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STRATEGIC MANAGEMENT AND ENTREPRENEURIAL REVENUE GROWTH IN NIGERIA: AN EMPIRICAL ANALYSIS

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ABSTRACT: *This paper empirically analyzed the relationship between strategic management and entrepreneurial revenue growth in Nigeria using the descriptive survey research design. The theoretical framework of this study was hinged on the collaborative model of strategic management. The study relied on primary data obtained which was administered on six hundred (600) entrepreneurs in six (6) states of the Nigerian federation. Data obtained were analyzed via descriptive statistics (frequency counts, simple percentages, mean, standard deviation, minimum and maximum values, skewness kurtosis) and inferential statistics (simple regression). Findings revealed that strategic management serves as a major determinant in enhancing entrepreneurial revenue growth in Nigeria. The implication of the finding is that for entrepreneurs to realize revenue-growth objectives, they need to engage in efficient strategic management. In line with the findings of the study, it was recommended that entrepreneurs should make concerted efforts by putting in place efficient strategic management as well as engagements of entrepreneurial funding agencies that can help them achieve their goal of increased revenue.*

KEYWORDS: Strategic management; Entrepreneurship; Entrepreneurial revenue growth; Nigeria.

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INTRODUCTION

In the literature, strategic management has been seen as a fundamental way of realizing the desired goals of revenue generation and growth for entrepreneurs in both developed and developing nations due to proliferated rates of technological advancement and surmounting expenditures and debts. Wauters (2017) observed that for entrepreneurs to perform and meet their goals, they require apposite design and implementation of efficient strategies aimed at heightening revenue. In support of the view above, Bryson and George (2020) asserted that strategic management is a formidable determinant of entrepreneurial revenue growth.

Revenue from entrepreneurship has the potential to boost economic growth; this can be accomplished in two (2) ways: through the impact of an efficient strategic tax management system and strategic natural resource revenue management (Ugwuanyi & Ugwunta, 2017; Elgar, 2021). According to George, Walker and Monster (2019), inefficient strategic management distorts entrepreneurial revenue growth, conceivably one of the reasons why Hansen and Ferlie (2016) opined that strategies tinted towards efficient use of resources promotes entrepreneurial revenue and general wellbeing of the economy.

Strategic management, according to Höglund, Caicedo, Mårtensson and Svärdsten (2018), is an approach used by organizations that merges strategy development and implementation. Gatheru and Gitonga (2018) defined strategic management as a scientific means via which organizations design coping plans that can enable them realize their goals. Sharabati and Fuqaha (2013) see strategic management as an approach that seeks to offer a step-by-step plan of action in realizing the goals of the organization.

Remarkably, strategic management of entrepreneurs is explicitly encapsulated in their capability to increase revenue-base and lessening of expenses (see Akinbode, Dipeolu, Bolarinwa & Olukowi, 2020; Chima et al., 2021; Alford & Greve, 2023). According to Peter Drucker in 1954, organizations see management by objective (MBO) as a philosophy and approach via which the strategic plans of entrepreneurs are realized. In spite of the fact that strategic management is a tool for entrepreneurial revenue growth, it appears that it is becoming more relevant in practice due to changes in the environment of business (Weiss, 2016). Regardless of the viewpoints above, there is a lack of empirical studies that have assessed if strategic management drives entrepreneurial revenue growth in Nigeria.

REVIEW OF RELATED LITERATURE

Strategic Management

Over the years, strategic management has been an issue of concern for both businesses and government apparently due to the changes in the environment of business and government operations, changes in technological advancements and surmounting tasks of managers (Weiss, 2016). Strategic management has increasingly become fundamental for assessing enterprises' performance and growth (Andrews & Van-de-Walle, 2012; Bryson, Edwards & Van-Slyke, 2018). In the context of entrepreneurship, strategic management is constructed on rational planning and thinking, which helps enterprises to achieve their goals, and create revenue and values (Höglund et al., 2018).

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Bryson and George (2020) see strategic management as tactics that when formulated and implemented efficiently, result in increased performance, growth and value creation. In the literature, six (6) strategic management systems are fathomed: collaborative, integrated, contract, portfolio, goal benchmarking, and hybrid strategies (Bryson, 2018; Bryson & Edwards, 2017); for entrepreneurs to generate and grow revenues, it necessitates strategic plans and controls.

Prior studies (Lane & Wallis, 2009; Poister, 2010; Ferlie & Ongaro, 2010; Höglund et al., 2018) had shown that it is ungainly to apply strategic management to entrepreneurship because enterprise sustainability is anchored on profits, growth and competitive advantage. More so, a study by Diefenbach (2009) had shown that strategic management generates diverse unintended outcomes like internal efficiency, as well as output-oriented and measurable results. Remarkably, research is amassing on which line of strategic management works better for entrepreneurs and all other forms of enterprises.

Entrepreneurial Revenue Growth

Entrepreneurship refers to the willingness and capability in people to identify changes in the environment and leverage on the opportunities to produce goods and services for public consumption (Adeniyi, Derera & Gamede, 2022). Similarly, Ahsan, Adomako and Mole (2021) defined entrepreneurship as the totality of attributes that enables people to identify hidden opportunities along with the capability to use resources with which to take total advantage of such opportunities in the light of uncertainty and risks.

Broadly speaking, the growth of a nation largely depends on entrepreneurial activities and their innovative capabilities to deliver goods and services to consumers. Such individuals are seen as entrepreneurs and their character denotes entrepreneurship (Adeniyi et al., 2022). Entrepreneurial revenue growth (ERG) refers to the capability of the entrepreneurs to constantly increase revenue-base on a daily, weekly, monthly or yearly basis. Growth in entrepreneurial revenue is orchestrated by the level of activities they engage in (Taiwo, Saheed, & Alebiosu, 2014).

Predominantly, growth in entrepreneurial revenue accelerates and paves way for increased employment generation and economic growth; thus, most nations of the world support the growth of entrepreneurial activities and usually formulate policies aimed at sustaining their growth. According to Adeniyi et al. (2022) and Ahsan (2021), the ability of entrepreneurs to accelerate growth in revenue largely depends on their potential for innovation, creativity and capability to engage in efficient strategic management.

Consequently, this portends that for entrepreneurs to accelerate their revenues, they need to engage or form a collaborative and administrative network of efficient strategies that can enable them realize their long- and short-term goals, a view supported by the collaborative model of strategic management (Bryson, 2018; Provan & Kenis, 2009; Huxham & Vangen, 2005). According to Ahsan et al. (2021), several strategies have been adopted by most governments in a bid to enhance entrepreneurial activities. Notably, these strategies are aimed at improving time management, strategic thinking and resilience managing skills, among others.

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Remarkably, whilst we acknowledged the significant role played by entrepreneurial activities in enhancing economic growth, employment generation and creation of values and the abundant empirical evidences, there are limited number of empirical studies that had assessed the relationship between strategic management and entrepreneurial revenue growth in Nigeria; hence, a gap exists in the management literature, which this study seeks to satisfy.

Theoretical Framework

The theoretical framework is hinged on the 'collaboration model' (COLM) of strategic management. COLM signifies one of the known theories explaining strategic management systems of organizations. Notably, COLM entails erratic degrees of power-sharing and resources between units to realize common goals that could not be achieved individually. For instance entrepreneurial revenue growth cannot be achieved separately but at shared levels of leadership or governance.

In the view of Bryson (2018), the gain of what can be achieved in a collaborative sense is termed 'collaborative advantage'. Broadly, there are two (2) archetypal tactics to COLM, which are shared governance and network administration (Provan & Kenis, 2009; Huxham & Vangen, 2005). First, shared governance tactics advocate shared involvement in the management of resources at all levels of governance.

Second, network administration encourages the ability of entrepreneurs to strategically integrate all plans and actions to realize a greater degree of stability in their revenue. The relevance of COLM to this current study is that for entrepreneurs to be able to create value, growth and sustainable development, there is a need to form a collaborative and networks of administration (strategic thinking) to enhance revenue growth.

RESEARCH METHOD

In this study, we investigated the nexus between strategic management and entrepreneurial revenue growth in Nigeria. Cross-sectional survey research design was used and the major instrument of data collection was the questionnaire, which was administered on six hundred (600) entrepreneurs in six (6) states of the Nigerian federation. The questionnaire was designed on a 5-point Likert scale of strongly agree (SA), agree (A), disagree (D), strongly disagree (SD) and undecided (UD).

Furthermore, to ascertain the reliability of instrument, it was administered on fifty (50) (i.e., 10% of the sample size) respondents who entrepreneur in other states of the Nigerian Federation; the pilot test was correlated via Cronbach Alpha ($r = 0.81$: strategic management and $r = 0.77$: entrepreneurial revenue growth). Data obtained were analyzed via descriptive statistics (frequency counts, simple percentages, mean, standard deviation, minimum and maximum values, skewness and kurtosis) and inferential statistics (simple regression).

The dependent variable is entrepreneurial revenue growth while the independent variable is strategic management. In view of the above, the following regression model was estimated to ascertain the relationship between strategic management and entrepreneurial revenue growth:

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$StMgt = F(ErG)$ - Equation 1

$StMgt_i = \delta_0 + \delta_1 ErG_i + \varepsilon t$ - Equation 2

where: StMgt is strategic management; ErG is entrepreneurial revenue growth; δ_0 and δ_1 are regression coefficients; *i* individual respondents; εt is error term. The statistical analysis was carried out via STATA 13.0.

RESULTS

Table 1: Demographic Variables of the Respondents

Ranks	Variables	Respondents	Frequency N=600	Percent(%)
1	Gender	Male	368	61.3%
		Female	232	38.7%
		Total	600	100%
2	Age	21-25 years	56	9.3%
		26-30 years	194	32.3%
		31-35 years	216	36.0%
		36 years and above	134	22.4%
		Total	600	100%
3	Marital Status	Single	162	27.0%
		Married	378	63.0%
		Others	60	10.0%
		Total	600	100%
4	Category of Respondents	Human resources Mgr.	234	39.0%
		Operations Mgr.	178	29.7%
		Other Units Mgr.	188	31.3%
		Total	600	100%

Source: *Field Survey, 2023*

Table 1 showed that 368 (61.3%) of the respondents are males while 232 (38.7%) are females. Also, it was found that 56 (9.3%) were within the age brackets of 21-25 years, 194 (32.3%) 26-30 years, 216 (36.0%) 31-35 years, while 134 (22.4%) 36 years and above. It was revealed that 162 (27.0%) and 378 (63.0%) are single and married respectively while 60 (10.0%) fall under other marital status such as divorced, widowed, etc. Additionally, it was shown that 234 (39.0%) and 178 (29.7%) are human resource and operations managers respectively while 188 (31.3%) are other managers in other units.

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Table 2: Summary of Statistics

Parameters	Obs.	Mean	Std. Dev.	Skewness	Kurtosis	Min. Val	Max. Val
StMgt	600	3.102	0.409	0.293	1.803	1	5
ErG	600	3.034	0.407	0.407	2.049	1	5

Source: *Field Survey, 2023*

Table 2 showed a summary of descriptive statistics between strategic management (StMgt) and entrepreneurial revenue growth (ErG). Interestingly, StMgt and ErG beat the mean benchmark of 2.50; this implies that the respondent perceived the items/scale of StMgt and ErG as good indicators for investigating the relationship between strategic management and entrepreneurial revenue growth. Furthermore, the skewness values StGmt and ErG are positive, indicating that they moved in a similar direction. The kurtosis values are less than 3 (mesokurtic curve), indicating that strategic management may lead to a greater chance of extreme positive events (entrepreneurial revenue growth).

Table 3: Regression Result for Strategic Management (StMgt) and Entrepreneurial Revenue Growth (ErG)

Dependent Variable: Entrepreneurial Revenue Growth (ErG)					**No. of Obs. = 600**
Variables		Coefficient	Standard Error	t-Statistics	Sig.
Constant		0.422	0.864	15.47	0.0000
StMgt		0.723	0.610	25.54	0.0000
F(1, 598=22.7) (p-value=0.000)					
R-Squared				0.842	
R-Squared Adj.				0.733	

Source: *Field Survey, 2023*

Table 3 showed that strategic management (StMgt) had a positive coefficient of 0.610; this supports that StMgt is positively correlated with the dependent variable (*ErG*). The R-squared adjusted of 0.733 implies that StMgt explained about 73.3% of the systematic variation in ErG. The t-statistics of 25.54 and F-value of 22.7 with probability of 0.000 is less than 0.05, suggesting that strategic management had a positive and significant effect on entrepreneurial revenue growth. Thus, strategic management is a major determinant in enhancing entrepreneurial revenue growth in Nigeria. The implication of the finding is that for entrepreneurs to realize revenue-growth goals, they need to engage in efficient strategic management.

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CONCLUSION AND RECOMMENDATIONS

This study examined the relationship between strategic management and entrepreneurial revenue growths in six (6) states of the Nigerian federation. The theoretical framework of the study was anchored on the collaboration model (COLM) of strategic management and the survey research design was employed. Data obtained in the field survey were analyzed using both descriptive statistics (frequency counts, simple percentages, mean, standard deviation, minimum and maximum values, skewness kurtosis) and inferential statistics (simple regression).

The simple regression result revealed that strategic management significantly influences entrepreneurial revenue growth, making it a major determinant in enhancing entrepreneurial revenue growth in Nigeria. Thus, for entrepreneurs to realize revenue-growth goals, they need to engage in efficient strategic management. Given the findings of the study, it was recommended that entrepreneurs in Nigeria should make concerted efforts by putting in place efficient strategic management as well as engaging entrepreneurial funding agencies that can help them achieve their goal of increased revenue.

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