

Effect of managerial capabilities on corporate performance of SMEs in the agricultural sector: A study of Delta State, Nigeria

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ABSTRACT: This study examines the effect of managerial capabilities on the corporate performance of small and medium enterprises in the agricultural sector of Delta State, Nigeria. A survey research design technique was employed using primary data collected through structured a questionnaire from a sample of three hundred and seventy-two (372) respondents out of 384 administered questionnaires. The study adopted econometric techniques of Multiple Regression Analysis to test the research hypothesis using Statistical Package for Social Sciences (SPSS version 25). The study revealed that managerial capabilities significantly impact return on assets a proxy for the corporate performance of SMEs in the agricultural sector. Based on these findings, the study recommends that stakeholders in small and medium enterprises should improve their managerial capabilities by improving strategic planning, strategic implementation, operational internal control efficiency and managerial skills through the necessary training and effective coordination of internal control systems focusing on all organisation resources, communication and interpretation of the financial statement in order to improve corporate performance of small and medium enterprises in the agricultural sector.

Keywords: Corporate performance of SMEs, managerial capabilities, managerial skills, operational internal control efficiency.

INTRODUCTION

The corporate performance of a firm relates to its ability to determine its gain or loss, effectiveness or ineffectiveness, and efficiencies or inefficiencies. Performance measurement is very important for the firm's effective management. It serves as an organization's control ability to measure deviation from set goals. However, the corporate performance of every organization whether in the public or private sector depends on several factors among these factors is managerial capabilities. Managerial capabilities refer to the capacity of managers to run organizations and to make and implement strategic and operational decisions, through an impact on and coordination of other firm resources, inputs and capabilities (Hugill and Helfat, 2016).

The skills and abilities that allow managers to run an organization, make decisions, and coordinate other resources are embedded in managerial capabilities.

Managerial capabilities can affect both the internal and external environment of any public or private organization. It is worth noting that managerial capabilities are important for enhancing firm performance and creating a competitive advantage, the dynamic of managerial capabilities is the ability of managers to create, extend, or modify how an organization operates. These capabilities can help managers refresh and transform a firm's resources to maintain and develop its competitive advantage. The dynamic managerial capabilities components are derived from managerial human capital, managerial social capital, and managerial cognition. Its functions involve sensing, seizing, and reconfiguring a firm's resources and capabilities.

However, it could be said that the lack of managerial capabilities of small and medium scale enterprises (SMEs) in the agricultural sector in Nigeria makes it difficult for

SMEs to compete favourably globally. Again, managerial capability as it relates to strategic implementation, operational decisions, operational efficiency, the internal control mechanism of SMEs and managerial skill has created a milestone setback for SMEs in the agricultural sector in Nigeria making the performance of the sector adjudged low in terms of rate of success measured in relations to return on asset. According to Aamir *et al.* (2021) lack of managerial capability in terms of in-built skills of managers, environmental factors and structural defects contribute to inefficiencies in the performance of business entities in developing economies.

Furthermore, according to Wang (2021), the under-performance of SMEs in all emerging economies has been traceable to poor managerial capability in relation to management characterises especially, in the Nigerian agricultural sector (Aderibigbe and Nwafor, 2018). More so, a study by Saunila (2014) has shown that variations in the performance of SMEs in different countries can be traced to different levels of managerial capabilities, economic development, income levels, educational awareness and technology.

The foregoing suggests that there is a link between managerial capabilities and corporate performance. However, the extent of the nexus between managerial capabilities and corporate performance of SMEs in the agricultural sector has not been established. This array of problems bedevilling the agricultural sector since the inception of oil exploration and exportation has led to the Nigerian government neglecting the sector and tradeoff for the crude oil sector. Therefore, it is very important to determine the effect of managerial capabilities on the corporate performance of SMEs in the agricultural sector in Delta State Nigeria.

Statement of the problem

SMEs in the agriculture sector play a central role in the economy, combined with its importance for the development of SMEs, food security and employment generation making the sector a prominent focus for policy in developing countries (Stefan and Douglas, 2014, Food and Agricultural Organization, 2022). Consequently, its performance depends on several factors notably managerial capabilities, the inability of SMEs to be well equipped in managerial capabilities has resulted in low and poor corporate performance in terms of SMEs' low, return on assets, low profit, SMEs output, SMEs employment generation, SMEs export earnings among other. However, little or none is known about how managerial capabilities in relation to strategic planning, budgeting skills, and operational and internal control efficiency as well as managerial skills have affected the corporate performance of SMEs in the agriculture sector as a result of multifaceted challenges confronting this sector. From the empirical literature reviewed, for instance;

studies like those of Ting *et al.* (2021), Zulfiqar *et al.* (2019), Andreou *et al.* (2013) and Aamir *et al.* (2021), it can be concluded that there is inconclusiveness and exist mixed outcomes or inconsistency in the literature with regards to the effect of managerial capabilities on corporate performance of SMEs. While some studies reported positive and significant relationships, others reported negative and insignificant relationships. This implies that the impact and direction of this relationship are still unclear and hence, the study intends to add more clarity. This study intends to focus on how managerial capabilities via strategic planning, strategic implementation, operational internal control efficiency and managerial skills affect the corporate performance of SMEs in the agricultural sector in terms of successful return on assets measured by profit after tax. Therefore, the main objective of this study is to examine the effect of managerial capability on the corporate performance of SMEs in the agricultural sector in Delta State Nigeria. Thus, the following hypotheses guided the study.

H₀₁: Strategic planning, has no significant effect on the corporate performance of SMES in the agricultural sector in Delta State, Nigeria.

H₀₂: Strategic implementation has no significant effect on the corporate performance of SMES in the agricultural sector in Delta State, Nigeria.

H₀₃: Operational internal control efficiency does not have a significant effect on the corporate performance of SMES in the agricultural sector in Delta State, Nigeria.

H₀₄: Managerial skills have no significant effect on the corporate performance of SMES in the agricultural sector in Delta State, Nigeria.

LITERATURE REVIEW

Conceptually, according to Adeneye (2024), performance of a firm relates to its ability to determine its gain or loss, effectiveness or ineffectiveness, and efficiencies or inefficiencies. The performance serves as an organization control ability to measure deviation from set goals (Adeneye and Anuolam, 2022). Performance is conceived to be the ability to perform successfully, profitably, survive, grow, and respond to environmental opportunities and threats respectively (Rennox, 2017). Performance is also seen as the measure of the financial health of the organization like a domain of an economy and shows the performance of the executive leadership of a company, the higher the performance of the company or an economy, the more effective and efficient the company is using its resources and later contributes at the macro level in a country's economy (Wanjohi *et al.*, 2017).

Also, managerial characteristics or managerial competencies is the ability of managers to effectively manage resources (Manxhari *et al.*, 2017). Managerial capabilities refer to the capacity of managers to run organizations and

to make and implement strategic and operational decisions, through an impact on and coordination of other firm resources, inputs and capabilities (Hugill and Helfat, 2016). In the same vein, according to Sarokin (2019), a small scale enterprise is one marked by a limited number of employees and a limited flow of finances and materials. Kehinde *et al.*, (2016) defined small scale business enterprises in terms of annual sales, asset valuation, net profit, balance sheet totals and the size of the business including the number of employees available in the business. In Nigeria, the Third National Development Plan defined a small scale business as a manufacturing establishment which employs not more than ten people, or whose investment in machinery and equipment does not exceed six hundred thousand naira. According to Obi (2015), small scale enterprise is a business in which its owner influences the entire decision-making process and the business has a relatively small market share and low capital requirement for its operation. A small scale enterprise has also been described as a small business in which the manager personally performs all the functions of management.

Theoretically, several theories have related managerial capabilities to the performance of SMEs among such theories are resource-based theory (RBT); knowledge-based view (KBV) and dynamic capability theory (DCT). This study considered the aforementioned theories relevant, and thus anchored on them. These theories are reviewed as follows.

Resource-based theory by Penrose (1959) considers recombining resources to ensure firm growth, while, Barney (1991) emphasizes exploiting resources that meet VRIN (valuable, rare, inimitable and non-substitutable) criteria to achieve competitive advantage and coined this strategy as 'resource-based theory (RBT; Wach, 2020). According to RBT, firm-specific resources can be categorized as resources that serve as the foundation of a firm's competencies and competitive advantage. The resources can be classified as tangible and intangible. According to (Kamasak, 2017) and (Samuel & Mole, 2018); the intangible resources being inaccessible in the factor markets and relatively inimitable due to their uniqueness, causal ambiguity and social complexity significantly influence the firm's success and as a competitive advantage will ensure superior profits for the firms. The RBT helps identify the basis by which the resources and capabilities of a firm serve as sources of sustained competitive advantage (Barney, 1991; Wernerfelt, 1984 cited in Hafiz *et al.* 2021). RBT deals with the business environment through the lens of the firm's internal environment. Hence the theory often substitutes Porter's five force model. When a firm's abilities yield a competitive advantage, it will add value to customers, introduce new products, or expand market share. RBT also confirms that not all internal resources will be considered strategic and cause competitive advantage.

Knowledge-based view (KBV) and knowledge-based

theory (KBT; Grant, 1996) are the extensions of RBT, which stresses that tacit knowledge is the most strategically significant, unique and non-depreciable. According to Naheed and Isa (2019), this knowledge is embedded and carried through organizational culture, identity, policies, routines, documents, systems and employees. RBT considers knowledge as a generic resource that aims to provide a competitive advantage, together with other resources (Barney, 1991; Penrose, 1959), but KBT considers knowledge-based resources as being hard to imitate, socially complex, immobile and heterogeneous, providing significant determinants of sustained competitive advantage (Grant, 1996). KBT consists primarily of intangible and immobile resources.

The dynamic capability theory (DCT) extends RBT. Given that the resources are static, as demonstrated in RBT, Teece (2019) advocates in DCT that the dynamic capabilities help the firms meaningfully adjust their resource base to fill the shortcomings of RBT, in contrast with ordinary capability involving routine and practices (Hafiz *et al.*, 2021). Nevertheless, this adjustment requires managerial sensing or recognizing external opportunities, seizing or capturing the possibilities and adopting necessary adjustments reflecting environmental needs, which can be leveraged by a small number of firms (Teece, 2019). The DCT can be categorized as (a) Sensing: identifying and developing technological opportunities matched with customer needs; (b) Seizing: mobilizing resources to explore opportunities and generate value; and (c) Transforming: renewing it continuously (Teece, 2019).

Empirically, elsewhere several studies have been carried out to establish the nexus between managerial capabilities and performance of SMEs in various sectors. However, these studies were carried out in different geographical locations thus, produced mixed outcomes suggesting inconclusiveness on the nexus between managerial capabilities and performance of SMEs. For instance; Alshaar *et al.* (2024) examines the relationship between managerial ability, earnings quality, and future performance of non-financial companies listed on the Amman Stock Exchange (ASE). Based on a sample of data extracted from annual financial reports issued during the period 2002–2015, a panel-corrected standard error model (PCSE) is used to test the study hypotheses. The results indicate that there is a positive relationship between the managerial ability of executives and the quality of earnings. The study also shows a positive relationship between the managerial ability of executives and future performance. Moreover, the results confirm the inverse relationship between the quality of earnings and future performance in companies whose executives have high abilities.

Alaka and Okogua (2023) examined the effects of entrepreneurial orientation and managerial skills on small and medium enterprises' performance in Lagos State using survey research design and multiple regression

analysis to analyse the primary data sourced. The results show that entrepreneurial orientation practices have a positive and significant effect on profitability. However, management skills have a positive but not significant influence on the profitability of the selected SMEs.

Padi and Musah (2022) conducted a study on the influence of corporate governance practices on the financial performance of small and medium-sized enterprises in Ghana. The main instrument for the collection of the data was a questionnaire. The dataset was analysed using descriptive analytical tools, as well as multiple regression techniques to answer the research questions. The result shows that the size of the advisory board, the composition of the board, managerial competencies, and financial disclosure and transparency, were positively correlated with SME performance in Ghana. The study also concludes that corporate governance practices of SMEs have a significant impact on financial performance of SMEs.

Aamir *et al.* (2021) examined the nexus between managerial ability and firm performance in Pakistan. The study employed cross-sectional pool data. Regression analysis was conducted to analyse the data. The study concluded that able managers enhance firm value, and the effects are stronger in financially constrained firms.

Ting *et al.* (2021) consider the effects of managerial ability on firm performance and the mediating role of capital structure, focusing on evidence from Taiwan using a dataset consisting of 6,384 firm-year observations from the electronic industry between 2005 to 2018. The inferential results indicate that Low levels of debt are more likely to be observed in firms with CEOs with high managerial ability; while high levels of debt are likely observed in firms with CEOs with low managerial ability. Secondly, Managerial ability is indicated to have a positive effect on firm performance. Thirdly, capital structure mediates the positive relationship between managerial ability and firm performance. Generally, the study highlights the need for examining the effects of managerial ability on firm performance through a mediator.

Balogun (2020) examined the influence of managerial skills of managers on the performance of corporate organizations in Nigeria. The study examines whether effective managerial skills of managers will lead to an increase in the performance of corporate organizations. The findings of the study include that effective managerial skills in organizations will lead to an increase in the performance of employees. The paper concludes that effective and efficient managerial skills of managers are a prerequisite for increased performance in corporate organisations.

Zulfiqar *et al.* (2019) examined the relationships between managerial capability and operational capability to infuse organizational innovation in SMEs. Managerial capability was conceptualized by considering decision-making, management style, and people development, and operational capability by process management, and performance management under the umbrella of RBVT,

dynamic and organizational capability perspective. Partial least squares structural equation modelling (PLS-SEM) was employed to test the study hypotheses by determining the significance of the relationships between managerial and operational capabilities. The study findings indicate strong and significant relationships between the variables among themselves and both with innovation.

Andreou *et al.* (2013) studied the impact of managerial ability on crisis-period corporate investment. This was achieved by evaluating managerial ability and firm performance from evidence of the global financial crisis of 2008. The findings of the study indicate that there is a strong relationship between pre-crisis managerial ability and capital expenditure during the crisis period. The study suggests that high managerial capabilities help to mitigate under-investment during a crisis period, which in turn increases firm value.

Olowu and Aliyu (2015) examined the impact of managerial skills on small scale business performance and growth in Nigeria. The study was conducted in Bauchi state. The questionnaire was used to collect primary data from 58 firms. Simple linear regression analysis was used to test the hypotheses. The study shows that managerial skills have a significant impact on the firms tested. The study concluded that inappropriate managerial skills are a major factor militating against the performance of small scale businesses.

However, none of the previous studies reviewed so far have examined the impact of managerial capabilities in terms of strategic planning, strategic implementation, operational internal control efficiency and managerial skills of SMEs which serve as a proxy for managerial capabilities on the corporate performance of SMEs in agriculture sector of Delta state which is proxy by return on asset (ROA) measured by profit after tax (PAT). As a result of the foregoing, there is a need to examine the effect of managerial capabilities on the corporate performance of SMEs in the agriculture sector in Nigeria.

METHODOLOGY

This study is a survey research design. The study collected cross-sectional data from the study area to describe and interpret the effect of independent variables- managerial capabilities via (strategic planning (SP), strategic implementation (SI), operational internal control efficiency (OI) and managerial skills (MS) of SMEs have on the dependent variable - corporate performance (CP) of SMEs proxy by return on asset (ROA) measured by profit after tax (PAT). The population of this study comprises both registered SMEs and accessible unregistered SMEs which were estimated above 100,000. The sample size for the study was determined using a formula for a finite population by Krejcie and Morgan (1970) as follows;

$$n = \frac{\chi^2 NP (1 - P)}{e^2 (N - 1) + \chi^2 P (1 - P)}$$

Where: N = total population equal 100,000; n = sample size determines; X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841); P = the population proportion (assumed to be .50 since this would provide the maximum sample size). That is 0.5

$$e = 0.05$$

1 = constant figure

The sample size is calculated thus:

$$n = \frac{3.841 \times 100,000 \times 0.5 (1 - 0.5)}{0.0025 (100,000 - 1) + 3.841 \times 0.5 (1 - 0.5)} = 384.16 \approx \text{Three hundred and eighty-four (384) respondents}$$

are the target population. However, the sample size estimated is based on the 372 correctly filled and returned questionnaires. However, the study area is within the geographical scope of the agricultural sector of Delta State, Nigeria. Primary data was sourced via a questionnaire instrument. Questions were raised on how managerial capability in terms of strategic planning (SP), strategic implementation (SI), operational internal control efficiency (OI) and managerial skills (MS) affect corporate performance in relation to return on asset as measured by profit after tax. Both quantitative and qualitative data sourced were triangulated for better results. Thereafter, with the aid of Statistical Package for Social Science (SPSS) version 25, descriptive statistics was employed in analyzing the quantitative data sourced and multiple regression analysis was carried out to test the study hypothesis.

Model specification

$$ROA = f(MC) \dots\dots\dots (1)$$

$$ROA = f(SP, SI, OI, MS) \dots\dots\dots (2)$$

$$ROA = \beta_0 + \beta_1 SP_1 + \beta_2 SI_2 + \beta_3 OI_3 + \beta_4 MS_4 + \mu \dots\dots\dots (3)$$

Where: ROA = return on asset a proxy for corporate performance, SP = strategic planning, SI = strategic implementation, OI = operational internal control efficiency; MS = managerial skills; β_0 = intercept; $\beta_1, \beta_2, \beta_3$, and β_4 are the parameters estimate; μ = Measurement error. In this model, the main parameter of interest will be β_1 in terms of sign and significance.

FINDINGS AND DISCUSSION

This section discusses the findings of this study and relates them to the previous studies in order to ascertain the impact of managerial capabilities via strategic planning (SP), strategic implementation (SI), operational internal control efficiency (OI) and managerial skills (MS) of SMEs on the corporate performance (CP) of SMEs proxy by

return on asset (ROA) measured by profit after tax. The study data was based on a sample of three hundred and seventy-two (372) respondents out of 384 administered questionnaires correctly filled and returned.

Descriptive analysis

The data generated through the questionnaire were presented descriptively using mean and standard deviation. The essence of this descriptive statistics is to describe the statistical characteristics of the variables understudy and not to compare the results with previous studies.

Table 1 presents the descriptive statistics of the variables understudy. The total observation (N) is 372. Their responses were based on five Likert scales measured on an ordinal scale ranging from 1 to 5. The variables understudy namely; strategic planning (SP), strategic implementation (SI), operational internal control efficiency (OI), managerial skills (MS) and return on asset (ROA) have the minimum and maximum statistics of 1 and 5 respectively indicate responses rating of "strongly agreed (5), agreed (4), neutral (3), disagreed (2) and strongly disagreed (1)". Accordingly, SP, SI, OI, MS and ROA have mean statistics of 4.1949, 4.2620, 4.1882, 4.0423 and 4.0625 and standard deviation of 0.87934, 0.88000, 0.91734, 1.03959 and 0.98863, respectively. However, the entire variables have approximate mean statistics and standard deviations of 4 and 1. Notably, the entire mean is greater than the 2.5 criterion mean on a five-point Likert scale. This suggests that the majority of the respondents agreed that the explanatory variables have impact on the dependent variable understudy.

Test of hypotheses

The four (4) hypotheses formulated in section One to guide this study were tested using multiple regression statistics at a 5% significance level. Decision criterion: Reject the stated null hypothesis if the p-value is less than or equal to 0.05 and accept the alternative hypotheses if it is the other way round. The multiple regression results are presented in Tables 2 to 5 as follows;

Table 2 simply presents the variables understudy. The explanatory variables in this model are strategic planning (SP), strategic implementation (SI), operational internal control efficiency (OI), and managerial skills (MS) while the dependent variable is corporate performance as a proxy by return on asset (ROA) of SMEs in the agriculture sector of Delta State which is a proxy by profit after tax (PAT). The entire variables specified in the model were captured none was removed.

Table 3 presents a summary of the multiple regression model, which provides the result of R , R^2 , adjusted R^2 , and the standard error of the estimate. The value of R is the *multiple correlation coefficient*, which is used to

Table 1. Descriptive statistics

Parameters	N	Minimum	Maximum	Mean	Std. Deviation
SP	372	1.25	5.00	4.1949	0.87934
SI	372	1.00	5.00	4.2620	0.88000
OI	372	1.25	5.00	4.1882	0.91734
MS	372	1.00	5.00	4.0423	1.03959
ROA	372	1.00	5.00	4.0625	0.98863
Valid N (listwise)	372				

Source: SPSS Statistics 25 Output from study data.

Table 2. Multiple regression analysis variable entered.

Model	Variables Entered	Variables Removed	Method
1	MS, SI, SP, OI ^b	None	Enter

a. Dependent Variable: ROA.

b. All requested variables entered.

Source: SPSS Statistics 25 Output from study data.

Table 3. Multiple regression analysis model summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.990 ^a	0.980	0.979	0.14180

a. Predictors: (Constant), MS, SI, SP, OI.

Source: SPSS Statistics 25 Output from study data.

Table 4. Multiple Regression Analysis ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	355.224	4	88.806	4412.999	0.000 ^b
	Residual	7.385	367	0.020		
	Total	362.609	371			

a. Dependent Variable: ROA

b. Predictors: (Constant), MS, SI, SP, OI

Source: SPSS Statistics 25 Output from study data (See Appendix II. III and V).

measure the quality of the prediction of the dependent variable; A value of .990 is about 99 per cent, in this study, indicating a good level of prediction. The R^2 value, also called the coefficient of determination, is the proportion of variance in the dependent variable explained by the independent variables (technically, it is the proportion of variation accounted for by the regression model above and beyond the mean model). The R^2 value is 0.980 representing 98%, indicating variability in the dependent variable due to change in the independent variables. In other words, the study's independent variables explain approximately 98% variability of the dependent variable.

Generally, the model summary of this test indicates a high and positive correlation between the identified managerial capability and the corporate performance of SMEs in the agriculture sector of Delta State ($R = 0.990$).

Also, the $R^2 = 0.980$ indicates that 98% of the variation in the dependent variable (Profit after tax (PAT)) was explained by the independent variable (managerial capability components aforementioned), while the remaining 2% can be explained outside the model.

Table 4 presents multiple regression analysis of variance (ANOVA) tests used to determine the influence of independent variables on the dependent variable. The ANOVA result, which shows that $F = 4416.556$; $P = 0.000 < 0.05$, indicates that on the aggregate, managerial capabilities via strategic planning (SP), strategic implementation (SI), operational internal control efficiency (OI), managerial skills (MS) are statistically significant predictors of the return on asset (ROA) of SMEs in the agriculture sector of Delta State Nigeria. These results are in line with previous studies like Alshaar *et al.* (2024), Ting

Table 5. Multiple regression analysis of the coefficients.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	-0.238		-5.608	0.000
	SP	0.863	0.768	11.775	0.000
	SI	0.117	0.104	2.361	0.019
	OI	-0.497	-0.461	-5.598	0.000
	MS	0.559	0.588	14.311	0.000

a. Dependent Variable: ROA.

Source: SPSS Statistics 25 Output from study data.

et al. (2021), and Olowu and Aliyu (2015) who concluded that managerial capabilities are a major factor affecting the performance of business organisations like that of small scale businesses.

Mathematically; the model estimation is:

$$ROA = \beta_0 + \beta_1 SP_1 + \beta_2 SI_2 + \beta_3 OI_3 + \beta_4 MS_4$$

$$ROA = -.238 + .863b_1 + .117b_2 + -.497b_3 + .559b_4$$

$$t = [-5.608] [11.775] [2.361] [-5.598] [14.311]$$

$$Sig = (.000) (.000) (.019) (.000) (.000)$$

The coefficients indicate how much the dependent variable varies with each independent variable when all other independent variables are held constant. Given the calculated t-values and significant values, the result revealed that at 5% significance, the explanatory variables are statistically significant. The Coefficient of fixed variable, that is, constant (C), also known as the intercept, is the value of the return on asset (ROA) of SMEs when other independent variables have a value of zero is -.238 is statically significant with a probability value of 0.00 which is less than 0.05 level of significance i.e, at 5%. This result suggests that about 23.8% of changes or declines in ROA are associated with other factors not explained by any of the explanatory variables stated in the model

H₀₁: Strategic planning, has no significant effect on the corporate performance of SMEs in the agricultural sector in Delta State, Nigeria

The result shows that strategic planning with a coefficient value of ($\beta = .863$; $t = 11.775$; $p = 0.000 < 0.05$) indicates that a one per cent increase in strategic planning affects 86.3% positive change in the corporate performance of SMEs. This implies that strategic planning is a statistically significant predictor of the corporate performance of SMEs. Therefore, we reject the null hypothesis, which states, “strategic planning does not have any significant

effect on return on asset of SMES in the agricultural sector in Delta State Nigeria”. Hence, strategic planning significantly affects the corporate performance of SMEs positively. The findings of this study are in agreement with the studies of Padi and Musah (2022), Mohammed and Suleiman (2022) and Ting *et al.* (2021) who concluded that managerial capability via corporate governance practices, financial planning and managerial ability of SMEs have a significant impact on the economic performance of SMEs.

H₀₂: Strategic implementation has no significant effect on the corporate performance of SMEs in the agricultural sector in Delta State, Nigeria

The result shows that strategic implementation with a coefficient value of ($\beta = .117$; $t = 2.361$; $p = 0.019 < 0.05$) indicates that a one per cent increase in strategic implementation affects about 12% positive change in the corporate performance of SMEs. This implies that strategic implementation is a statistically significant predictor of the corporate performance of SMEs in the agricultural sector in Delta State Nigeria. Therefore, the null hypothesis which stated otherwise was rejected. Hence, strategic implementation significantly affects the corporate performance of SMEs in the agricultural sector in Delta State Nigeria positively. This outcome is in conformity with the findings of Zulfiqar *et al.* (2019) who indicate strong and significant relationships between managerial capability and operational capability to infuse organizational innovation in SMEs.

H₀₃: Operational internal control efficiency does not have a significant effect on the corporate performance of SMEs in the agricultural sector in Delta State, Nigeria

The result shows that the operational internal control efficiency with a coefficient value of ($\beta = -0.497$; $t = -5.598$; $p = 0.000 < 0.05$) indicates that a one per cent increase in operational internal control efficiency affects -49.7% about 50% decline in the corporate performance of SMEs. This implies that operational internal control efficiency is a

statistically significant predictor of the corporate performance of SMEs. Therefore, the null hypothesis which stated otherwise was rejected. Thus, an increase in the operational internal control efficiency has a significant effect on the corporate performance of SMEs. This result falls in line with Aamir *et al.* (2021) and Ting *et al.* (2021) who concluded that internal control enhances firm value, and also, that operational internal control positively affects firm performance. More so, Zulfiqar *et al.* (2019) posited that managerial capability and operational capability infuse organizational innovation in SMEs.

H₀₄: Managerial skills have no significant effect on the corporate performance of SMEs in the agricultural sector in Delta State, Nigeria

The result shows that managerial skills with a coefficient value of ($\beta = 0.559$; $t = 14.334$; $p = 0.000 < 0.05$) indicates that a one per cent increase in managerial skills affects 55.9%, approximately 56% positive change in the performance of SMEs. This implies that managerial skills are statistically significant predictors of the performance of SMEs. Therefore, the null hypothesis which stated otherwise was rejected. Hence, managerial skills significantly affect the corporate performance of SMEs. Similarly, the findings of this study are in line with Ting *et al.* (2021) who asserted that managerial ability has a positive effect on firm performance. Also, Balogun (2020) concluded that effective managerial skills of managers will lead to an increase in the performance of corporate organizations. In addition, Olowu and Aliyu (2015) concluded that inappropriate managerial skills are a major factor militating against the performance of small scale businesses.

Conclusion and Recommendations

This study examines the effect of managerial capabilities on the corporate performance of SMEs in the agricultural sector in Delta State Nigeria. In particular, managerial capabilities measured in terms of strategic planning (SP), strategic implementation (SI), operational internal control efficiency (OI), and managerial skills (MS) as they affect the corporate performance (CP) of SMEs in the agriculture sector of Delta State which is proxy by profit after tax (PAT). The finding of the study revealed that managerial capabilities significantly impact the corporate performance of SMEs in the agricultural sector. Based on these findings, the study recommends that operators of SMEs which include the business owner and line managers in the SMEs should improve their managerial capabilities by improving strategic planning, strategic implementation, operational internal control efficiency and managerial skills through necessary training and effective coordination of internal control system focusing on all organization resources, communication and interpretation of financial

statement in order to improve corporate performance of SMEs in agricultural sector.

CONFLICTS OF INTEREST

The authors declare that they have no conflict of interest.

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