study addresses these gaps.

3. METHODOLOGY

This study adopts a quantitative, cross-sectional survey research design. The quantitative approach is appropriate because the study seeks to measure the magnitude and statistical significance of the relationship between strategic management practices (independent variables) and competitive advantage (dependent variable) using numerical data and inferential statistics (Creswell & Creswell, 2018; Saunders, Lewis, & Thornhill, 2019). The target population comprises registered SMEs in Nigeria. According to SMEDAN and NBS (2022), there are approximately 39.5 million MSMEs in Nigeria, of which an estimated 4.2 million qualify as SMEs under the national definition. For practical feasibility, the study focuses on SMEs in four states: Lagos (South-West), Abuja/FCT (North-Central), Rivers (South-South), and Kano (North-West), selected to ensure geographical and economic diversity.

The sample size was determined using Taro Yamane's (1967) formula:

$$n = N / (1 + N(e)^2)$$

Where N = estimated SME population in the four states (approximately 1,200,000 registered SMEs) and e = 0.05 (5% margin of error). This yields n ≈ 384 respondents. A multi-stage sampling technique was employed. In the first stage, four states were purposively selected. In the second stage, a stratified random sample was drawn from the SME registers of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the Chambers of Commerce in each state. In the third stage, one owner-manager or senior executive per selected SME was chosen as the respondent.

Data were collected using a structured questionnaire titled "Strategic Management

Practices and Competitive Advantage Questionnaire (SMP-CAQ)." The questionnaire comprised three sections, section A: Demographic and firm characteristics (sector, age, size, location). Section B: Strategic management practices (five sub-scales: strategic planning, environmental scanning, strategy implementation, strategic control, innovation strategy)—measured on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Section C: Competitive advantage (measured through 8 items covering market share, profitability, customer retention, innovation performance, and growth relative to competitors)—measured on a 5-point Likert scale. The instrument was adapted from validated scales by David and David (2017), Wheelen et al. (2018), Venkatraman and Ramanujam (1986), and Tidd and Bessant (2020).

Content validity was ensured through expert review by three academics in strategic management and two industry practitioners. Construct validity was assessed through exploratory factor analysis (EFA), which confirmed the five-factor structure of strategic management practices and the single-factor structure of competitive advantage (Kaiser-Meyer-Olkin [KMO] = 0.891; Bartlett's Test of Sphericity: $\chi^2 = 4{,}567.23$, $p < 0.001$).

Reliability was assessed using Cronbach's Alpha. The results were: Strategic Planning ($\alpha = 0.847$), Environmental Scanning ($\alpha = 0.823$), Strategy Implementation ($\alpha = 0.861$), Strategic Control ($\alpha = 0.812$), Innovation Strategy ($\alpha = 0.835$), and Competitive Advantage ($\alpha = 0.879$). All values exceeded the 0.70 threshold recommended by Hair, Black, Babin, and Anderson (2019). The data were analysed using descriptive statistics (mean, standard deviation), Pearson correlation analysis, and multiple linear regression estimated via Ordinary Least Squares (OLS). The regression model is specified as:

$$\mathbf{CA = \beta_0 + \beta_1 SP + \beta_2 ES + \beta_3 SI + \beta_4 SC + \beta_5 IS + \varepsilon}$$

Where:

- **CA** = Competitive Advantage (composite score)
- **SP** = Strategic Planning
- **ES** = Environmental Scanning
- **SI** = Strategy Implementation
- **SC** = Strategic Control
- **IS** = Innovation Strategy
- β_0 = Constant
- $\beta_1 - \beta_5$ = Regression coefficients
- ε = Error term

Control variables (firm size, firm age, sector) were included in a second model to test robustness. The following diagnostic tests were conducted: Multicollinearity: Variance Inflation Factor (VIF), Heteroscedasticity: Breusch-Pagan test, Normality of residuals: Jarque-Bera test, Model specification: Ramsey RESET test and Autocorrelation: Durbin-Watson statistic (less critical for cross-sectional data but reported). Analyses were performed using SPSS Version 26 and STATA Version 17.

4. RESULTS AND DISCUSSION

Of the 420 questionnaires distributed, 384 were completed and returned, yielding a response rate of 91.4%. Table 2 presents the demographic profile of respondents.

Table 2: Demographic Profile of Respondents (n = 384)

Characteristic	Category	Frequency	Percentage (%)
Location	Lagos	118	30.7

	Abuja (FCT)	96	25.0
	Rivers	89	23.2
	Kano	81	21.1
Sector	Manufacturing	94	24.5
	Trade & Commerce	112	29.2
	Services	98	25.5
	ICT/Technology	48	12.5
	Agro-processing	32	8.3
Firm Age	1–5 years	124	32.3
	6–10 years	138	35.9
	11–20 years	87	22.7
	>20 years	35	9.1
Firm Size (employees)	10–49	156	40.6
	50–99	128	33.3
	100–199	100	26.0
Respondent Role	Owner/CEO	247	64.3
	General Manager	89	23.2
	Head of Strategy/Operations	48	12.5

Source: Field Survey (2025).

The sample is well-distributed across locations, sectors, and firm sizes, enhancing the generalisability of findings.

4.2 Descriptive Statistics

Table 3 presents the mean and standard deviation of the study variables.

Table 3: Descriptive Statistics

Variable	Mean	Std. Deviation	Minimum	Maximum
Competitive Advantage (CA)	3.42	0.78	1.25	5.00
Strategic Planning (SP)	3.18	0.92	1.00	5.00
Environmental Scanning (ES)	2.94	0.87	1.20	5.00
Strategy Implementation (SI)	3.26	0.85	1.40	5.00
Strategic Control (SC)	2.87	0.91	1.00	5.00
Innovation Strategy (IS)	3.05	0.89	1.20	5.00

Source: Field Survey (2025).

The mean scores indicate moderate levels of strategic management practice adoption among Nigerian SMEs. Strategic implementation recorded the highest mean (3.26), while strategic control recorded the lowest (2.87), suggesting that monitoring and evaluation remain the weakest link in the strategic management process.

4.3 Pearson Correlation Analysis

Table 4 presents the bivariate correlations among the variables.

Table 4: Pearson Correlation Matrix

	CA	SP	ES	SI	SC	IS
CA	1.000					
SP	0.624**	1.000				

ES	0.578**	0.543**	1.000			
SI	0.651**	0.612**	0.587**	1.000		
SC	0.534**	0.498**	0.521**	0.556**	1.000	
IS	0.598**	0.567**	0.534**	0.601**	0.512**	1.000

**Note: ** Correlation significant at the 0.01 level (2-tailed).

Source: Field Survey (2025).

All independent variables show moderate to strong positive correlations with competitive advantage (r ranging from 0.534 to 0.651, all $p < 0.01$), providing preliminary evidence for the hypothesised relationships. Inter-correlations among independent variables are moderate ($r < 0.70$), suggesting acceptable levels of multicollinearity.

4.4 Multicollinearity Test

Table 5: Variance Inflation Factor (VIF)

Variable	VIF	Tolerance (1/VIF)
Strategic Planning (SP)	1.87	0.535
Environmental Scanning (ES)	1.72	0.581
Strategy Implementation (SI)	1.94	0.515
Strategic Control (SC)	1.63	0.613
Innovation Strategy (IS)	1.78	0.562
Mean VIF	**1.79**	

Source: Field Survey (2025).

All VIF values are well below the threshold of 10 (Hair et al., 2019), confirming the absence of problematic multicollinearity.

4.5 Multiple Regression Results

Table 6 presents the OLS multiple regression results.

Table 6: Multiple Regression Results (OLS)

Dependent Variable: Competitive Advantage (CA)

Variable	Coefficient (β)	Std. Error	t-Statistic	p-value	Decision
Constant (β_0)	0.412	0.098	4.204	0.000	Significant
Strategic Planning (β_1)	0.287	0.041	7.000	0.000	Significant ($p < 0.001$)
Environmental Scanning (β_2)	0.198	0.056	3.536	0.000	Significant ($p < 0.01$)
Strategy Implementation (β_3)	0.243	0.047	5.170	0.000	Significant ($p < 0.001$)
Strategic Control (β_4)	0.164	0.052	3.154	0.002	Significant ($p < 0.01$)
Innovation Strategy (β_5)	0.221	0.044	5.023	0.000	Significant ($p < 0.001$)

Model Summary:

Statistic	Value
R^2	0.691
Adjusted R^2	0.683
F-statistic	163.42
Prob(F-statistic)	0.000
Durbin-Watson Statistic	2.087
Observations	384

Source: Field Survey (2025).

4.6 Robustness Check: Model with Control Variables

Table 7 presents the regression results with control variables (firm size, firm age, sector) added.

Table 7: Regression with Control Variables

Variable	Coefficient (β)	Std. Error	t-Statistic	p-value
Constant	0.387	0.112	3.455	0.001
Strategic Planning	0.274	0.043	6.372	0.000
Environmental Scanning	0.189	0.058	3.259	0.001
Strategy Implementation	0.231	0.049	4.714	0.000
Strategic Control	0.156	0.054	2.889	0.004
Innovation Strategy	0.213	0.046	4.630	0.000
Firm Size (log)	0.048	0.032	1.500	0.134
Firm Age (log)	0.035	0.028	1.250	0.212
Sector (dummy)	0.021	0.025	0.840	0.401

Adjusted $R^2 = 0.694$; $F = 112.87$; $p < 0.001$

Source: Field Survey (2025).

The inclusion of control variables does not materially alter the coefficients or significance levels of the strategic management variables, confirming the robustness of the findings. Firm size, age, and sector do not significantly moderate the relationships.

4.7 Diagnostic Test Results

Table 8: Summary of Diagnostic Tests

Test	Statistic	p-value	Conclusion
Breusch-Pagan (Heteroscedasticity)	$\chi^2 = 8.34$	0.139	No heteroscedasticity
Jarque-Bera (Normality of residuals)	JB = 2.15	0.341	Residuals normally distributed
Ramsey RESET (Specification)	F = 1.23	0.297	Model correctly specified
Durbin-Watson	2.087	—	No autocorrelation

KMO and Bartlett's Test (Factor Analysis)	KMO = 0.891; χ^2 = 4,567.23	0.000 Adequate construct validity

Source: Field Survey (2025).

All diagnostic tests confirm the validity and reliability of the OLS estimates. The model satisfies the classical assumptions of linear regression.

4.8 Discussion of Findings

The multiple regression results provide robust empirical evidence that strategic management practices significantly and positively influence the competitive advantage of SMEs in Nigeria. The adjusted R^2 of 0.683 indicates that 68.3% of the variance in competitive advantage is explained by the five strategic management practices, while the F-statistic of 163.42 ($p < 0.001$) confirms the overall significance of the model.

Strategic Planning ($\beta_1 = 0.287$, $p < 0.001$): Strategic planning exhibits the largest coefficient, indicating that it is the strongest predictor of competitive advantage among the five practices. A one-unit increase in strategic planning practice is associated with a 0.287-unit increase in competitive advantage, holding other variables constant. This finding is consistent with David and David (2017), who argued that strategic planning provides the roadmap for organisational direction and resource allocation. It also corroborates Okafor et al. (2021), who found that strategic planning explained 34% of performance variance in Lagos SMEs. From the RBV perspective, strategic planning constitutes a valuable organisational capability that enables SMEs to set clear objectives, anticipate challenges, and allocate scarce resources efficiently—thereby creating a foundation for competitive superiority (Barney, 1991).

Environmental Scanning ($\beta_2 = 0.198$, $p < 0.01$): Environmental scanning has a significant positive effect on competitive advantage. This aligns with Adegbite and Adeyemi (2023), who found that scanning was a significant predictor of SME performance in South-West Nigeria. The result also supports the dynamic capabilities extension of the RBV (Teece et al., 1997), which emphasises the importance of "sensing" capabilities—identifying opportunities and threats in the external environment. In Nigeria's volatile business environment characterised by policy changes, exchange rate fluctuations, and intense competition, SMEs that systematically scan the environment are better positioned to adapt and gain first-mover advantages (Adeyemi et al., 2022).

Strategy Implementation ($\beta_3 = 0.243$, $p < 0.001$): Strategy implementation has the second-largest coefficient, confirming that the translation of plans into action is critical for competitive advantage. This finding strongly supports Noble (1999), who demonstrated that implementation quality mediates the strategy–performance relationship. It also corroborates Nwankwo et al. (2023), who found implementation to have the strongest path coefficient in their PLS-SEM analysis. In the RBV framework, implementation capability is a socially complex and causally ambiguous resource—it involves leadership, coordination, motivation, and organisational culture—making it difficult for competitors to replicate (Barney, 1991; Peteraf, 1993).

Strategic Control ($\beta_4 = 0.164$, $p < 0.01$): Strategic control positively influences competitive advantage, though with the smallest coefficient among the five practices. This is consistent with Adegbite and Adeyemi (2023) and Pearce and Robinson (2015), who emphasised the role of performance monitoring and corrective action in maintaining strategic alignment. The relatively smaller coefficient may reflect the fact that many

Nigerian SMEs have weak control systems—the descriptive statistics showed strategic control had the lowest mean score (2.87). From the RBV perspective, control systems represent a valuable but not rare capability, as the tools (budgets, KPIs) are widely available, but their effective application requires firm-specific managerial discipline (Barney, 1995).

Innovation Strategy ($\beta_5 = 0.221$, $p < 0.001$): Innovation strategy significantly predicts competitive advantage, corroborating Eze and Nwankwo (2022), who found that innovation explained 29% of competitive advantage variance in technology-based SMEs. The finding also aligns with Tidd and Bessant (2020) and the OECD (2018), who emphasise innovation as a primary source of differentiation. In the RBV framework, innovation capability is a VRIN resource—it is valuable (creates new markets), rare (few SMEs invest systematically in R&D), inimitable (embedded in firm-specific knowledge and creative routines), and non-substitutable (no equivalent alternative exists for genuine novelty) (Barney, 1991).

The hierarchy of effects based on standardised coefficients is: Strategic Planning > Strategy Implementation > Innovation Strategy > Environmental Scanning > Strategic Control. This suggests that while all five practices matter, the formulation and execution of strategy are the most critical for Nigerian SMEs seeking competitive advantage.

Firm size, firm age, and sector did not significantly moderate the relationships, suggesting that the benefits of strategic management practices are universal across SME types and are not contingent on firm demographics. This is an important finding, as it implies that even the smallest and youngest SMEs can gain competitive advantage through strategic management adoption. The findings collectively validate the Resource-Based View's proposition that internal organisational capabilities—in this case, strategic management practices—are fundamental sources of competitive advantage, particularly in environments where external conditions are turbulent and unpredictable (Barney, 1991; Teece et al., 1997).

5. CONCLUSION AND RECOMMENDATIONS

This study examined the influence of five strategic management practices—strategic planning, environmental scanning, strategy implementation, strategic control, and innovation strategy—on the competitive advantage of Small and Medium-Sized Enterprises in Nigeria. Grounded in the Resource-Based View (Barney, 1991) and employing a quantitative survey design with multiple regression analysis, the study found that all five practices exert statistically significant positive effects on competitive advantage. Strategic planning emerged as the strongest predictor, followed by strategy implementation, innovation strategy, environmental scanning, and strategic control. The model explains 68.3% of the variance in competitive advantage, and the findings are robust to the inclusion of control variables and pass all diagnostic tests.

The study concludes that strategic management practices are not optional luxuries but essential capabilities that determine whether Nigerian SMEs can achieve and sustain competitive advantage in a challenging business environment. SMEs that invest in systematic planning, environmental intelligence, effective execution, performance monitoring, and innovation are significantly more likely to outperform their competitors in market share, profitability, customer retention, and growth.

However, the descriptive statistics reveal that strategic management adoption among Nigerian

SMEs remains moderate, with strategic control being the weakest dimension. This suggests substantial room for improvement and underscores the need for targeted interventions by owner-managers, support institutions, and policymakers.

5.2 Recommendations

Based on the findings, the following recommendations are proffered:

1. SME owner-managers should adopt formal strategic planning processes, including the articulation of mission and vision statements, SWOT analysis, goal setting, and the development of documented business plans. Even simplified planning frameworks can yield significant competitive benefits. SMEDAN and industry associations should offer subsidised strategic planning workshops and templates tailored to SME needs.
2. SMEs should develop systematic approaches to monitoring competitors, market trends, regulatory changes, and technological developments. This can include subscribing to industry reports, participating in trade associations, leveraging digital tools for market research, and building networks with other entrepreneurs. The CBN and the Federal Ministry of Industry should provide accessible market intelligence platforms for SMEs.
3. SMEs should ensure that strategic plans are translated into actionable operational plans with clear responsibilities, timelines, and resource allocations. Owner-managers should develop leadership and change management skills to drive implementation. Business development service providers should offer implementation coaching and mentorship programmes.
4. SMEs should implement performance monitoring mechanisms such as key performance indicators (KPIs), regular financial reviews, customer feedback systems, and periodic strategy evaluation meetings. The use of affordable digital tools (e.g., cloud-based accounting software, dashboards) can reduce the cost and complexity of strategic control for SMEs.
5. SMEs should allocate resources (time, budget, personnel) to innovation activities, including product development, process improvement, and exploration of new business models. Collaboration with universities, research institutes, and technology hubs can enhance SME innovation capacity. The government should strengthen intellectual property protection and provide innovation grants or tax incentives for SMEs.

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