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Impact of Value Creation on Small and Medium Enterprises' Performance in Gombe State

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Abstract
This study examines the effect of value creation on the performance of small and medium enterprises (SMEs) in Gombe State, Nigeria. Despite extensive evidence linking value creation to firm performance, prior research predominantly treats the construct as unidimensional, leaving a gap in understanding which specific dimensions most strongly drive SME outcomes in developing economies. Drawing on entrepreneurial marketing theory, this study operationalizes value creation through four variables (perceived quality, differentiation, price-value ratio, and speed of delivery) and tests their individual effects on SME performance. A quantitative cross-sectional survey design was employed, with data collected from 264 SME owners or managers selected via simple random sampling. Multiple regression analysis via SPSS 29.0 revealed that the four dimensions jointly explained 22.4% of the variance in SME performance ($R^2 = .224$, adjusted $R^2 = .212$, $F(4, 259) = 18.65$, $p < .001$). All four predictors were statistically significant: price-value ratio emerged as the dominant driver ($\beta = .316$, $p < .001$), followed by differentiation ($\beta = .169$, $p = .003$) and perceived quality ($\beta = .169$, $p = .003$), which had equivalent effects, while speed of delivery contributed marginally ($\beta = .116$, $p = .035$). The findings advance entrepreneurial marketing theory by disaggregating value creation into actionable, measurable dimensions and suggest that SME managers in developing economy should prioritize value-based pricing while maintaining quality and differentiation standards.

Keywords: Differentiation, Perceived Quality, Price-Value-Ratios, Speed of Delivery, SME Performance

Introduction

The impact of small and medium enterprises (SMEs) on national economies cannot be overestimated. SMEs serve as one of the major pillars of global economies as it contributes meaningfully to employment generation, innovation diffusion, and economic growth (Enaifoghe, 2024). SMEs are acknowledged in both developed and developing nations as the primary source of job creation and business creation (Amoah et al., 2022; Mugano, 2024). However, SMEs face numerous challenges, which bothered on limited market power, business environmental turbulence, and sole dependence on entrepreneurial capacities for their survival and growth (İbrahim & Kitapçı, 2025). In view of these above-mentioned challenges, there is an urgent need for strategic methods to maximize value creation efficiency while minimizing resources expenses. Entrepreneurial Marketing offers need because traditional marketing models favor large corporations with sufficient resources and established market shares, an attribute lacking in small businesses such as SMEs (Morris et al., 2002). To address this limitation, studies have shown entrepreneurial orientation dimensions (proactiveness, innovativeness, risk-taking, opportunity focus, and value creation) with marketing practices tailored to resources challenged sector like SMEs.

Entrepreneurial marketing suggests that SMEs achieve competitive advantage through superior value creation that resonates deeply with target customers, rather than through mass marketing expenditures or scale economies (Morris et al., 2002; Milles et al., 2015). This position value creation as one of the core dimensions of entrepreneurial marketing. Value creation was developed as core dimensions of entrepreneurial marketing by Morris et al. (2002);

according to Morris et al., value creation is the ability to generate benefits that customers perceived as superior to other competing products. Empirically, research has shown that value creation has positive and significant impacts on SMEs performance, including revenue growth, profitability, and market share improvement (Morris et al., 2002; Hanaysha & Al-Shaikh, 2022; Ouragini &Lakhal, 2024). Despite value creation's theoretical relevance and shown empirical impacts on SMEs performance; value creation is often treated in entrepreneurial marketing studies as unidimensional variable. Becherer et al. (2012) developed five general items that consists of broad orientations toward customer service excellence, pricing-value alignment, and employee contributions to customer value. These items have shown reliability and predictive validity in several studies across the globe, but they provide limited measurable usefulness for managers seeking to identify specific areas of their operations that require improvement.

Related constructs in other field however, have been conceptualized as multidimensional. For example, in service quality studies, Parasuraman et al. (1988), revealed that perceived quality comprises of multiple dimensions (reliability, assurance, tangibles, empathy, and responsiveness) and each of the dimension contributes specifically to customer evaluations. In addition to that, Sheth et al. (1991), presented five consumption values (functional, emotional, epistemic, social, and conditional) different measures of consumer choice. In another development, Ulaga (2003) divided relationship value into eight categories namely: product quality, delivery performance, time-to-market, direct costs, process costs, personal interaction, supplier know-how, and service support. Therefore, these decompositions of constructs reveal a major understanding that value creation is inherently multidimensional in nature, with each component influencing customer decisions and business performance differently through different processes. For small and medium enterprises, where resources are limited and strategic allocation is vital, understanding which value creation dimensions specifically has highest or strongest influence on performance is critical for decision-making process.

This study employs five theoretical lenses to decompose value creation into actionable and measurable sub-dimensions. These theories include: service quality theory by Parasuraman et al. (1988), which develop quality as multidimensional; theory of consumption values by Sheth et al. (1991), which identifies different value categories; resource-based and differentiation strategy by Barney (1991) and Porter (1985), which position uniqueness as comparative advantage; time-based competition by Stalk and Hout (1990), which elevates speed as strategic value; and lean startup and customer development methodologies by Blank (2007). Drawing from these theoretical foundations along with the practical requirements of successful management of SMEs, this study identifies four sub-dimensions: perceived quality, which reflects customer evaluation of excellence, reliability, and conformance to specifications (Garvin, 1984); differentiation, which stands for the uniqueness and difference in organization's value position relatively to rivals (Porter, 1985; Ulaga, 2003); price-value ratio, which captures how customer perceived the product(s) they received in relation to money they paid (Monroe, 1990; Woodall, 2003); speed of delivery, which stand for rate that which customer needs are fulfill, rate that which their requests are being responded to, and adaption to changing demands (Parasuraman et al., 1988; Stalk & Hout, 1990).

Despite the theoretical relevance of multidimensional value research in service quality, consumer behavior, and business to business (B2B) relationship studies, no empirical study to the best knowledge of this study has decomposed value creation into different, measurable sub-dimension within entrepreneurial marketing frameworks for SMEs performance prediction. This gap limit both academic and managerial understandings, as there is literature gap on which value creation processes influences SMEs performance most. It also prevents efficient allocation of resources by managers. Therefore, this study conceptualizes value creation as a second-order construct comprising four first-order sub-dimensions (Perceived Quality, Differentiation, Price-Value Ratio, and Speed of Delivery), develops validated measurement instruments for each, and examines their differential effects on SMEs performance in Gombe State, Nigeria.

Value creation is one of the core dimensions of entrepreneurial marketing, but the variable is not optimally used in entrepreneurial marketing research. Morris et al. (2002) defined it as the ability of a firm to generate benefits that customers perceive as superior to competitive offerings. This variable operationalized into five general items by Becherer et al. (2012) using broad orientations toward customer service excellence, pricing-value alignment, and employee contributions. This unidimensional treatment has shown predictive validity, but it restricted value creation into a uniform phenomenon rather than a strategic composition of different processes. Meanwhile, theoretical

developments in other fields suggest value is inherently multidimensional. Value can be categorized into social, emotional, epistemic, conditional, and functional based on what motivate customer to consume (Sheth et al., 1991). Similarly, Parasuraman et al. (1988) suggested that service quality can be subdivided into five dimensions: reliability, assurance, tangibles, empathy, and responsiveness. This was also supported by Ulaga (2003) who further differentiated product quality, delivery, time-to-market, price, and interaction value in business relationships. These precedents prove that customers evaluate value through many cognitive ways, but entrepreneurial marketing has not assimilated this understanding into its core value creation dimension.

This study argues that value creation should be a multidimensional variable and therefore anchored its conceptualization on five theoretical streams. This is based on service quality assumption which argues that customer perceived quality through different angles rather than just single quality judgement. (Parasuraman et al., 1988). Similarly, the theory of consumption values by Sheth et al. (1991) suggests that purchase decisions reflect tradeoffs among benefit categories. In addition to that, resource-based view and differentiation strategy suggest that firm with limited resource can mostly achieve competitive advantage through product uniqueness (Porter, 1985; Barney, 1991). Speed is another strategic weapon through which firm gain competitive advantage, this is because the speed that which good or service is delivered to customer reduces time to market and improves responsiveness rate (Stalk & Hout, 1990). Similarly, the relationship between pain point problem the customer intends to solve and the alignment of the solution provided by the firm can also serve as a major criterion to determine firm's survival (Blank, 2005; Ries, 2011). Drawing from these theoretical views, this study conceptualizes value creation as a formative second-order construct comprising four different sub-dimensions, namely, perceived quality, differentiation, price-value ratio, and speed of delivery.

Perceived quality can be described as customer assessment of good or service superiority, reliability, and conformance to established specifications or standard. It can also be referred to as the perceived judgment of what customer sees the overall perfection of a product to be (Zeithaml, 1988). In Garvin's (1984) opinion, perceived quality is the degree to which product features fulfill its innate characteristics. This was further clarified by Gronroos (1984) who described perceived quality as views of customer on how a service or good meet or surpasses their initial expectations. In this study, perceived quality means customer subjective judgment on good or service reliability, conformance to specified standard, and the overall usefulness of the product relative to other competitors' product. Perceived quality was measured using four items adapted from Parasuraman et al.'s (1988) SERVQUAL model.

According to Porter (1985), differentiation is the rate at which an organization's product is seen to be exclusive from other competitors' products. This simply refers to subjective perceptions of customers on the product's value, uniqueness, and distinctiveness relative to rivals' offerings. This was also corroborated by Barney (1991), who defined differentiation as the creation of meaningful value that separates a firm's good or service from its rivals. Differentiation is a subjective customer judgment on how a product differs in value in relation to another alternative product (Ulaga, 2003). In this study, differentiation means product exclusiveness from competitors' products in terms of innovative features as perceived by customers, and it was measured through four items.

The price-value ratio is the balance between benefits received and sacrifices made by the customer (economic efficiency exchange). According to Zeithaml (1988), price-value ratio is the consumer's overall assessment of product usage based on the value they perceived to have received from what they purchased in comparison to the price paid. The price-value ratio is the trade-off between the quality received by the customer and the price paid based on their subjective evaluation (Monroe, 1990). On the other hand, Woodall (2003) defined it as the balance between benefits and sacrifices made by customers. This study defines price-value ratio as a customer's subjective view of fairness, economic gains, and differences between benefits and sacrifices made by the customer in relation to the price paid for goods or services. In this study, price-value ratio was measured through four items.

Speed of delivery can be defined as the rate at which customer needs and requests are fulfilled and responded to. According to Stalk and Hout (1990), it is the rate at which firms respond to customer needs and fulfill orders. In Parasuraman et al.'s (1988) opinion, speed of delivery is the promptness and timeliness of service delivery. It is the reduction of time between customer request and value receipt (Fitzsimmons & Fitzsimmons, 2004). Speed of delivery in this study is the rate at which customers' orders are fulfilled, the rate at which their requests are responded to, and

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the rate at which the firm adapts to their changing demands. In this study, speed of delivery was measured using four items. The relationships between the four-value creation subdimensions can be explained through their functional relationships. Perceived quality provides core reliability without which differentiation claims cannot be proved and price-value measurement cannot be achieved. Differentiation allows a premium that enhances the perceived price-value ratio, though it may require trade-offs alongside speed when personalized customer needs extend the required response times. On the other hand, speed of delivery reduces customer sacrifice, which in turn improves the perceived price-value ratio independent of quality enhancement, but standardization for speed may affect differentiation. Price-value ratio sums these benefits and sacrifices into an overall economic gain judgment that motivates purchase decisions. This relationship means that value creation in SMEs should be selective based on specific sub-dimensions rather than unified excellence.

SME performance has changed over time, starting from unidimensional financial indicators to multidimensional models that acknowledge the different entrepreneurial objectives. Murphy et al. (1996) identified profitability, growth, and market share as primary performance dimensions, while Richard et al. (2009) opines that there is difference between financial performance, operational performance and performance of the stakeholders. For SMEs with limited formal reporting practices, judging performance through perception indicators is equivalent to objective accounting data (Dess & Robinson, 1984). This study employs a multidimensional perceived method that includes financial and non-financial performance measurements, such as market performance and operational efficiency performance, which take into consideration that SMEs in challenging environments may prioritize survival and stability alongside growth. The relationship between value creation and SME performance rests on the belief that superior customer value generates competitive advantage through enhanced customer retention, willingness to pay, and positive referral (word-of-mouth). However, previous studies treated value creation as unidimensional variable, thereby preventing the identification specific value creation processes that influence performance outcomes in SMEs. Through the decomposition of value creation into five actionable sub-dimensions, this study enables assessment of each of the value creation dimensions and their differential performance effects on SMEs.

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This study combines three theories and two supporting model to explain how value creation is decomposed into five sub-dimensions to predict small and medium enterprises performance relative to their limited resource constraints. The core of three theories is the resource-based view (RBV) theory (Barney, 1991), theory of consumption values (Sheth et al., 1991), and effectuation theory (Sarasvathy, 2001). Two additional models: SERVQUAL (Parasuraman et al., 1988), and Porter's (1985) differentiation strategy provide measurement and strategic model for this study. According to RBV theory by Barney (1991), firm can derive sustainable competitive advantage through their internal resources and capabilities. This study posits that SMEs in Gombe State can achieve competitive advantage through internal capabilities that are valuable, rare, inimitable, and non-substitutable. Given that SMEs resource capacity to compete with larger organizations having superior financial capital, economies of scale, and market share is limited. RBV theory provides explanations on how this resource constraint can be resolved by pointing out that SMEs can use their valuable, rare, inimitable, and non-substitutable resources to create competitive advantage. These manifest as perceived quality, differentiation, price-value ratio, speed of delivery, and problem-solution fit as strategies to minimize resource constraint.

Furthermore, the consumption values theory by Sheth et al. (1991) which suggests that purchase decisions show tradeoffs among independent value dimensions (functional, social, emotional, epistemic, and conditional) provide a lens for decomposing value creation. This justifies why SMEs must create value through different ways to gain competitive advantage rather than viewing value creation from a unidimensional perceptive. SMEs managers must consider these multiple value dimensions when designing offerings.

Effectuation theory by Sarasvathy (2001), also suggests that entrepreneurs create value through resource leveraging, affordable loss, and stakeholder commitments rather than predictive planning. This explains how entrepreneur diagnose customer pain point (problem) and align offerings (solution), operationalized as problem-solution fit. The SERVQUAL model by developed Parasuraman et al. (1988) provides measurement foundations for decomposing value creation. The five SERVQUAL dimensions (reliability, assurance, tangibles, empathy, and responsiveness) provide measurement structure for perceived quality through reliability and assurance dimensions, and speed of delivery through responsiveness.

Porter's (1985) differentiation strategy also provides a strategic ground for decomposing value creation. According to differentiation strategy, creating a unique value that differentiates the firm's product from that of competitors is a strategic choice for resource constrained firms like SMEs. This supports the differentiation subdimension. Time-based competition by Stalk and Hout (1990) also provides additional ground for decomposing value creation. According to this framework, the speed at which firms fulfil customer needs create competitive advantage for them over their competitors. This justifies speed of delivery as a different value dimension.

Ouragini and Lakhal (2024) conducted quantitative research using a survey of 328 SMEs and large firms in Douala, Cameroon. Descriptive analysis and multiple regression analysis were performed via STATA software. The study found that value creation has a positive effect on the performance of both SMEs and large firms. Similarly, Hanaysha and Al-Shaikh (2022) examined the impact of entrepreneurial marketing dimensions on firm performance among 153 SMEs operating in Saudi Arabia. Data were analyzed using SPSS and partial least squares structural equation modeling (PLS-SEM), and the results indicated that value creation positively affects firm performance. These studies span Cameroon (Central Africa), Saudi Arabia (Middle East), West Java (Southeast Asia), and Nigeria (West Africa), thereby reveals cross-cultural validity of the value creation–performance relationship.

Sari et al. (2023) investigated the impact of entrepreneurial marketing on MSME performance during the COVID-19 pandemic, collecting data through an online survey of 290 MSMEs in West Java and analyzing them via Smart-PLS. The study found that value creation significantly affects MSME performance. In Nigeria, Muhammad and Muhammad (2025) examined the relationship between entrepreneurial marketing and SME performance in Sokoto State, using ordinary least squares (OLS) regression on data from 100 SMEs. The study found a positive and statistically significant relationship between value creation and SME performance. Likewise, Muritala (2025) investigated the influence of entrepreneurial marketing on MSME performance in Nigeria, employing descriptive and inferential statistics with 132 respondents and analyzing data using the Pearson product-moment correlation coefficient. The study found a positive relationship between value creation and MSME performance.

Collectively, these studies establish that value creation positively influences SME performance across multiple nations. However, all of them operationalize value creation as a unidimensional construct without identifying specific value creation processes. This limits managerial understanding of which value creation dimensions most strongly influence enterprise performance. The present study addresses this gap by decomposing value creation into four distinct dimensions: perceived quality, differentiation, price-value ratio, and speed of delivery, and testing their individual effects on SME performance in Gombe State, Nigeria.

Hou et al. (2024) investigated the influence of business networks and product quality perceptions on the competitive advantage of SMEs in Langkat, Indonesia. The study employed a quantitative design, gathering data through a survey of SMEs and analyzing them via multiple linear regression. Findings from the study revealed that product quality perceptions substantially affect SME competitive advantage. However, the study focused on product quality perceptions in Indonesia, leaving service-based quality perceptions and Nigerian SMEs unexplored.

Anifowose et al. (2022) investigated the mediating role of innovation speed in the relationship between total quality management (TQM) and SME operational performance, using cross-sectional data from 484 Nigerian manufacturing SMEs. Data were evaluated using descriptive and inferential statistics via PLS-SEM. The results showed that TQM is positively related to operational performance and that innovation speed substantially mediates the TQM–performance nexus. While this study establishes a quality–performance link in Nigerian manufacturing SMEs, it operationalizes quality through organizational TQM practices rather than through customer-evaluated perceived quality.

Lovemore et al. (2023) investigated the effect of selected customer retention strategies on perceived service quality and organizational performance within Zimbabwe's retail sector. The study adopted a cross-sectional survey of 280 employees, and data were gathered through a structured questionnaire employing Likert-type questions. The study found that superior service quality influences organizational performance in the retail sector. Although service quality predicts performance, customer retention strategies confound the direct quality–performance relationship, thereby obscuring the isolated effect of perceived quality.

Collectively, these studies demonstrate a positive association between quality dimensions and organizational performance in SMEs. However, none isolate perceived quality, as customer-evaluated superiority and reliability, as a distinct, standalone dimension of value creation within entrepreneurial marketing research, particularly in Gombe State. This gap limits both theoretical precision and practical testability. Specifically, the question of which quality dimension most strongly influences SME performance in Gombe State remains unanswered.

Kaushal et al. (2022) analyzed the relationship among entrepreneurial orientation (EO), innovation capability (IC), and SME performance, further exploring differentiation strategy (DS) as a mediator. The researchers distributed 500 questionnaires to SMEs across various industries and found that differentiation strategy positively affects SME performance. Similarly, Navaia et al. (2023) studied the impact of differentiation strategies on the export performance of Mozambican SMEs and the mediating effect of positional advantage. Data were collected from 250 Mozambican firms and tested using structural equation modeling via Smart-PLS version 3.3.6. The study found that differentiation strategies positively impact SME export performance.

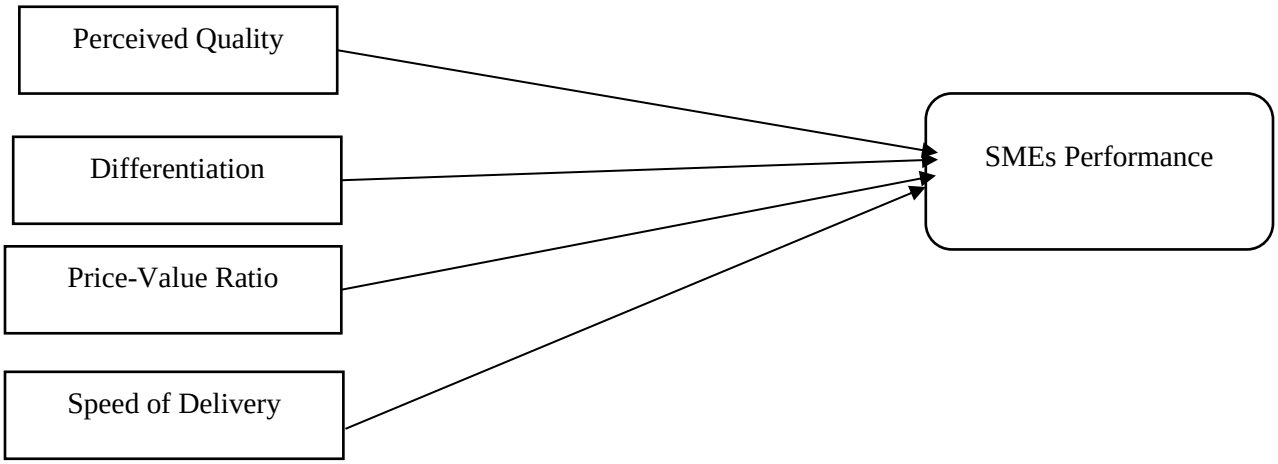
Kimno et al. (2025) examined the influence of differentiation strategy on the performance of chartered private universities in Kenya. The study employed a descriptive survey design, sampling 274 senior university managers, and found that differentiation strategy significantly and positively predicted organizational performance. While this study confirms the value of differentiation within Kenyan higher education, its focus on universities limits generalizability to SME out university. These studies reveal that differentiation strategy positively impacts SME performance. However, most of them focus on EO, IC, or export performance, whereas the present study examines differentiation as a sub-dimension of value creation, focusing on SME performance in Gombe State. Building on Kaushal et al. (2022) and Navaia et al. (2023), this study investigates differentiation's role in value creation for SMEs in Gombe State, addressing how it impacts performance alongside perceived quality, price-value ratio, and speed of delivery.

Ndwandwe and Khoza (2026) investigated the impact of pricing strategies on SME growth and sustainability in South Africa. The study used a quantitative research design, sampling 132 SMEs via questionnaire, and analyzed data using multiple linear regression. Findings revealed that pricing strategies (cost-plus, value-based, competitor-based) are significantly and positively related to SME growth and sustainability. Nuhu et al. (2025) examined the moderating impact of inflation on pricing strategies (cost-based, value-based, competition-based) and SME profitability in Kano Metropolis. The study used a cross-sectional survey of 239 SMEs, and data were analyzed using SEM via Smart-PLS. Findings revealed that inflation significantly moderates the relationship between value-based pricing and SME profitability and affects the relationship between competition-based pricing and SME profitability. This study indirectly revealed that pricing strategy affects SME profitability and that persistent price changes alter the pricing–performance relationship. Obiajulu et al. (2025) explored the impact of pricing strategies on the financial performance of Nigerian SMEs. The study adopted a mixed-methods design, collecting data from 175 SMEs in Lagos. Findings revealed that value-based pricing yielded the highest performance rating (4.2/5) and showed a significant correlation with profitability ($p < 0.01$). Dynamic pricing was also significant ($p < 0.05$), and frequent pricing reviews were linked to higher performance. Collectively, these studies suggest that SMEs can enhance growth, sustainability, and profitability by focusing on value-based pricing and regularly reviewing pricing strategies.

Saad et al. (2022) investigated the impact of resilience, responsiveness, and quality on customer loyalty among Egyptian MSMEs in the post-COVID period. The study used an online survey, administering 891 questionnaires to consumers, and analyzed data via SEM using Amos/SPSS. Findings revealed that delivery speed and fulfillment significantly impact customer loyalty in MSMEs. Similarly, Kaligis et al. (2024) examined the impact of timely delivery on customer satisfaction, with service quality as a moderating variable, in Indonesia. The study used a quantitative research design, gathering data from 500 respondents (250 employees and 250 consumers), and analyzed them using Smart-PLS. Findings revealed that timely delivery significantly impacts customer satisfaction ($p = 0.0007$). Ocharo and Kinyua (2021) investigated the impact of responsive capability on SME competitiveness in Starehe Sub-County, Kenya. The study adopted a descriptive research design, sampling 187 SMEs via a structured questionnaire. Data were analyzed using Pearson correlation and simple linear regression, and findings revealed that responsive capability positively affects firm competitiveness. Although these studies establish the significance of responsiveness and timely delivery for customer satisfaction, loyalty, and firm competitiveness, no study, to the best of the authors'

knowledge, directly examines the impact of speed of delivery on SME performance within the value creation framework, particularly in Gombe State, Nigeria. This gap calls for the present study, which provides empirical understanding of the relationship between speed of delivery and SME performance in Gombe State, thereby contributing to the existing body of knowledge and informing managerial decisions.

Conceptual Framework



Statement of the Problem

Most small and medium enterprises in Gombe State, Nigeria cannot compete favorably through economies of scale or mass marketing due to severe resource constraints, security challenges, and about 80% of them facing limited finance access (Maisaje et al., 2025). With According to National Bureau of Statistics (NBC) (2022), about 65% of SMEs in Gombe State reported decline in sales and 40% reported reduction in return on investment (ROI). Therefore, these firms must create superior customer value to survive and grow. However, entrepreneurial marketing studies treats value creation as unidimensional variable, this obscure identification of which value creation processes (Perceived Quality, Differentiation, Price-Value Ratio, and Speed of Delivery) most effectively influence performance. This study decomposes value creation into four sub-dimensions and examines their effects on SME performance in Gombe State, Nigeria.

Objectives of the Study

The main aim of this study is to examine the effect of value creation on SMEs performance in Gombe State. However, the following are its specific objectives:

i. To examine the effect of perceived quality on SMEs performance in Gombe State
ii. To identify the effect of differentiation on SMEs performance in Gombe State
iii. To determine the effect of price-value ratio on SMEs performance in Gombe State
iv. To investigate the effect of Speed of Delivery on SMEs performance in Gombe State

Research Questions

In the course of this study, the following research questions were examined:

i. To what extend does perceived quality affect SMEs performance in Gombe State?
ii. What is the effect of differentiation on SMEs performance in Gombe State?
iii. Does the price-value ratio affect SMEs performance in Gombe State?
iv. To what extend does speed of delivery affect SMEs performance in Gombe State?

Hypotheses of the Study

In the course of this study the following null hypotheses were tested

i. Perceived quality has no significant effect on SMEs performance in Gombe State
ii. differentiation has no significant effect on SMEs performance in Gombe State
iii. Price-value ratio has no significant effect on SMEs performance in Gombe State
iv. Speed of delivery has no significant effect on SMEs performance in Gombe State

Methodology

A quantitative cross-sectional survey design was used to test the effect of value creation dimensions on SME performance in Gombe State, Nigeria. The study population comprised 779 SMEs registered with (Ministry of Trade, Industry, and Tourism, Gombe State, as of December, 2025). The minimum sample size (n = 264) was determined via Taro Yamane's formula at a 5% margin of error; to offset potential non-response, 26 additional questionnaires were administered, yielding a total of 290 in-person surveys to owners/managers selected through simple random sampling from the registry. Data were collected using a structured questionnaire with 5-point Likert scales (1 = Strongly Disagree to 5 = Strongly Agree). Items measuring perceived quality, differentiation, price-value ratio, and speed of delivery were adapted from previously validated scales (Parasuraman et al., 1988; Garvin, 1984; Porter,1985; Barney, 1991; Ulaga, 2003; Zeithaml, 1988; Monroe, 1990; Woodall, 2003; Stalk & Hout, 1990; Murphy et al., 1996; Richard et al., 2009) and reviewed by 4 experts to ensure content validity. Internal consistency reliability, assessed via Cronbach's alpha, ranged from .712 to .876, exceeding the .70 threshold). Informed consent and respondent anonymity were ensured, with ethical clearance. Data were analyzed using SPSS 29.0. Following screening for missing values, outliers, and regression assumptions (normality, linearity, homoscedasticity, multicollinearity, and independence of errors), standard multiple regression was employed to estimate:

$SMEP = \beta 0 + \beta 1PQ + \beta 2DF + \beta 3PV + \beta 4SD + \varepsilon$

Where: SMEP= SMEs performance;
$\beta 0$ = Constant Term;
$\beta 1$, $\beta 2$, $\beta 3$, and $\beta 4$ = Beta coefficients
PQ= Perceived Quality;
DF= Differentiation;
PV= Price-Value Ratio;
SD = Speed of Delivery;
ε = Error term

Results

The target sample comprised 264 SME owners/managers in Gombe State. To mitigate potential non-response bias, the study administered 290 questionnaires in person, representing the target sample plus a 10% buffer, with assistance from three trained research assistants. Of these, 285 questionnaires were returned, yielding a 98.3% response rate. Following data screening, 21 responses were excluded (due to excessive missing data exceeding 10% per case), and the remaining 264 valid responses were retained for analysis after verifying that all assumptions of multiple regression were satisfied. This final sample represents 100% of the target sample and 92.6% of the returned questionnaires

Results:

Table 1: Model Summary

Model	R	R^2	Adjusted R^2	SE Estimate	Durbin-Watson
1	.473	.224	.212	.38218	1.790

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Note. N = 264. Predictors: Perceived Quality (PQ), Differentiation (DF), Price-Value Ratio (PV), Speed of Delivery (SD). Dependent Variable: SME Performance.
Source: Field Survey (2026).

A standard multiple regression analysis was conducted to examine the combined effect of the four value creation dimensions on SMEs performance in Gombe State. As shown in Table 1, the model containing perceived quality, differentiation, price-value ratio, and speed of delivery explained 22.4% of the variance in SMEs performance (R^2 = .224, Adjusted R^2 = .212). The marginal reduction from R^2 to Adjusted R^2 (Δ = .012) indicates that the model is stable and not overfitted; the four predictors retain their explanatory power after adjusting for the number of variables entered. The overall model was statistically significant, $F(4, 259) = 18.65$, $p < .001$, confirming that the linear combination of value creation variables significantly predicts SMEs performance in Gombe State.

The effect size, computed as $f^2 = R^2 / (1 - R^2)$, was 0.29, which exceeds Cohen's (1988) threshold for a medium effect (f^2 = .15). This suggests that the relationship between value creation and SMEs performance is meaningful beyond statistical significance. The Durbin-Watson statistic of 1.790 approximates the expected value of 2.0, indicating no serious autocorrelation in the residuals and supporting the assumption of independent errors. Nevertheless, the model leaves approximately 78% of the variance in SMEs performance unexplained, suggesting that other exogenous factors (e.g., regulatory environment, access to finance, managerial experience) likely contribute to firm performance outcomes.

Table 2: ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.896	4	2.724	18.650	< .001
	Residual	37.830	259	.146		
	Total	48.726	263			

Note: Dependent Variable: SME Performance. Predictors: Perceived Quality (PQ), Differentiation (DF), Price-Value Ratio (PV), Speed of Delivery (SD).
Source: Field Survey (2026).

The analysis of variance for the regression model (Table 2) confirmed that the linear combination of perceived quality, differentiation, price-value ratio, and speed of delivery significantly predicted SME performance, $F(4, 259) = 18.65$, $p < .001$. The regression sum of squares (SS = 10.896, MS = 2.724) represents the systematic variance in SMEs performance explained by the four value creation dimensions, whereas the residual sum of squares (SS = 37.830, MS = .146) captures the variance attributable to random error and unmeasured factors. With the model accounting for a statistically significant portion of the total variance, the null hypothesis, that the four predictors jointly have no effect on SMEs performance, is rejected.

Table 3: Coefficient Table

Variable	B	SE	β	t	P	Tolerance	VIF
Constant	−.359	.324		−1.107	.269		
Perceived Quality (PQ)	.232	.078	.169	2.991	.003	.936	1.069
Differentiation (DF)	.261	.086	.169	3.027	.003	.966	1.035
Price-Value Ratio (PV)	.312	.056	.316	5.583	< .001	.935	1.070
Speed of Delivery (SD)	.248	.117	.116	2.119	.035	.993	1.007

Note: Dependent Variable: SME Performance. N = 264. All variance inflation factor (VIF) values are below the conventional threshold of 10, and tolerance values exceed .10, indicating no multicollinearity among predictors.
Source: Field Survey (2026).

Table 3 presents the unstandardized and standardized regression coefficients for each value creation dimension. All four predictors demonstrated positive and statistically significant effects on SME performance, thereby permitting the rejection of the respective null hypotheses. Specifically, price-value ratio emerged as the strongest predictor (β = .316, $p < .001$), followed by differentiation (β = .169, p = .003) and perceived quality (β = .169, p = .003), which exerted equivalent standardized effects. Speed of delivery was also significant (β = .116, p = .035), though it contributed the

least explanatory power among the four dimensions. The unstandardized coefficients indicate that, holding other variables constant, a one-unit increase in price-value ratio corresponds to the largest incremental gain in performance (B = .312), while equivalent increases in perceived quality, differentiation, and speed of delivery yield marginal but significant improvements of .232, .261, and .248, respectively. Multicollinearity diagnostics confirmed that the predictors are sufficiently independent. All tolerance values exceeded .10 and all VIF values were below 1.10, well within acceptable limits (VIF < 10; Hair et al., 2019). Consequently, the regression estimates are stable and interpretable without concern for inflated standard errors due to intercorrelated predictors.

Discussion

The findings confirm that value creation (perceived quality, differentiation, price-value ratio, and speed of delivery) has a significant positive effect on SME performance in Gombe State. The regression model explained 22.4% of the variance ($R^2 = .224$, adjusted $R^2 = .212$), with a medium effect size ($f^2 = 0.29$), and was statistically significant, $F(4, 259) = 18.65$, $p < .001$. This aligns with prior evidence from Cameroon (Ouragini & Lakhal, 2024), Saudi Arabia (Hanaysha & Al-Shaikh, 2022), West Java (Sari et al., 2023), and Nigeria (Muhammad & Muhammad, 2025; Muritala, 2025) that value creation enhances SME performance. However, those studies treated value creation as a unidimensional construct, the present findings disaggregate the effect and demonstrate that the four dimensions do not contribute equally. This granularity addresses the gap in understanding which specific value creation dimensions most strongly influence performance in developing economy. In the study, price-value ratio emerged as the dominant predictor ($\beta = .316$, $p < .001$), suggesting that SME customers in Gombe State evaluate performance primarily through a cost-benefit lens. This corroborates Ndwandwe and Khoza (2026) and Obiajulu et al. (2025), who found that value-based pricing strategies outperform cost-plus approaches in African SME markets. The primacy of this dimension implies that managers who transparently align pricing with customer-perceived utility are likely to realize the greatest performance gains, particularly in an environment where purchasing power constraints amplify price sensitivity.

Differentiation and perceived quality had equivalent, moderate effects ($\beta = .169$, $p = .003$, for both), supporting the contention that product distinctiveness and reliability are necessary but not sufficient conditions for superior performance. These findings resonate with Kaushal et al. (2022) and Navaia et al. (2023) on differentiation, and with Hou et al. (2024) and Anifowose et al. (2022) on quality-performance linkages. The parity between these two dimensions suggests that Gombe State SMEs cannot rely on quality alone; they must simultaneously signal uniqueness to avoid commoditization in competitive local markets.

Speed of delivery, while statistically significant, was the weakest predictor ($\beta = .116$, $p = .035$). Its marginal contribution may reflect the localized nature of Gombe State's SME markets, where informal distribution networks and geographic proximity reduce the salience of delivery speed relative to price and quality. This contrasts with findings from Egypt (Saad et al., 2022) and Indonesia (Kaligis et al., 2024), where delivery speed strongly predicted customer loyalty in more digitally mediated or dispersed markets. Nonetheless, the significant coefficient supports Ocharo and Kinyua (2021) in affirming that responsiveness remains a performance determinant even in less fragmented environments, and its low beta suggests diminishing returns unless firms serve extra-local or e-commerce channels.

Through decomposition of value creation into four distinct dimensions, this study advances entrepreneurial marketing theory beyond the monolithic operationalization prevalent in prior SME research. The differential magnitude of effects, particularly the primacy of price-value ratio, suggests that resource-based value creation theories may require contextual calibration for developing-economy SMEs, where affordability constraints dominate customer choice.

Given the dominant effect of price-value ratio ($\beta = .316$, $p < .001$), SME managers should prioritize value-based pricing frameworks that explicitly communicate cost-benefit trade-offs to customers through transparent pricing menus, bundled offerings, or quality guarantees. The significant, moderate effect of perceived quality ($\beta = .169$, $p = .003$) implies that investments in process standardization, staff training, and customer feedback loops remain essential, though these must be framed within a compelling price-value narrative to avoid pricing firms out of the local market. With an equivalent effect size ($\beta = .169$, $p = .003$), differentiation confirms that product or service distinctiveness is a necessary condition for performance; managers should identify niche segments and develop unique selling propositions that are difficult to replicate in Gombe State's relatively homogeneous SME landscape. Finally, although

speed of delivery was significant (β = .116, p = .035), its marginal contribution suggests that firms serving localized, walk-in markets should ensure baseline responsiveness without over-investing in rapid logistics, whereas SMEs expanding into e-commerce or extra-local trade should treat delivery speed as a strategic priority.

The cross-sectional design precludes causal inference. Future studies should adopt longitudinal or experimental designs to trace how these dimensions interact over time. Furthermore, the 77.6% unexplained variance indicates that other factors, such as access to finance, regulatory environment, or digital technology adoption, warrant inclusion in subsequent models to improve predictive power.

Conclusion

This study examined the effect of four value creation dimensions on SME performance in Gombe State, Nigeria. The findings confirm that perceived quality, differentiation, price-value ratio, and speed of delivery jointly and individually enhance performance, with price-value ratio emerging as the dominant driver. These results extend entrepreneurial marketing theory by disaggregating value creation into measurable, actionable dimensions within a developing-economy context. For practitioners, the evidence suggests that SMEs in Gombe State should prioritize value-based pricing while maintaining quality and differentiation standards. Future research should adopt longitudinal designs to establish causality and incorporate additional performance predictors to account for the substantial unexplained variance.

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