STRATEGIC MANAGEMENT IMPLICATIONS ON THE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES IN SELECTED COMPANIES IN ENUGU STATE

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Abstract

Strategy is an action plan that management needs to proactively craft how the organization’s business will be conducted. A well thought out strategy is management’s prescription for doing business, its road map to competitive advantage, its game plan for pleasing customers and improving financial performance. Also a strategy-focused enterprise is more likely to be a strong bottom line performer than a company whose management views strategy as secondary and puts its priorities elsewhere. Effective strategy formulation and execution have a significantly positive impact on revenue growth, earnings, and return on investment.

Keywords: Strategy, Strategic management, Development, Small and Medium Enterprises

Introduction

Strategy dates back to ancient times, and recent reviews discuss some of these works like Hammurabi’s codes governing life in the Babylonian culture as well as the need for organizing principles as demonstrated by the ancient Egyptians and Hebrews (Wren, 1994). Other works have used specific cultures such as the Chinese to relate modern management theories to ancient philosophies such as Confucian principles (Hahn and Waterhouse, 1972). Wagner (1995) considered contributions of historical accounts to the field of strategy by highlighting the works of ancient philosophers like Plato and Aristotle to illustrate facets of the management of change.

On the other hand, Bracker (1980) used historical accounts to clarify “strategy” by defining strategic management from ancient perspectives and to provide a useful departure from the academic study of strategic management” (1980). In his chronicle of the use of the concept of strategy, Bracker (1980) posits that strategy which was mentioned in Old Testament Bible where Moses faced quite a challenge after leading the Israelites out of slavery in Egypt. Moses as lone strategist on the advice of his law began delegating authority to other leaders, each of whom oversaw a group of people. This hierarchical delegation of authority created a command structure that freed Moses to concentrate on the biggest decisions and helped him implement his strategies. Business organizations globally are operating in a competitive environment as the world’s environment becomes increasingly complex and changing, today’s enterprises, are adapting strategic management as one way to make the environment more manageable. Strategic competitiveness is achieved when a company successfully formulates and implements a value creating strategy that gives them an advantage if there businesses must survive and grow. Strategic management and its implementation has become very important in the performance of
Small and medium scale sector is increasingly being recognized as the prime driver of economic development in both developed and developing countries (Zacharakis et al; 2002). It is a major source of job creation, wealth generation, innovation and technological advancement (Kotey and Meredith, 1997). In most of the countries in the world, the level of economic dependence on small and medium enterprises has increased in recent times. The level of performance of each enterprise determines the economic development. Generally this sector is the largest contributor to employment in most countries. Ou, (2006; Office for national statistics, 2009; Ergas and Orr, 2007; Organisation for Economic Co-operation and Development, 2005; National Development and Reform Commission, 2007) posit that SME sector is a major contributor to technical innovation and new product developments.

Schmiemann, (2009) opines that SME sector is a key driver for a country’s economic growth hence, SMEs cannot be overlooked in the economic development of any country. Okongwu (2001) argues that SME sector is recognized as the main source of economic growth and a major factor in promoting private sector development and partnership, in developed and developing countries. SMEs help to create employment and are often seen as very important for the growth and innovation of dynamic economies (Mutula and Brakel, 2006). Therefore, economic growth and development in Nigeria can be achieved through the emergence of strong SMEs, which will later grow to become major players in developing the economy. SMEs help to diversify economic activities that have significant contributions to imports and exports, they are flexible and can adapt quickly to changing market demands (Ongori, 2009). Thus, SMEs contribute more and more to the national and international economies of the world. SMEs sector because of its key role in creating economic wealth, (Bantel and Jackson, 1999).

The argument is does SMEs need to develop a formal strategic management since neither do they have management team nor financial resources to indulge in elaborate, strategic management techniques (Cragg and King, 1998). Although, it is still debated whether SMEs should apply strategy, however, the positive impact of using strategic management as a tool to achieve sustainable and competitive advantage cannot be overlooked (Analoui and Karami, 2003). Gibson and Cassar (2002), opine that large companies are more successful than SMEs because the large companies plan strategically. Strategic management is viewed as the set of decisions and actions that result in the formulation, implementation and control of plans designed to achieve an organisations vision, mission, strategy and strategic objectives within the business environment in which it operates (Pearce and Robinson, 2005). Strategic plan implementation is an integral part of the strategic management process and is viewed as the process that turns the formulated strategy into a series of actions and then results to ensure that the vision, mission, strategy, and strategic objectives of the organisation are successfully achieved as planned (Thompson and Strickland, 2003).

In the other way, Lamb (1984) states that strategic management is an on-going process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment. Strategic planning as explain by Lamb (1984) indispensable for a company to be more proactive than reactive in moulding its own future; it makes an organization to initiate and affect activities so that it can exert control over its own destiny. At present, the benefits of strategic planning begin to be recognized and realized by more and more people no matter small business owners, chief executive officers, or presidents and managers of many for-profit and non-profit organizations.

**Statement of the problem**

Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Most organizations do not have a sense of direction so that organization members do not know where to expend their efforts. Managers sometimes do not create enabling environment that can help highlight the need for innovation and providing an organized approach for encouraging new ideas related to strategies. Most organizations do not attempt to develop and follow strategies, despite that it is a large-scale action plans for interacting with the environment in order to achieve long-term goals.

Implementation of strategy is very crucial in the competitive advantage of organization but some organizations after formulating the strategy do not translate them into action and results. It becomes imperative that most organizations do not
have the framework that facilitates the implementation of their strategy thereby not achieving the desired competitive advantage. It implies that any organization that is ignorant of the strategic management processes and its workings will be limiting its competitiveness. Since the success of every organization is dependent on the management of independences between the organization and its environment most organizations do not develop various forms of strategies which can give the organization power to maneuver and successfully compete.

Objectives of the study

The broad objective of the study is to examine the strategic management implications on the development of small and medium enterprises in selected companies in Enugu state, Nigeria.

These specific objectives were formulated to direct this study, they are to:

1. identify the extent to which strategic processes lead to organizations productivity,
2. Ascertain the relationship between strategic implementation and organizations profitability.

Research Questions

The following research questions were formulated in line with the objectives

1. To what extent do strategic processes lead to organizational productivity?
2. What is the relationship between strategic implementation and organizations profitability?

Hypotheses

1. Strategic processes to a great extent lead to organizations productivity
2. There is positive relationship between strategic implementation and organizations profitability.

Concept of Strategy

Business strategy is the all inclusive plan of action which identifies the competitive position of a firm ((Mintzberg and Quinn, 1991). Strategy is regularly described as a deliberate set of actions to achieve competitive advantage, giving coherence and direction to the organization (O’Regan&Ghobadian, 2005). They are the corporate level, business unit level and functional level business strategies. For example, a firm may choose to compete by producing high quality goods or by producing at low cost. Business strategies are implemented through the major functional areas in finance, production, marketing, human resource management (HRM), and research and development (R&D). In turn each functional strategy is made up of several activities. Therefore, activities act as guides to the realization of the overall business strategy (Nath & Sudharshan, 1994). There are three levels at which strategy is practiced in organizations; corporate, business and functional level. Corporate strategy determines what the business should be and how the activities should be structured and managed. The strategy is responsible for defining the firm’s overall mission and objectives, validating proposals emerging from business and functional levels and allocating resources with a sense of strategic priorities (Hax, 2001).

Business strategy is all about maintaining competitive advantage in each strategies business unit. Business strategy or competitive strategies are concerned with how an organization is going to compete in a specific business or industry (Coulter, 2008), decisions and actions of the organizations various from functional areas (Coulter, 2008). Functional areas are such as marketing, operation, production, finance, and human resources. The company needs to maintain its competitive strategy from each functional area in order to support business & corporate strategy. However, in the literature on SMEs, there is no clear consensus on what strategy is, rather there are many definitions (O’Regan & Ghobadian, 2005).

Ansoff & McDonnell (1990) define strategy as a set of rules for decision making to guide the behaviour of an organization. There are four distinct types of rules: standards by which the present and future performance of the company is measured (objectives, targets); rules for the development of relationships with the external environment (product strategy and marketing, or business strategy), rules for establishing relations and internal processes in the organization.
(organizational concept); and rules by which the company shall conduct its activities in the day-to-day (operational policies). Barney (2001) opines that Strategy is the theory of the firm on how to compete successfully.

It also considers performance as a factor influenced by strategy, as it can also be considered that to compete successfully implies having a satisfactory performance. Miller & Dess (1996) states that strategy is a set of plans or decisions made in an effort to help organizations achieve their objectives. Porter (1996) Strategy means performing different activities to those performed by rivals or performing the same activities differently. Wright, Kroll & Parnell (1997), opines that strategy is the set of plans from top management to achieve results consistent with organizational mission and objectives. Mintzberg, Ahlstrand argues that strategy is the mediating force between the organization and its surroundings, focusing on & Lampel (1998) decisions and actions that come naturally. Strategy formation is not limited to intentional processes, but can occur as a pattern of actions formalized or otherwise. Barney (2001) Strategy is the theory of the firm on how to compete successfully. It also considers performance as a factor influenced by strategy, as it can be considered that to compete successfully means having a satisfactory performance.

**Concept of Strategic Management**

Strategic management is the management of an organization’s resources to achieve its goals and objectives. Strategic management involves setting objectives, analyzing the competitive environment, analyzing the internal organization, evaluating strategies and ensuring that management rolls out the strategies across the organization. At its heart, strategic management involves identifying how the organization stacks up compared to its competitors and recognizing opportunities and threats facing an organization, whether they come from within the organization or from competitors.

Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company’s top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes, (Nag, Hambrick, Chen, 2007). Strategic management is the study of the functions and responsibilities of senior management, the crucial problems that affect success total enterprise and the decisions that determine the direction of the organization and shape its future (Christensen et al, 1978). Strategic management is a comprehensive and ongoing management process aimed at formulating and implementing effective strategies that promote a superior alignment between the organization and its environment and the achievement of strategic goals, (Glueck, 1980). Wheelen and Hunger (2006), opines that strategic management is a set of managerial decisions and actions that determines the long-term performance of a corporation. It involves environmental scanning (both external and internal), strategy formulation (strategic or long range planning), strategy implementation, and evaluating and control. Wheelen and Hunger’s study (2006), emphasis the analysis and evaluation of external opportunities and threats in terms of an organization’s strengths and weaknesses. Dess and Miller (1993), opine that strategic management is a process that combines three major interrelated activities: strategy analysis, strategy formulation and strategy implementation.

Lamb (1984), posits that strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved, assesses its competitors and sets goals and strategies to meet all existing and potential competitors, and then reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new competitors, a new economic environment, or a new social, financial, or political environment. It is a way to gain competitive advantages for an organization. Regardless of the size, the scale, every organization needs to adopt a well-planned strategic management to survive and compete in the market and try to optimize for tomorrow following the trend of today.

Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics. (Ghemawat, Pankaj, 2002). These authors define four key attributes for strategic management: directed towards the overall organization objectives, includes multiple stakeholders in decision-making, requires

Incorporating short and long term perspectives and, involves the recognition of trade-offs between effectiveness and efficiency.
Development

Abianga (2010) defines development as the act or process of growth, progress and improvement within a physical setting. Hornby (2006) similarly defines development as the gradual growth of something so that it becomes more advanced and stronger. Some authors assert that a paradox exists: teachers, researchers, and practitioners recognize the need for a general theory of development; yet, many of these persons tend to anchor to either “community development” or other types of development without attempting to explicitly define the concept of development itself. They assert that this paradox can be resolved by a definition of development which links the orientations of three disciplines—economic, sociology, and ethics. To define development as a process in which increasingly more members of a given area or environment make and implement socially responsible decisions, the probable consequence of which is an increase in the life chances of some people without a decrease in the life chances of others, has two advantages. One is that it aids a focus on the immediate and subsequent effect(s) which behaviour has on the individual decision-maker and on the social structure of which he is a part. The other is that it provides a basis for an orientation which encourages the identification of individual behavior and structural conditions that simultaneously advance the private and public welfare (Wayne H. Oberle, Kevin R. Stowers & James P. Darby (2014).

Organization development (OD) is an interdisciplinary field with contributions from business, industrial/organizational psychology, human resources management, communication, sociology, and many other disciplines. One of the most frequently cited definitions of Organization Development (OD) comes from Beckhard (1969), an early leader in the field of OD. He posits that Organization development can be viewed from five dimensions as an effort (1) planned, (2) organization wide, and (3) managed from the top, to (4) increase organization effectiveness and health through (5) planned interventions in the organization’s “processes,” using behavioral-science knowledge. Beckhard (1969) opines that organization development has many points that have survived the test of time, including his emphasis on organizational effectiveness, the use of behavioral science knowledge, and the inclusion of planned interventions in the organization’s functions.

A more recent definition comes from Burke and Bradford (2005): based on (1) a set of values, largely humanistic; (2) application of the behavioral sciences; and (3) open systems theory, organization development is a system wide process of planned change aimed toward improving overall organization effectiveness by way of enhanced congruence of such key organizational dimensions as external environment, mission, strategy, leadership, culture, structure, information and reward systems, and work policies and procedures. Yet another definition of Organization development is that it is the process of increasing organizational effectiveness and facilitating personal and organizational change through the use of interventions driven by social and behavioral science knowledge. These definitions include a number of consistent themes about what constitutes organization development. They propose that an outcome of OD activities is organizational effectiveness. They also each stress the applicability of knowledge gained through the social and behavioral sciences (such as sociology, business and management, psychology, and more) to organizational settings. Perhaps the point on which most definitions agree is that the backdrop and purpose of organization development is change. As you have no doubt personally experienced, large-scale organizational change is rarely simple and met without skepticism. Senge (1999), writes, that “Most of us know firsthand that change programs fail. We’ve seen enough ‘flavor of the month’ programs ‘rolled out’ from top management to last a lifetime”. Because of its impact on the organizational culture and potential importance to the organization’s success, organizational change has been a frequent topic of interest to both academic and popular management thinkers. With change as the overriding context for OD work, OD practitioners develop interventions so that change can be developed and integrated into the organization’s functioning. To become effective, productive, and satisfying to members, organizations need to change. It will come as no surprise to any observer of today’s organizations that change is a significant part of organizational life.

Change is required at the organizational level as customers demand more, technologies are developed with a rapidly changing life cycle (especially high-tech products; Wilhelm, Damodaran, & Li, 2003), and investors demand results. This requires that organizations develop new strategies, economic structures, technologies, organizational structures, and processes. As a result, change is also required of individuals. Employees learn new skills as jobs change or are eliminated.
Organizational members are expected to quickly and flexibly adapt to the newest direction. Best-selling business books such as *who Moved My Cheese?* Teach lessons in ensuring that one’s skills are current and that being comfortable and reluctant to adapt is a fatal flaw. For organizational members, change can be enlightening and exciting, and it can be hurtful, stressful, and frustrating. Whether or not we agree with the values behind “change as a constant,” it is likely to continue for the foreseeable future. Whereas some decry an overabundance of change in organizations (Zorn, Christensen, & Cheney, 1999), others note that it is the defining characteristic of the current era in organizations and that becoming competent at organizational change is a necessary and distinguishing characteristic of successful organizations (Lawler & Worley, 2006).

There are, however, more- and less-effective ways to manage change. Creating and managing change in order to create higher performing organizations in which individuals can grow and develop is a central theme of the field of OD. When organization development, is spoken about it is referring to the management of certain kinds of these changes, especially how people implement and are affected by them.

**Concept of Small and Medium Scale Enterprise**

Small and Medium Scale Enterprises (SMEs) a defined by the National Council of Industries (2009) refer to business enterprises whose total costs excluding land is not more than two hundred million naira (N200,000,00) only. Although, there exists no consensus among policy makers and scholars concerning the point at which a business firm is deemed to be small or medium. Indeed, there is no universally or even nationally acceptable standard definition except that the scale of business needs to be defined for a specific purpose. The problem of SMEs identification is more acute in the developing countries because apart from the fact that small and medium scale business are difficult to count, they are also difficult to measure individually, hence statistics on the number, size, geographical distribution and activities of enterprises and the SMEs sub-sector are partial and highly unreliable (USAID, 2004 cited in Akingunola, 2011). The United Nations Industrial Development Organization (UNIDO cited in Akingunola, 2011) identified fifty definitions of small scale business in seventy-five different countries based on parameters such as installed capacity utilization, output, employment, capital, type of country or other criteria, which have more relevance to the industrial policies of the specific country.

However, it has been suggested that the SMEs sub-sector may comprise 87 percent of all firms operating in Nigeria, excluding informal – enterprises. This study collaborated USAID definition of enterprises as informal businesses employing five or fewer workers including unpaid family labour, small enterprises as those operating in the formal sector with five to twenty employees; and medium enterprises as those employing 21 to50 employees, (Kayanula and Quaraye, 1999 cited in Akingunola, 2011). In spite of the definitional problems of SMEs there still exists a high level of consensus on the importance of SMEs, especially the SMEs sub-sector to economic growth and development. Oluba (2009 cited in Akingunola, 2011), has however, observed that the importance of SMEs varies with sectors and with the developmental stage of a country. He opines that developing characteristics such as the the level of capital allocation/requirements, management size and arrangement as well as limited market access which make SMEs less amenable to the disappointing results of development strategies that focus on large, capital intensive and high import dependent industrial plants as well as failed public enterprises.

**Theoretical framework of the study**

In the 1970s much of strategic management dealt with the size, growth and portfolio theory. The long-term PIMS study, started in the 1960s and lasting for 19 years, attempted to understand the Profit Impact of Marketing Strategies (PIMS), particularly the effect of market share. It started at General Electric, moved to Harvard in the early 1970s, and then moved to the Strategic Planning Institute in the late 1970s. It contains series of information on the relationship between profitability and strategy. Their initial conclusion was unambiguous the greater a company’s market share, the greater their rate of profit. Market share provides economies of scales. It also provides experience curve advantages. The combined effect is increased profits. The benefits of high market share naturally led to an interest in growth strategies. Schumacher (1973), Woo and Cooper (1982), Levenson (1984), and later Traverso (2002) showed how smaller niche players obtained very high returns.

By the early 1980s the paradoxical conclusion was that high market share and low market share companies were often very profitable but most of the companies in between were not. This was sometimes called the “hole in the middle” problem. Porter explained this anomaly in the 1980s. The management of diversified organizations required additional techniques and ways of thinking. The first CEO to address the problem of a multi-divisional company was Alfred Sloan at General Motors GM employed semi-autonomous “strategic Business Units” (SBUs), with centralized support functions. One of the
most valuable concepts in the strategic management of multi-divisional companies was portfolio theory. In the previous
decade Harry Markowitz and other financial theorists developed modern portfolio theory. They concluded that a broad
portfolio of financial assets could reduce specific risk. In the 1970s marketers extended the theory to product portfolio
decisions and managerial strategists extended it to operating division portfolios. Each of a company’s operating divisions
was seen as an element in the portfolio. Each operating division was treated as a semi-independent profit center with its
own revenues, costs, objectives and strategies. Several techniques were developed to analyze the relationships between
elements in a portfolios such as B.C.G Analysis developed the Boston Consulting Group in 1970s, and the Multi-Factoral
Model developed by the General Electric.

The Model of Strategic Management Process

A model is simply an attempt to intellectually capture and present a system or some aspects of real life in a way that
captures its essence and makes for easy understanding. A model of strategic management is therefore an attempt to provide
a map of the course in a manner that facilities our understanding of it by revealing its critical components and showing how
they relate to one another. Once this understanding has been gained the next stage in the process is a definition, redefinition
or review of the mission, vision and values of the business in the context of the environmental and internal realities facing
the company. Environmental and internal analysis provides the needed platform for the next stages- the formulation of the
goals and objectives of the company and the strategies for actualizing them (Unyimadu, 2012). The next stage of the process
is strategy implementation which calls for an understanding of the issues involved in strategy implementation is normally
achieved through functional area plans and policies, providing an appropriate and effective leadership, revisiting the
structure of the company, forging a supportive culture where none already exists and introducing and managing changes as
necessary. Intertwined with strategy implementation is strategy evaluation and control. All of these processes occur within
an environment that is in a constant state of change. Indeed, strategic management is a comprehensive effort to anticipate
and cope with these changes, (Agbonifoh, 2008).

The strategic management planning process of smes

There is no one acceptable ways of practicing strategic management as such different authors use different models, in
most cases authors refer to strategic management as a process that includes the various aspects of strategy formulation,
implementation and evaluation and control. Strategic management is the total approach to management aimed at helping
organizations achieve strategic objectives. Basically, strategic management can be broken down into three parts: strategic
planning, strategic implementation and strategic control (Gotz and Mikus 1999 and Megginson, Nash, and Randenborgh ,
1994). The steps in strategic management process are separate and sequential, it is important that considerable overlap
among the steps exist.

Strategic Planning

Strategic planning has become exceptionally important in , circles today; it includes those activities that involve defining
the organization’s mission, setting its objectives analyzing the external and internal environment of the organization, and
developing and selecting strategies to enable it to operate successfully in its environment (Rowe, Mason, Dickel, and
Snyder,1989). Strategic planning starts with a clear understanding of the organizational mission. Secondly, organizational
objective must be established so that everyone knows what management wants to accomplish. Thirdly, management
identifies the strategic alternatives available to achieve those objectives. These steps entail examining the organizations’
strengths and weaknesses, forecasting the future environment and so on. Finally, to complete the planning process strategic
choices are made.

Mission

An organization mission defines the fundamental, unique purpose that sets it apart from other companies of its type
and identifies the scope of the company’s operations in terms of products/service offered and markets served (Wheelen and
Hunger, 2002). In other words mission statement describes an organization’s purpose, its customers, its products and its
technology. Thus it is the purpose or reason for the organization’s existence. Mission statements often reveal the company’s
philosophy as well as purpose (Daft 1994). An organization philosophy establishes the values, beliefs and guidelines for the
manner in which the organization is going to conduct its business (David, 1993). The organization purpose defines the
activities that the organization performs or intends to perform and the kind of organization that it is or it intends to be. Mission statements should be sufficiently narrow to help the company determine its proper market niche (Megginson et al 1992). Drucker (1973) collaborating this opines that mission statement defines the organization. He states that “only clear definition of the mission and the purpose of the organization make possible clear and realistic business objectives”.

**Objectives**

An organization without objectives is an organization without direction. Objectives are the end results, goals or targets that all organizational activities seek to attain (Megginson et al 1992). They are an important part of planning process because they become the focal point for directing strategies. Although objectives can vary widely from organization to organization, normally they can be categorized as follows: profitability, service to customers, employee needs and well-being, social responsibility, and others. The following items provide potential areas for establishing long-term objectives for most organizations: profitability, markets, productivity, product, financial resources, physical facilities, research and innovation, organization structure and activities, human resources, customer services, social responsibility (Raia 1974). Every organization do not have objectives in all of these areas. Generally, long-term objectives need to be established for every area of the organization where performance and results directly influence the survival and prosperity of the organization (Drucker, 1973). Long-term objectives must support and not be in conflict with the organization’s mission (Thompson, 1993).

They should be clear, concise and quantified whenever possible and should be detailed enough so that the organization’s personnel can clearly understand what the organization intends to achieve. They should span all significant units or areas of the organization and not concentrate on just one area. Objectives for different areas of the organization can serve as checks on each other, but should be reasonably consistent with each other. Finally, objectives should be dynamic in that they need to be reevaluated in light of changing conditions. They are measurable points which indicate how the organization is making definite progress towards its mission. It is pertinent to note that organizational mission statements, policies, objectives, and strategy are not mutually exclusive components of strategic planning process; they are highly interdependent and inseparable. They are intertwined as one cannot talk about attaining objectives without knowing the policies that must be followed; similarly, a strategy cannot be determined first knowing the objectives that are to be pursued and the policies that are to be followed.

**Strategy Selection and Strategy Implementation**

In choosing from the available possibilities, successful managers will select the strategies that are best suited to the organization’s capabilities and give their organization the more favourable competitive advantage and as much as possible try to sustain that advantage over time. It is imperative to note that strategic management process does not end when the organization decides what strategy or strategies to pursue. There must be a translation of strategic thought into strategic action. This translation is much easier if managers and employees of the organization understand the business, feel a part of the company and through involvement in strategy formulation activities have become committed to helping the organization succeed. Strategy implementation involves those activities necessary in carrying out the chosen strategy. These activities include developing an organizational structure, managing the day-to-day organizational activities, and evaluating the effectiveness of the strategy (Byars 1984). He posits that implementing strategy affects an organization from top to bottom and it impacts on all functional and divisional areas of the business. Therefore, successful strategy implementation requires support, discipline, motivation and hard work from all managers and employees.

**Strategic control**

The underlining factor in strategic management is that the chosen strategy will achieve the organization’s objectives. However, the possibility of this not happening gives rise to the need for the strategic control process. In the control aspect of the strategic management process, top management determines how well or whether the chosen strategy is achieving the organization’s objectives. Company controllers often play role in designing system of strategic control. The two main questions relevant to strategic control are (1) Is the strategy being implemented as planned? And (2) Is the strategy achieving the intended results? (Aaker, 1984).
Methodology

The study adopted survey research design. The sources of data were primary and secondary sources. The population size consists 313 staff of five selected Small and Medium scale enterprises in Enugu State, while the sample size of 176 was got from the population using Taro Yamane formula. Likert scale type of questionnaire was used to solicit information. Data were analysed using tables and percentages. Chi-square statistical tool was used in testing the hypotheses. Reliability was tested using test retest. The study was validated using content validity. The copies of questionnaire distributed were 176, while the valid number returned and used were 168.

Table 1: What are the effects of strategic management on the profitability of small and medium scale businesses?

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<tr>
<th>S/N</th>
<th>Description</th>
<th>Agreement</th>
<th>Disagreement</th>
<th>Total</th>
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<td>1</td>
<td>Strategic management enhances SMEs profitability</td>
<td>110(118)</td>
<td>58 (49.67)</td>
<td>168</td>
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<tr>
<td>2</td>
<td>Strategic management is an effective tool for SMEs competitive advantage</td>
<td>105(118)</td>
<td>63(49.67)</td>
<td>168</td>
</tr>
<tr>
<td>3</td>
<td>Strategic management improves customer service delivery</td>
<td>140(118)</td>
<td>28(49.67)</td>
<td>168</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>355(70.44)</strong></td>
<td><strong>149(29.56)</strong></td>
<td><strong>504</strong></td>
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Ho: There is no positive effect of strategic management on the productivity of small and medium scale businesses

Hi: There is positive effect of strategic management on the productivity of small and medium scale businesses.

Table 2: Calculated Chi-square table

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<td></td>
</tr>
</tbody>
</table>

Source: field survey 2017

Degree of freedom (df) = \((r-1)(c-1)\)

\[= (3-1)(2-1)\]

\[= (2)(1)\]

\[= 2\]

Level of significance 0.05

Critical value of chi-square = 5.991

Calculated chi-square \(x^2\) = 20.595

Decision Rule

Since the calculated chi-square value \(x^2\) is greater than the tabulated value \(x^2\) 0. 20.595 > 5.991, we reject the null (H0) hypothesis and accept the alternate hypothesis (Hi). Thus we conclude that strategic management has positive effect on the productivity of small and medium scale businesses.

Test of hypothesis two
Ho: formulation, implementation, evaluation and control are not the strategic management planning processes of small and medium scale enterprises.

Hi: formulation, implementation, evaluation and control are the strategic management planning processes of small and medium scale enterprises.

Table 3: The strategic management planning processes enhance the profitability of SMEs

<table>
<thead>
<tr>
<th>Description</th>
<th>Agreement</th>
<th>Disagreement</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Strategic formulation involves developing of vision and mission statements that lead to profitability of organizations</td>
<td>130(112.6)</td>
<td>38(55.33)</td>
<td>168</td>
</tr>
<tr>
<td>2 Implementation is the translation of strategic thought into strategic action enhance the profitability of small and medium scale enterprises</td>
<td>128(112.67)</td>
<td>40(55.33)</td>
<td>168</td>
</tr>
<tr>
<td>3 Strategic evaluation means measuring and evaluating performance, while control determines whether the chosen strategy is achieving the organization’s profitability</td>
<td>80(112.67)</td>
<td>88(55.33)</td>
<td>168</td>
</tr>
<tr>
<td>Total</td>
<td>338(67.06)</td>
<td>166(32.94)</td>
<td>504</td>
</tr>
</tbody>
</table>

Source: field survey 2017

Since the calculated chi-square value $x^2$ is greater than the tabulated value $x^2 = 5.991$, we reject the null (H0) hypothesis and accept the alternate hypothesis (Hi). Thus we conclude that formulation; implementation, evaluation and control are the strategic management planning processes of small and medium scale enterprise.

Summary of major findings

The researchers found out the following:

1. The strategic management has positive effect on productivity of small and medium scale businesses. Test hypothesis (1) approved this $X^2 = 20.595 > 5.991$.
2. That formulation, implementation, evaluation and control are the strategic management planning processes enhance the profitability of small and medium scale enterprises. Test of hypothesis (2) approved this: $X^2 = 53.219 > X^2 = 5.991$.

Conclusion

The researcher concludes that strategic management is a set of managerial decisions and actions that determined the long-term performance of small and medium scale enterprises. It helps industries to assess its competitors and sets goals and strategies to meet all existing and potential competitors. It compromises of the analysis, decisions, and actions an organization undertakes in order to create and sustain competitive. It leads to operational effectiveness which means performing similar activities better than rivals.

Recommendations

The researcher recommends as follows:

1. To remain competitively advantaged and achieve higher productivity small and medium scale enterprises should adopt strategic management.
2. The strategic management planning processes enhance the profitability of small and medium scale enterprises Small and medium scale enterprises.

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