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Value Creation and Firm Innovativeness of Small and Medium-Sized Enterprises in Ogun State, Nigeria

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Abstract

Background: Small and medium-sized enterprises are globally viewed as an important force driving economic development and employment creation in both developing and developed countries, which is well acknowledged. However, the performance of SMEs in developed and developing economies has been slow and in some cases even collapsed due to a number of challenges such as the inability to respond to rapidly changing market demand, technical advancements, and capacity constraints related to knowledge, innovation and creativity all of which have negatively impacted on SMEs' performance leading to inability to sustain SMEs competitive advantage, decline in sales-growth, profitability and reduced innovative-capability. Extant studies have attempted to elucidate on the challenges of SMEs and the attendant supposed solutions, conversely, most of the extant research focus more on developed countries than developing countries such as Nigeria.

Purpose: This study examined the effect of value creation on firm innovativeness of small and medium-sized enterprises in Ogun State, Nigeria.

Methodology: The study adopted a survey research design. The population was 2,465 registered small and medium scale enterprises in Ogun State, Nigeria. A sample size of 432 was determined using Cochran formula. Proportionate stratified sampling technique was adopted. A validated questionnaire was used to collect data. Cronbach's alpha reliability coefficients for the constructs ranged from 0.79 to 0.92. The response rate was 87.9%. Data were analyzed using descriptive and inferential statistics.

Findings: Findings revealed that value creation components had significant effect on innovativeness ($Adj.R^2 = 0.792$; $F\ (3,407) = 522.888$, $p < 0.05$). The study concluded that value creation had a significant effect on firm innovativeness of SMEs in Ogun state, Nigeria.

Recommendation: The study recommended that value creation components enhanced small and medium enterprises' innovativeness and therefore, owners/managers should continually create value in other to enhance SMEs innovativeness.

Keywords: *Stakeholder Orientation, Customer Involvement, Organizational Resources, Innovativeness.*

Introduction

The rapidly changing global competitive business environment makes it quite challenging for most organisations to create and maintain competitive positions. Studies such as (Feng, Wang, Lwaton & Luo, 2019; Forkuoh, Li, Ampadu & Osei, 2016; Habel, Kassemeier, Alavi, Haaf, Schmitz, Wieseke, 2019; Olu , Marius, Anca & Florentina, 2017) revealed that service firms are not performing as expected due to factors such as lack of innovative practices, non-existence of knowledge capturing and sharing values, financial barriers relating to ownership and technology embracing and embedding. Unexpected changes in market knowledge and development, existing market deficiencies, difficulties in securing initial capital, restricted access to resources and new technologies curbing innovation do not necessary alleviate the issues (Serrasquiero, Leitao & Smallboness, 2018).

Nigerian SMEs, though essential to the nation's economy, are faced with numerous challenges such as inadequate and non-functional infrastructural facilities, bureaucratic bottlenecks and inefficiency in the administration of incentives and support facilities, lack of easy access to funds/credits, uneven competition arising from import tariffs, lack of access to appropriate technology, absence of R&D, high dependence on imported raw materials, lack of scientific and technological knowledge and know-how, lack of appropriate managerial and entrepreneurial skills and lack of suitable training and development, fluctuating value of the Naira, government policies; and political consideration all of which negatively affects the growth of SMEs (Smirnova, Rebiazina, & Frosen, 2018). According to Hasan (2018), SMEs firm in Nigeria have the limitation of assets, this condition occurs because of the issue of financing for capital which negatively affects SMEs sales growth. This problem has been a classical problem in the SMEs sector in the world, and does not only happen in Nigeria. The limitation of assets makes the management to increase the production levels at the optimum level. This limitation also makes the management think about the right strategy such as the value creation strategy in the selection of markets, the appropriate technology, and the strategy to compete in the same market. That is, with the limitation of asset the firm define the strategy to do an outsourcing by renting the tools or technology from another firm to support the production process. Based on the problems and gaps identified above, the second objective of this study determined the effect of strategic customer relationship management components on sales growth of Small and Medium-Sized Enterprises in Ogun State, Nigeria.

New value creation is the result of co-existence of entrepreneurial opportunities and individuals (Tsenyil, Dakung & Goyit, 2018). Individuals form ideas, beliefs and actions that enable them creation of future based on experiences, knowledge and contextual circumstances goods and services (Uchegbulam & Akinyele, 2015). The value created differs depending on the manner in which entrepreneurs organize their businesses and use the means available to them. The process of creating and capturing value begins with identification of the group of customers that companies want to serve (Veronica, Alexeis, Valentina & Elisa, 2020). Understanding the characteristics of the customers and their needs provides an opportunity for the company to design and deliver value-added products and services that fully solve customers' problems and/or satisfy their needs.

Many emerging economies have recognized the value of small and medium enterprises (SMEs) that play an important role in enhancing economic growth and innovation (Joshi, 2017). In academia, a number of studies have also identified various characteristics of SMEs, which allows them to develop a competitive performance. Research on stakeholder's orientation have found significant effect on organisational performance and capabilities of firms. However, less attention has been given to issues associated to value creation and SMEs innovativeness in Nigeria (Joshi and Srivastava, 2015; Wu and Li, 2011; Joshi, 2010). Thus, Yimamu (2018); Rinne (2017); Dracke (2015); Kisker (2017), suggests that further study should investigate the effect of value creation dimensions (stakeholders orientation) on SMEs innovativeness in developing countries such as Nigeria. This study therefore fill this gap in the existing body of knowledge by investigating how value creation components affect SMEs innovativeness. Organisations, particularly small and medium-sized enterprises (SMEs), are under increasing pressure to enhance their technical, organisational and social capabilities and to capitalise on dynamic factors such as innovativeness and competitiveness (Adam & Alarifi, 2021). Also, despite the importance of SMEs to the development of any economy, they face several challenges which affect their innovativeness compared with the larger organizations (Wang, 2016). Lack of skills and technology, innovations, social network, poor access to finance, logistics and infrastructure costs and regulatory uncertainty make it difficult for SMEs to survive in the competitive environment (OECD, 2017). Based on the problems and gaps identified this study investigated the effect of value creation on innovativeness of Small and Medium-Sized Enterprises in Ogun State, Nigeria.

Literature Review

Value Creation

Value creation is defined as the ability of an action to bring about an increase in the worth of a product or service and a business in general (Cabral, Mahoney, McGahan & Potoski, 2019). Value creation is any process that creates outputs that are more valuable than its inputs (Tantalo & Priem, 2016). Willumsen, Oehmen, Stingl and Geraldi (2019), defined value creation as the ability of an organization to analyse, understand and turn the customer's business needs to a greater solution for customers .Value creation is the primary aim of any business entity. Creating value for customers helps sell products and services, while creating value for shareholders, in the form of increases in stock price, ensures the future availability of investment capital to fund operations. Value creation also involves describing the trade-offs between the various interdependencies on which the value creation process depends, such as between equity and advantage and quality over quantity (Sjodin, Parida, Jovanovic & Visnjic, 2020).

Value creation represents the product of inter-systemic dynamic interaction underpinned by values resulting in responsible action and governance skills creating project-based stakeholder relations and customer service oriented vision and values (Dyduch, Chudziński, Cyfert & Zastempowski, 2021). Value creation is linked therefore, to the capacity for garnering and sharing critical resources and creating mutually beneficial stable and trustworthy relations (Dyduch et al., 2021). Value creation is a process related to innovation that can increase benefits for consumers (Renton & Richard, 2019). The value will also be created if customers get the benefits of a product or service can be said to perform in accordance with what is expected by customers, so it can be said that this customer value is a trade-off between the total benefits received with total sacrifice (McCauley-Smith, Smith, Nantunda & Zhu, 2020). Value creation means the creation of value, the result of human actions and the management that creates wealth.

Value creation enhances the performance of organisation especially when combined with other strategic initiatives. Value creation has the ability to have a proper understanding of the needs of customers and the strength of the expertise product (Dyduch et al., 2021). Value creating processes enhance and consolidate relations thus creating sustainable value depends on constructive stakeholder relations. Weak creation of value creation is indicated by the difficulty of the businesses in meeting market demands, continued weakness in business domain it as particularly on product differentiation and diversification of the business, plus today's leading SMEs tend to be weak in doing fragment collaboration with various stakeholders (Meierhofer & West, 2019). Value creation is relatively difficult to implement due to limited understanding of the various business actors about needed information such as customer profiles, rivalry and other conditions. Capabilities mismatch that occurs in leading industry would result in the disruption of the organization's ability to offer customers superior value (Li, Nosheen, Haq & Gao, 2021). In view of the above opinion in literature, the researcher define value creation as the invention or reconfiguration of firm assets or competencies that constitute an original or unique addition to firm rents. For the purpose of this paper, value creation was measured by stake holder orientation, customer involvement and organisational resources. These variables are explained and discussed below.

Stakeholder Orientation

Stakeholder orientation is defined as the firms' strategic orientation to the diverse interests of stakeholder groups. It represents how much firms attend to the interest of all relevant stakeholders and their attempts to address such interests (Brulhart, Gherra & Quelin, 2019). Stakeholder orientation is defined as the intent to establish good relationships, even collaboration, with a large variety of stakeholder categories (Li & Zhang, 2020). Stakeholder orientation is the capacity of a company to establish good long-term relationships with a variety of stakeholder categories (Sharma & Vredenburg, 2018), and as such it can be interpreted as a managerial ability to connect both social and environmental engagement and concentration with environmental issues (Adbi, Bhaskarabhatla & Chatterjee, 2020).

According to Vaitoonkiat and Charoensukmongkol (2019), a stakeholder is "any group or individual who may influence or is influenced by the attainment of the organization's objectives". Though customers, suppliers, employees, local communities, governments, and shareholders are commonly cited as stakeholders (Brulhart et al., 2019), four stakeholder groups have repeatedly been identified as relevant to most corporations: customers, competitors, employees, and shareholders (Brulhart et al., 2019). Jain, Aguilera and Jamali (2016), define stakeholder orientation as the extent to which a corporation considers and seeks to meet the interests of all key stakeholders. Stakeholder orientation (SO) refers to the organizational culture and practices that encourage individuals to be constantly aware of, and positively respond to, a wide range of stakeholder concerns. Most significantly, SO fosters a broad concern for a wide range of actors rather than any one group (Jalali & Jaafar, 2019). In view of the above opinion in literature, the researcher defines Stakeholder's Orientation as a pattern of social responsibility values, decision making or behaviour where managers decide and act by including the interests of various groups of stakeholders like customers, employees, investors, society.

Customer Involvement

The term customer involvement refers to the extent of a firm's ability to engage customers in the value creation and delivery process. To the extent that the involvement of the customer in the value creation process delivers the desired value to the customer, the firm enjoys performance benefits (Saldanha, Mithas & Krishnan, 2017). Consumer involvement is the state of mind that motivates a consumer to make a purchase, or the importance a consumer places on a product or service (Zhang & Xiao, 2020). Customer involvement reflects the extent to which service firms allow customers to direct the interactions and participate in service delivery, co-design and co-production. It further measures how customer insights are gathered and how customers are incentivised to participate and invite other prospective customers (Li, Li, Feng & Xu, 2019).

The degree to which customers are involved in a company's new product development and continuous improvement programs is referred to as customer involvement (Feng, Sun, Sohal, & Wang, 2014). Customer involvement might range from making small design changes to overseeing the whole development process of a new product (Chen & Liu, 2018). Customer involvement has been regarded as one of the most often utilized strategies to enhance new product performance since it can be employed not only in market opportunity research but also in product testing, product commercialization, and continuous improvement (Feng et al., 2014). Customer involvement, according to Chang and Taylor (2016) entails the integration of customers into the activities of a focal firm in which the customers share needs- and solution-related inputs into the firm's new product development (NPD) processes that the firm may lack internally. This includes consumer participation in a variety of NPD activities like as ideation, resource input, knowledge sharing, and co-development (Chang & Taylor, 2016).

Organisational Resources

Organizational resources are assets possessed and controlled by firms, which also have the potential to generate competitive advantage for the organization that controls them (Funfgeld, Lonsdale & Bosomworth, 2019). Organizational Resources are all assets that are available to a firm for use during the production process (De Guimaraes, Severo, Dorion, Coallier & Olea, 2016). Organisational resources can be grouped into two categories; first, transformed resources which include materials available as well as information, this refers to state of changes to be undertaken because of conversion of the process. Second, transforming resources like equipment, buildings as well as employees, which assist in the process of transformation, however their condition remains intact due to the process of conversion (Raper, Brough & Biggs, 2020).

A resource refers to an asset or input to production (tangible or intangible) that an organization owns, controls or has access to on a semi-permanent basis (De Guimaraes et al., 2016). Organizations have at least four types of resources (human, capital, physical and time) that can be used to achieve desired result. Tangible resources are the financial and physical assets easily identifiable and valued in the organizations financial statements. The primary goal of resource analysis is not to value a company’s assets but to understand their potential for creating competitive advantage (De Guimaraes et al., 2016). Conversely, intangible or invisible resources are more valuable than tangible ones (De Guimaraes et al., 2016) yet in financial statements, they remain largely invisible. According to Kimiti and Kilika (2018), a resource is anything which could be thought of as strength or weakness of a given firm. More formally, it stated that a firm’s resources at a given time could be defined as those (tangible and intangible) assets which are tied semi-permanently to the firm. Kimiti et al., (2018), further posited that the concept of resources includes all assets, capabilities, organizational processes, firm attributes and information, knowledge.

Empirical Review

Brulhart, Gherra and Quelin (2019) conducted a research on whether stakeholder orientation and environmental proactivity impact firm profitability. The study found a negative link between companies simply having a higher stakeholder orientation and profitability. Importantly, however, environmental proactivity not only had a positive impact on profitability, but also appeared to mediate the relationship between stakeholder orientation and profitability. In other words, if a company is more environmentally proactive, it will be more attentive to a broad array of stakeholders, and this will in turn contribute positively to profitability. Veronica et al (2020), also conducted a study on whether stakeholder capabilities promote sustainable business innovation in small and medium-sized enterprises? Evidence from Italy and their research found that stakeholder-related capabilities, both tangible and intangible, influence the firm's orientation towards sustainable innovation, its environmental responsibility and related capabilities.

More studies by Ndesaulwa and Kikula (2016) investigated the impact of innovation on performance of small and medium enterprises (SMEs) in Tanzania: a review of empirical evidence. The results from review further find that no consistent results on whether the innovations altogether influence firms performance. The conclusion is therefore not generally viable. The nature of the empirical results reported in this paper indicates a need for such studies especially in Africa where the research fissure is widely observed in this area. Furthermore, Wasito (2017) conducted a study that sought to improve the performance of SMEs through innovation strategies in developing countries, and his findings showed that innovation has an influence on the performance of manufacturing SMEs. This shows that company innovation can directly affect performance. The application of company innovation is measured by technological innovation, managerial innovation, marketing innovation, and product innovation.

However, the study of Ndesaulwa et al., (2016) on the impact of innovation on performance of small and medium enterprises (SMEs) in Tanzania, find that no consistent results on whether the innovations altogether influence firms performance. The conclusion is therefore not generally viable. Furthermore, the study of Brulhart et al., (2019) conducted a research on whether value creation and environmental proactivity impact firm innovativeness. The study found a negative link between companies simply having a higher stakeholder orientation and profitability. Jalali et al., (2019) studied the role of proactiveness as a mediator between value creation and innovativeness. The survey outcomes revealed that value creation had an indirect effect on innovativeness. In the light of these contradictory findings, the study therefore hypothesised that:

Ho_1: Value creation does not have significant effect on innovativeness of Small and Medium-Sized Enterprises in Ogun State, Nigeria.

Theoretical Review

Entrepreneurship Innovation Theory

Schumpeter (1949) was the proponent of the theory of entrepreneurship innovation. According to the theory, the entrepreneur gets profits through the introduction of innovations. Since competitive advantage, which facilitates profits, is temporary because of imitation, the entrepreneur must constantly introduce innovation in the production process so as to continue to earn profit. According to Schumpeter (1949), entrepreneurs, through innovative and creative abilities, help the process of development in an economy. He viewed the occurrence of discontinuous and revolutionary change as the core of economic development which breaks the economy out of its static mode and sets it on a dynamic path of fits and starts. Schumpeter (1934) described development as historical process of structural changes, substantially driven by innovation which he divided into five types: launch of a new product or a new species of already known product; application of new methods of production or sales of a product (not yet proven in the industry); opening of a new market (the market for which a branch of the industry was not yet represented); acquiring of new sources of supply of raw material or semi-finished goods; new industry structure such as the creation or destruction of a monopoly position (Sledzik, 2013).

Schumpeter believed that innovation is an essential driver of competitiveness and economic dynamics. He also believed that innovation is the centre of economic change causing gales of “creative destruction”. In Schumpeter’s view, innovation is a process of industrial mutation, that incessantly revolutionizes the economic structure from within, destroys the old one, and creates a new one (Sledzik, 2013). Schumpeter (1934) divided the innovation process into four dimensions: invention, innovation, diffusion and imitation, and puts the dynamic entrepreneur at the centre of his analysis (Burton-Jones, 1999). In Schumpeter’s entrepreneurship innovation theory, the possibility and activity of the entrepreneurs, drawing upon the discoveries of scientists and investors, create completely new opportunities for investment, growth and employment.

The main assumptions of the entrepreneurship innovation theory are that: an entrepreneur constantly seeks new economic opportunities by obtaining information about the marketplace; identifies new ideas to introduce in the market; assembles required resources, implement a workable plan of action, reaps the reward innovation in a timely manner. Schumpeter (1949) differentiated between a distinction between an innovator and an inventor. According to him, an inventor discovers new methods and new materials while an innovator is one who utilizes inventions and discoveries in order to make new combinations. In essence, an inventor is concerned with the technical work of an invention while an entrepreneur commercializes an invention. The Entrepreneurship Innovation Theory is relevant to the study because it supports that facts that creativity or innovation is the key factor in any entrepreneur’s field of specialization. This theory further agrees that that innovation in business is the major reason for increased investments and business fluctuations. This theory also supports that facts that the main function of an entrepreneur is to introduce innovations and the profit in the form of reward is given for his performance.

Research Conceptual Model

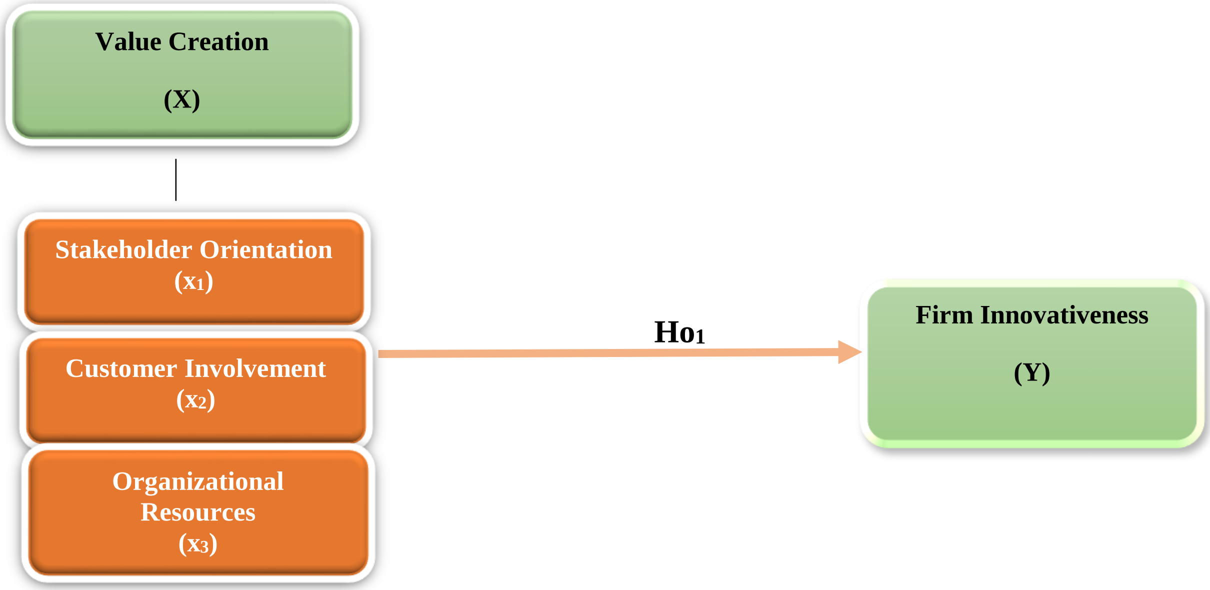

Figure 1: Conceptual Model of the Study

Source: Author's Research Model (2022)

Methodology

The study adopted a survey research design. The population was 2,465 registered small and medium scale enterprises in Ogun State, Nigeria. A sample size of 432 was determined using Cochran formula. Proportionate stratified sampling technique was adopted. A validated questionnaire was used to collect data. Cronbach's alpha reliability coefficients for the constructs ranged from 0.79 to 0.92. The response rate was 87.9%. Data were analyzed using descriptive and inferential statistics. The hypotheses were tested using multiple regression approaches. The principal factors investigated were measured on a six-point scale with anchors ranging from Very High (VH) to Very Low (VL), for the independent variables and dependent variable respectively. Multiple regression equation developed along the dependent and independent. Thus, the models can be represented as follows:

Functional Model

$Y = f(X)$

Y = Dependent Variable

X = Independent Variable

Y = Firm Innovativeness (FI)

X = Value Creation (VC)

Where:

x_1 = Stakeholders Orientation (SO)

x_2 = Customer Involvement (CI)

x_3 = Organizational Resources (OR)

The model formulated for each of the hypotheses are written as:

Hypothesis

$FI = \beta_0 + \beta_1 CO + \beta_2 CC + \beta_3 CFM + \beta_4 SO + \beta_5 CI + \beta_6 OR + \varepsilon_i$ ------------------------ Eqn1

Data Analysis and Results

A total of 432 copies of questionnaire were administered to respondents from small and medium-sized enterprises. Out of the 432 copies of questionnaire that were distributed to the respondents, 411 copies were correctly filled and returned. This represented 95.1%. According to Bryman and Bell (2011) a response rate of ≥50% is acceptable to analyze the results of a study.

Restatement of Hypothesis Three

Ho1: Value creation components does not have significant effect on innovativeness of Small and Medium-Sized Enterprises in Ogun State, Nigeria.

To test the hypothesis, multiple regression analysis was used. The independent variable was value creation components while the dependent variable was firm innovativeness. In the analysis, data for value creation components were created by adding together responses of all the items under the various dimensions to generate independent scores for each dimension. For firm innovativeness, responses of all items the variable were added together to create index of firm innovativeness. The index of firm innovativeness (as dependent variable) is thereafter regress on scores (index) of value creation components (as independent variables). The results of the analysis and parameter estimates obtained are presented in table 1.

Table 1: Summary Results of Regression Analysis of Value Creation Components on Firm Innovativeness of Small and Medium-Sized Enterprises in Ogun State, Nigeria.

<table>
<tr><th>N</th><th>Model</th><th>B</th><th>T</th><th>Sig.</th><th>ANOVA (Sig.)</th><th>R</th><th>Adjusted R^2</th><th>F (3,407)</th></tr>
<tr><td rowspan="6">411</td><td>(Constant)</td><td>-2.896</td><td>-4.868</td><td>.000</td><td rowspan="4">0.000[b]</td><td rowspan="4">.891[a]</td><td rowspan="4">.792</td><td rowspan="4">522.888</td></tr>
<tr><td>Stakeholders Orientation</td><td>.408</td><td>6.494</td><td>.000</td></tr>
<tr><td>Customer Involvement</td><td>.306</td><td>5.264</td><td>.000</td></tr>
<tr><td>Organizational Resources</td><td>.373</td><td>7.061</td><td>.000</td></tr>
<tr><td colspan="8">Predictors: (Constant), Organizational Resources, Customer Involvement, Stakeholders Orientation</td></tr>
<tr><td colspan="8">Dependent Variable: Firm Innovativeness</td></tr>
</table>

Source: Researcher's Field Survey, 2022

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Table 1 shows the multiple regression analysis results for the dimensions of value creation on firm innovativeness using small and medium-sized enterprises in Ogun State, Nigeria as a case study. The results showed that stakeholder orientation (β = 0.408, t = 6.494, p<0.05), customer involvement (β = 0.306, t = 5.264, p<0.05) and organizational resources (β = 0.373, t = 7.061, p<0.05) all have positive and significant effect on firm innovativeness of small and medium-sized enterprises in Ogun State, Nigeria. The results of the analysis revealed that all of the dimensions of value creation have significant effect on firm innovativeness of small and medium-sized enterprises in Ogun State, Nigeria. This implies that all dimensions of value creation are important factors in the workplace which in turn yields an increase in firm innovativeness.

Furthermore, the coefficient of multiple determination Adj. R^2 = 0.792 indicates that about 79.2% variation that occurs in the firm innovativeness in the small and medium-sized enterprises in Ogun State, Nigeria can be accounted for by the dimensions of value creation while the remaining 20.8% changes that occurs is accounted for by other variables not captured in the model. The multiple regression model is thus expressed as:

FI = -2.896 + 0.408SO + 0.306CI +0.373ORR + U_i------------Eqn iii (Predictive Model)

FI = -2.896 + 0.408SO + 0.306CI +0.373ORR + U_i ------------Eqn iii (Prescriptive Model)

Where:

FI = Firm Innovativeness

SO = Stakeholder Orientation

CI = Customer Involvement

ORR = Organizational Resources

The regression model shows that holding value creation dimensions to a constant zero, firm innovativeness would be 2.896 which is negative. The results of the multiple regression analysis as seen in the prescriptive model indicates that when all other variables of value creation (stakeholder orientation, customer involvement and organizational resources) are improved by one unit, firm innovativeness would also increase by 0.408, 0.306 and 0.373 respectively. This implies that an increase in stakeholder orientation, customer involvement and organizational resources would lead to an increase in the rate of firm innovativeness of small and medium-sized enterprises in Ogun State, Nigeria. Also, the F-statistics F (3, 407) = 522.888 at p = 0.000 (p<0.05) indicates that the overall model is significant in predicting the effect of value creation component on firm innovativeness which implies that value creation dimensions are important determinants in the firm innovativeness rate of small and medium-sized enterprises in Ogun State, Nigeria. The result suggests that such small and medium-sized enterprises should pay more attention towards developing the component of the value creation to increase firm innovativeness. Therefore, the null hypothesis (H_{03}) which states that value creation components does not significantly affect firm innovativeness of small and medium-sized enterprises in Ogun State, Nigeria is hereby rejected.

Discussion of Findings

The test of hypothesis revealed that value creation components have significant effect on innovativeness of Small and Medium-Sized Enterprises in Ogun State, Nigeria. This finding provides implications conceptually, empirically and theoretically. From a conceptual angle, the definitions and clarifications of the concepts of the study provides good conceptual outlook on the study. Conceptually, Willumsen, Oehmen, Stingl and Geraldi (2019), defined value creation as the ability of an organization to analyse, understand and turn the customer's business needs to a greater solution for customers .Value creation is the primary aim of any business entity. Creating value for customers helps sell products and services, while creating value for shareholders, in the form of increases in stock price, insures the future availability of investment capital to fund operations. Value creation also involves describing the trade-offs between the various interdependencies on which the value creation process depends, such as between equity and advantage and quality over quantity (Sjodin, Parida, Jovanovic & Visnjic, 2020). Value creation can be defined as the ability of an action to bring about an increase in the worth of a product or service and a business in general (Cabral, Mahoney, McGahan & Potoski, 2019). Value creation is any process that creates outputs that are more valuable than its inputs (Tantalo & Priem, 2016).

Empirically, the findings from this study is in agreement with Veronica, Alexes, Valentina and Elisa (2017) study found that stakeholder-related capabilities, both tangible and intangible, influence the firm's orientation towards sustainable innovation, its environmental responsibility and related capabilities. Jain, Aguilera and Jamali (2016) study also supported the view that while some minimum threshold of regulatory intervention is required to balance the interests of business with society, legislation raises questions in relation to the usefulness of a uniform one-size-fits-all CSR across all industries. Jalali et al., (2019) study revealed that organizational-stakeholders relationship had an indirect effect on performance through proactiveness. The results also indicated a positive links for organizational-stakeholders relationship and proactiveness.

Also, Vaitoonkiat and Charoensukmongkol (2019) study results significantly supported a positive contribution of entrepreneurial orientation to firms' performance. The moderating effect analysis additionally found that the contribution of entrepreneurial orientation to firms' performance was positively moderated by customer orientation but negatively moderated by shareholder orientation. Srivastava, Sultan and Chashti (2019) study provide a significant relationship between the innovation competence and firm level competitiveness. It describes the position of the agro-food processing firms under study with respect to the innovation competence index score and total competitiveness performance index.

The results of the study by Ndesaulwa and Kikula (2016) revealed that there is no consistent results on whether the innovations altogether influence firms' performance. The conclusion is therefore not generally viable. The nature of the empirical results reported in this paper indicates a need for such studies especially in Africa where the research fissure is widely observed in this area. Also, Begonja, Cicek, Balboni and Gerbin (2016) results showed that social innovators perceive their business performance to be higher than their competitors and are exporting significantly more than other Furthermore, Wasito (2017) findings showed that innovation has an influence on the performance of manufacturing SMEs. This shows that company innovation can directly affect performance. The application of company innovation is measured by technological innovation, managerial innovation, marketing innovation, and product innovation. Lastly, Ukpabio, Oyebisi and Siyanbola (2019) results revealed that process innovation and organizational innovation positively impacts firm performance significantly.

Theoretically, this research findings fell in line with the Customer Relationship Management Theory in that it supports the variables of value Creation (stakeholders' orientation, customer involvement and organisational resources) and innovativeness. The underlying principle in CRMT is that successful customer engagement and business success is based on the ability to build a value based long lasting relationship with customers. As a business philosophy, CRMT is based on individual customers and customized offerings and open lines of communication between parties (Boulding, Staelin, Ehrent & Johnson, 2005). Customer relationship management theory involves identification, interaction and transactions with customers using communication channels. It also facilitates segmentation of customers in order to create personalized relationships and services which promote customer satisfaction, loyalty, improved effectiveness and efficiency (Peppers et al., 1999; Richards & Jones, 2008). CRMT entails shaping the organizational structure and business processes and functions in order to deliver value to customers (Ryals & Knox, 2001). This study therefore rejected the null hypothesis three (Ho_1) that value creation components does not have significant effect on innovativeness of Small and Medium-Sized Enterprises in Ogun State, Nigeria.

Conclusion and Recommendation

The results of this study underscore the value of entrepreneurship innovation theory for the analysis of SMEs, supporting the recent body of work developed using this approach. Though value creation are vital to the firm, the significance of their sub constructs (stake holder orientation, customer involvement and organisational resources) to form innovativeness show the role and importance of value creation.

Since objective three of this study revealed that value creation components enhanced small and mediums enterprises innovativeness, owners/managers should continually create value in other to enhance SMEs innovativeness.

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