ANALYSIS OF THE IMPACT OF STRATEGIC MANAGEMENT ON THE BUSINESS PERFORMANCE OF SMES IN NIGERIA

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ABSTRACT

The present economic hardship has presented various businesses with high levels of turbulence that only requires the ability to turn strategies into action. Therefore, the presence of good strategic plans assists in some ways in making businesses less vulnerable to the erratic business environment. Although much has been written on business performance of SMEs, this study explored the extent to which the adoption of strategic management practices among SMEs in Nigeria has increased their transaction volumes, number of customers, market shares and consequently their business performances. Data were sourced through the use of questionnaires from 120 owners of SMEs in Lagos state, Nigeria. These were analyzed using descriptive statistics and regression analysis. SME's competitive advantage and business strategies were found to contribute significantly to increase in their number of customers and market shares respectively. However, the result indicates that organizational structure has positive influence on SMEs' transaction volumes but not significant.

Keywords: Strategic Management, Business Performance, SMEs, Competitive Advantage, Nigeria.

BACKGROUND TO THE STUDY

It is not only important for all businesses to understand why they are in business but also to put in place an attainable strategic plan to improve their business performances. This is because strategy is a source of sustainable competitive advantage and in recent years, large enterprises have adopted various strategic management practices to guarantee their fit within the constraints of their environment. Though this practice, as acknowledged in Kraja & Osmani (2013), is often seen to be important only to large corporations, most studies have shown that for every organization, either large or small, to succeed and attain a competitive advantage, it has to be strategic in their daily operations. However, the quality and strength of firms' competitive advantage, as proposed by the resource-based theory, relates to how effective internal resources of firms are utilized, instead of their position in the external environment (Makanga & Paul, 2017). In support of this, the contingency theory also drew attention of organizations to the need to develop managerial strategy based on the situations and conditions they are experiencing (Ahmed & Mukhongo, 2017), but literatures on Small and Medium-Sized Enterprises (SMEs) has paid little attention to the strategy-making processes of these firms and concentrated more on their low performance and high failure rate which is often blamed on lack of resources such as funds, land and skilled labor (Majama & Magang, 2017). Though lack of these resources can hinder these enterprises from exploiting relative strengths, business management specialists have argued that even on the availability of such resources, majority of these SMEs do fail due to lack of strategic planning resulting from poor management, lack of managerial education and lack of initiative (Eniola & Ektebang, 2014; Kraja & Osmani, 2013; Majama & Magang, 2017; Nwankwo, Ewuim & Asoya, 2012). It is obvious that SMEs can no longer be excluded from those factors that have driven larger organizations into using strategic decisions (Abosede, Obasan & Alese, 2016); therefore SMEs are now compelled to arrange their available resources and capabilities accordingly to gain competitive advantages in relation to their products, competitions and market. Therefore, to what extent will the adoption of strategic management practices influence the market shares, transaction volumes and consequently the business performances of SMEs in Nigeria?

LITERATURE REVIEW

Businesses, according to Eniola & Ektebang (2014) that fail to drive good planning practices and tools forward, will not only stay bound by slow, stovepipe planning processes, but also find it difficult to compete in good conditions. The survival-base theory also calls for every business manager to keep in mind the need to be strategic if they do not want their organizations to be crushed by competitors. Strategy is about achieving competitive advantage through being uniquely different in your industry (Porter, 1996; Adeyemi, Isaac & Olufemi, 2017). It is no longer competing for product leadership, rather competing in core competence leadership (Agha, Alrubaiee & Jamhour, 2011). Agha et al. (2011) further argues that defining core competences amid the formulation of strategies is intentionally to attain sustainable competitive advantages. Strategic management is thus a veritable tool in improving firms' competitiveness, performance level and structural development (Makanga & Paul, 2017). Branislav (2014) stated that the application of strategic management practices helps firms in exploiting and creating new and different opportunities for tomorrow. Therefore to straighten up operations and enable firms have vision and direction, strategic management is a route that is highly demanded (Ahmed & Mukhongo, 2017). This is because it provides an overall direction to an enterprise in the setting of objectives, in developing of long-term policies and plans designed to achieve these objectives and then in allocating resources to implement the plans (Abosede et al., 2016).

Strategic Management

All firms are involves in one form of strategy or the other but for the decision making process to be proactive rather than reactive, it should be approached logically, systematically and objectively (Branislav, 2014). Branislav (2014) further puts it as "the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives". As detailed in Adeyemi et al. (2017), this process is an iterative, continuous one and involves important interactions and feedback among five key facets: goal-setting, analysis, strategy formation, strategy implementation and strategy monitoring. These activities, as argued in Koech & Were (2016), should be geared towards ensuring the achievement of the long and short term goals and objectives of the organizations concerned. Therefore, it is necessary for managers to first understand the strategic management practices that best suit their firms and the way such practices affects their operations in a given industry; given that every organization, at any phase of its life-cycle, can be affected by some external environmental conditions and internal factors and as such finding ways to have competitive advantage is indispensable (Agwu, 2014).

Stages of Strategic Management

1. Environmental Analysis: this is often the first step in strategy formulation and it involves analyzing the internal and external environment in which the organization operates. While the external analysis aids managers in identifying organizations' opportunities and threats, the internal analysis is for identifying the distinctive competencies (Kraja & Osmani, 2013). Explaining further, Muriuki, Cheruiyot & Komen (2017) state that environmental analysis includes the: remote external environment (political, economic, social, technological, legal and environmental landscape-PESTLE); industry environment (competitive behavior of rival organizations, the bargaining power of buyers/customers and suppliers, threats from new entrants to the industry and the ability of buyers to substitute products-the Porter's 5 forces); and internal environment (strengths and weaknesses of the organization's resources-its people, processes and IT systems).
2. Strategy Formulation: This includes developing a vision and mission, identifying the organization's external opportunities and threats, determining its internal strengths and weaknesses, establishing long-term objectives, generating alternative strategies and setting policy guidelines and rules (Branislav, 2014). As elucidated in Burugo & Owour (2017), a strong mission statement together with situational analysis tools facilitates the formulation of a competitive strategy.
3. Strategy Implementation: Strategy implementation, according to Wheelen & Hunger (2011), is the sum total of the activities and choices required for the execution of a strategic plan to accomplish the objectives of the organization. Koech & Were (2016) explains that this process encompasses the functional, business and corporate levels of any organization.
4. Strategy Evaluation and Control: Managers urgently need to understand when specific strategies are not functioning as required and strategy evaluation is the essential means for getting this information. This is because, as stated in Muriuki et al. (2017), the implementation and control initiatives undertaken are the significant aspects of an effective strategic management practices for corporations. It is vital to any organization's well-being, most especially if timely as it can alert management to likely situations before they become critical (Ahmed & Mukhongo, 2017). Explaining further, Ahmed & Mukhongo (2017) stated that none of strategy formulation or implementation is a once-and for-all-time task since even the best formulated and implemented strategies can become obsolete as circumstances could arise within a firm's external and internal environments that can necessitate corrective adjustments on strategies already planned.

Therefore, a well-developed strategy coupled with proper execution is crucial for an organization to remain competitive in this environment and make growth of firms certain (Koech & Were, 2016; Mutemi, Maina & Wanyoike, 2014; Vitkauskaitė, 2017). However, as Makanga & Paul (2017) put it, all strategic plans put in place should realize desired objectives and also encourage the efficient utilization of available resources. This is all that strategic management process represents.

Review of the Impacts of Strategic Management

Strategic management practices have been observed to significantly relate to the sustainability and growth of firms in the wake of modern corporate governance systems globally (Muriuki et al., 2017). In Kenya, a case study of the Chai trading company limited was carried out by Burugo & Owour (2017) to establish the influence of strategic management practices on business profitability. The overall organizational performance was found to have been positively affected by its strategic management practices. In another case study, Makanga & Paul (2017) also found strategic management practices to have influenced the performances. Though in this case study of the Kenya Power and Lighting Company Ltd, Nairobi County, Kenya, the regression analysis show a weak degree of correlation ($r=0.273$; $p<0.05$) between strategic planning and performance of the company studied, the need to enhance the strategic planning techniques being used in order to improve performance was recommended. Similarly, in relation to SMEs, various studies, especially in developed countries, have confirmed most SMEs to have seriously been engaged in strategic management practices in order to fast track their performances. For instance, in an attempt to establish the strategic management practices employed by small enterprises in Kitui town, in Kenya, Mutemi et al. (2014) found out that investment in personnel and skills was a key determinant in the influence of strategic management practice on performance of SMEs. Vitkauskaitė (2017) found something similar but on the process of strategic management of independent film companies and found all separate stages in strategic management to have impacted on the companies' competitive advantage. Tell (2010) compared empirical data for year 2000 and that of five years after (2001-2006), gathered from top managers in 100 small, quickly developing manufacturing firms in Sweden and the results obtained demonstrates that managers in these firms are occupied with a wide range of activities, ranging from operational (for instance, activities identified with production, marketing and sales) to administrative (for example, activities identified with the firms' work force (personnel) and to financial. Yet they invested next to no energy in strategic activities, hence the decline, in many cases on their development and growth. Similarly but using a case study of SMEs in Botswana, Majama & Magang (2017) did attest that these SMEs level of engagement in strategic planning is limited. Most of their plans are informal and undocumented; for instance, only 44.4% had all three components of strategic planning-vision and mission and long term objectives while 55.6% either had one or two of the components only. Lack of knowledge of the planning process with the size of the business was some of the factors identified to have prevented them from engaging in strategic planning activities. On the other hand, Kutllovci, Shala & Troni (2012) established that SMEs in Kosovo do utilize strategic plans as an introduction report for long term improvement of their organizations, which implies that they had a clear vision and mission. Other related studies revealing the significant influences of strategic planning on business performance of SMEs include (Aldehayyat & Twaissi, 2011; Amurle, Gakure & Waititu, 2013). In Nigeria, Muogbo (2013), cited in Makanga & Paul (2017) confirmed strategic management practices to have significantly increased the competitiveness, employees' performance and general productivity of manufacturing firms (that have adopted it) in Anambra State, Nigeria. However, Adeyemi et al. (2017) asserts that owners and managers of SMEs in Nigeria are poorly aware of the contribution of strategic management practice to the success of their organization and the way in which it can be undertaken. The authors examined the impact of strategic management on the performance of SMEs in four states-Lagos, Ogun, Osun and Oyo State and found that strategic management practices were found to significantly assist SMEs in increasing their sales and improving on their profits levels. They went further to explain that though most firms are still making use of short term methods and outdated evaluation techniques, the adoption of strategic management practices empowers the mobilization of a firm's assets towards a desire future position in the marketplace. Similarly, carrying out a study on the strategic management practice and corporate performance of selected small business enterprises in Lagos metropolis, Dauda, Akingbade & Akinlabi (2010) established the enhancing effect of strategic management practices on both the profitability and market shares of SMEs. Even though there is much support from studies for the performance impact of strategic management, this practice is yet to be seen as a common practice among SMEs and studies on how it affects the business performance of SMEs in Nigeria is minimal, hence the importance of this study.

Business Performance

Performance is the end result of activities carried out and for any business it is concerned with the general efficiency or productivity. Two ways to deal with performance has been recognized in literatures: the financial or "sales-based" and the non-financial or "firm-based". Whereas the financial is measured with dimensions such as profitability, growth, productivity, level of sales revenue, market share and product, return on investments, product added value; the non-financial is measured in terms of employee development, customer satisfaction, job satisfaction and efficient organizational internal processes (Eniola & Ektebang, 2014). Therefore the practice of strategic management is justified in terms of its ability to improve organizations' performance (Wheelen & Hunger, 2010; Agha et al., 2011). According to Nzuve & Nyaega (2011), measuring performance is needful since it is a means of determining whether or not an organization is achieving its objectives (Makanga & Paul, 2017) and it does evaluate the overall health of an organization, hence strategic.

Small and Medium Scale Enterprises (SMEs)

SMEs form the base of industrial structures (Majama & Magang, 2017), therefore very significant to the advancement of any economy. In most countries especially developing ones, they constitute the main force of the economy. For instance, studies have shown that 97% of all businesses in Nigeria are SMEs, compared to 65% in Europe and 99.7% in the United States (Adeyemi et al., 2017; Nwankwo et al., 2012). However, each individual country classifies their SME sectors according to parameters such as turnovers, number of employees, profits, capital, market shares and relative sizes within the industry, etc. Even various institutions, as highlighted in Eniola (2014), in Nigeria have at specific times, defined SMEs in different ways, but the definitions have fixed assets, gross output and number of employees as common measures. In Nigeria, SMEs are generally defined as enterprises with a labor size of not more than 100 workers or a total cost of assets not more than N200million, including working capital but excluding cost of land (Ebiringa, 2011; Dudu & Agwu, 2014). Ebiringa (2011) went further to state that, a quick look at the features of SMEs in Nigeria reveals that they are either sole proprietorships or partnerships even when they are registered as limited liability companies and have labor-intensive production processes, centralized management and limited access to capital most especially long-term financing. The best way however, as posited by the Nigerian Economic Summit Group-NESG (2002), to capture the definition of SMEs within the Nigeria context is in their nature of business and magnitude (Aremu & Adeyemi, 2011).

The Impact of Small and Medium Scale Enterprises in the Nigerian economy

The role of the SMEs sector in economic growth of any country has been acknowledged by both the government and growth experts (Adeyemi et al., 2017). They have not only been perceived as the seed-bed for indigenous entrepreneurship, they utilize and employ more labor per unit of capital than large enterprises (Farouk & Saleh, 2011; Eniola & Ektebang, 2014). SMEs primarily drive employment creation, poverty reduction, riches creation, reduction in wage disparities and distribution of income (Kraja & Osmani, 2013; Majama & Magang, 2017; Tiemo, 2012). In Nigeria, SMEs' influence especially in the creation of employment is widely recognized. Specifically, they provide on the average, 50% each of Nigeria's employment and industrial output (Eniola & Ektebang, 2014; Nwankwo et al., 2012). Eniola (2014) emphasize that SMEs account for over 90% of Nigerian business, 95% of its formal manufacturing activity and 70% of its industrial businesses. They not only contribute to Nigeria's Gross Domestic Product (GDP), export earnings, employments and development opportunities; they also contribute to the increase of potential entrepreneurs and offers linkage development of large industries (Aremu & Adeyemi, 2011; Eniola, 2014; Osotimehin et al., 2012). Ebiringa (2011) summarized SMEs' contribution to the Nigeria's economic development as follows:

1. Strong catalyst for technological development hence aids in reduction of the development gap (which is largely a technology gap) between Nigeria and the advanced countries.
2. A major source of employment since their modes of operation is more labor intensive.
3. A major source of domestic capital formation through their mobilization of private savings and channeling of such in productive investment.
4. Aid the process of redistribution of incomes.
5. Constitute a critical source of specialization for most large organizations operating in the economy.

SMEs are very significant to the advancement of the Nigerian economy, but despite their dominance in the Nigerian economy, only very few of them are aware of the nature of competition facing them and as stated in Eniola (2014); their contribution to the GDP is below 5% compared to 40% in Asian countries and 50% in the US and Europe. And with the quest for innovation taking the center stage of all human drive for progress and well-being in today's fast growing global economy, the implementation of strategic management practice have to constitute prime elements in the growth strategy of SMEs in Nigeria (Adeyemi et al., 2017).

METHODOLOGY AND METHODS

The goal of this study is to evaluate the impact of strategic management on the business performance of SMEs in Nigeria. Strategic management and business performance were both hypothesized as a construct with three dimensions each. Business strategy, organizational structure and competitive advantage were modeled with the respective constructs (market share, transaction volume and number of customers) of business performance. According to Koech & Were (2016), organizational structure is essential part of strategy implementation in many organizations be it private or public. Explaining further, they are of the opinion that the purpose of any organization structure is to coordinate and integrate efforts of employees at all levels (corporate, business and functional) to work together in a way that increases efficiency, quality, innovation and responsiveness to customers. In order to collect relevant data to achieve this, the quantitative method and descriptive survey design were adopted. In this regard, a well-structured questionnaire with a Cronbach's Alpha of 0.702 (indicating a very good level of reliability) was administered on a targeted sample of 120 owners of SMEs in Lagos state. Owners were used in line with the ownership theory that suggests proprietors or owners of SMES being the principal strategist and decision makers, building up the vision, mission and strategies and furthermore executing these plans (Abosede et al., 2016). In addition, Lagos State is seen as Nigeria's heart of commerce and industry, housing the headquarters of most major companies, thus a good location to aid the data collection process. Moreover, as ascertained by the National Bureau of Statistics-NBS (2012), Lagos State had the highest number of SMEs in the country with a 17 percent of the national figure (Eniola & Ektebang, 2014). Keeping in view the nature of the hypothesis and data collected, the analysis was carried out in two parts-the descriptive and inferential statistics. In the descriptive analysis, percentages and frequencies was used to describe each respondent's characteristics as well as depict the characteristics of the SMEs use in the study. The inferential statistics-multiple regression technique was used to determine the existing relationships between the studied variables.

DATA ANALYSIS AND RESULT INTERPRETATION

For this study, a response rate of 89.2% was recorded; implying that the data analysis and research findings were based on a total of 107 out of the 120 questionnaires administered to owners of selected SMEs in Lagos state.

Profile of Respondents

Data collected on the profile of the SMEs' owners (see Appendix I, Table 1) revealed more of male SMEs' owner-58(54.2%) compared to the female-49(45.8%). This suggests that majority of the SMEs are owned by men though the women are meeting up very closely. However relating to their marital status, 76(71.0%) are married: indicating the possibility of owners of most of the SMEs having more responsibilities on their tables. In terms of their age, majority of these SMEs' owners, representing 85.0%, falls in the 26-55 years bracket. This implies that they are matured enough but not that old since 70 years of age is most often used as the official retirement age in Nigeria. For instance only 5(4.7%) agreed to be above 65 years of age.

Also in line with the data collected, SMEs owners were found to be educated enough to understand the need to adopt certain strategies to improve on their business performances; just that some may not be formal in adequate amount in their approaches. This is because 11(10.3%) respondents have only an SSCE, although 23(21.5%) have the OND/HND qualification, 57(53.3%) have the BSc, 10(9.3%) studied to the PhD level and 6(5.6%) have other educational qualifications. Nevertheless, in terms of their working experience, only 4(3.7%) of the respondents have worked for less than 6 years. 49(45.8%) have 11-15 years of working experience, followed by 6-10 years with 35(32.7%), 16-20 years with 13(12.1%) and 6(5.6%) of the respondents who have worked for more than 20years.

General Characteristics of SMEs

On the characteristics of the SMEs (see Appendix I, Table 2), 82(76.6%) are services providers with only 6(5.6%) having been in operation for more than 12 years. 6(5.6%) having been in operation for 1-3 years, 23(21.5%) for 4-6 years, 56(52.3%) for 7-9 years and 16(15.0%) for 10-12 years. Comparing these SMEs' years of being in operation with that of the working experience of the owners, 68 of the respondents accounting for about 63.5% may not have started their journey with the establishment of the firm. This is because their years of experience is more than 12 years and only 6 of the firms have been in operation for more than this number of years. This indicates that majority of these owners should be aware of the need to be formal in their decision making process. Moreover, the organizational structure of these SMEs supports operational and active excellence, as agreed by 95(88.8%) of the respondents (see Appendix II, Table 11) and this structure does not only support the attainment of their organizational vision and mission (as agree to by 83(77.6%) of the respondents-see Appendix II, Table 14) but also maintainable as a going concern (as consent to by 95.4% of the respondents-see Appendix II, Table 15).

Descriptive Analysis of Studied Variables

In relation to their products offer (see Appendix II, Table 2 and Table 3), 79(73.8%) of the respondents agreed to the sales of their product having grown over a long period of time, but only 70(65.4%) were of the opinion that their sales volume has also increased over a period of time even though 87(81.3%) are of the opinion that their sales growth having been better than that of their competitors. In addition, owners/managers of the SMEs consent to the attitude of their sales representatives contributing to the expansion of their business, 21(19.6%) of them disagreed, while 26(24.3%) could not link the expansion of their business to the attitude of their sales representatives (see Appendix II, Table 4 and Table 5). However, majority of the owners/managers do concentrate on employing, positioning and improving the right employees and also strive to create value for shareholders, employees, business and other stakeholders, as consented to by 69(64.5%) and 71(66.3%) of them respectively (see Appendix II, Table 10 and Table 13).

On whether they are aware of their competitive advantage, 97(90.6%) of the respondents believe so. This explains why as an organization, most of them do carry out changes that impact on their productivity (as agreed upon by 94 representing 87.8% of the respondents), do ensure their goods and/or services met the requirements of their customers (as agreed upon by 92 representing 86.0% of the respondents) and do strives at creating a positive sustainable legacy (as agreed upon by 95 representing 88.8% of the respondents) (see Appendix II, Table 12, Table 17, Table 18, Table 19 and Table 21).

Looking at it from their performance perspective, 92(85.9%) of the respondents believed their business performance is better than that of the industry leading performance in the target area. This could be because their market share has been seen to have been increasing over time, as affirmed by 87(81.3%). Moreover, despite 51(47.7%) of them agreeing to having relatively similar prices to that of similar products from other firms; 84(78.5%) of the respondents still agree to having received high rate of returns on their goods or services. This high rate of returns could thus been linked to their products constantly meeting customers' expectations as well as having attained continuous patronage and referrals from their customers as a result of being satisfied with their product offers (see Appendix II, Table 1, Table 6, Table 20 and Table 22).

According to 79(73.8%) of the respondents, there is a continuous patronage and referrals by their customers with 69(64.4%) of the respondents believing their customers are satisfied with their product offers while 23(21.5%) believing otherwise. In addition, 81(75.7%) of owners/managers of the SMEs are in agreement with they constantly meeting customers' expectation with their products. Moreover, room is being given for diverse thoughts and ideas in majority of the SMEs, in accordance with 96(89.7%) of the respondents (see Appendix II, Table 7, Table 8, Table 9 and Table 16).

Hypothesis Testing

Hypotheses tested in this study are:

H_1: *Business strategy has no impact on the market share of small and medium scale enterprises.*

H_2: *Organizational structure has no contribution to the transaction volume of small and medium scale enterprises.*

H_3: The competitive advantage of small and medium scale enterprises does not increase their number of customers.

Business Strategy and Market Share

The regression model summary table (see Appendix III, Table 1) on the impact of business strategy on the market share of SMEs reveals a coefficient of correlation (R) of 0.358 and a coefficient of determination (R2) of 0.128. These indicate the existence of a positive relationship between business strategy and market share of the SMEs though only 12.8% of their performance measured by market share is associated to the business strategy implemented. Also, from the ANOVA table results, the model is significant with an F-ratio of 15.436 at a p-value of $0.000<0.05$ ($P<0.05$, $\beta=0.358$). This is an indication that the model can be relied upon and that business strategy has a significant impact on the market share of SMEs in Lagos state at $F(1,106)=15.436$.

Organizational Structure and Transaction Volume

The regression model summary table on the testing of the contribution of SMEs' organizational structure on their transaction volume reveal a correlation coefficient (R) of 0.185 and a coefficient of determination (R2) of 0.034 (see Appendix III, Table 2). These also signify the existence of a positive relationship between the organizational structure and the transaction volume of the SMEs with an only 3.4% of their transaction volume linked to their organizational structure. In addition, the ANOVA table result confirms the existence of a relationship between SMEs organizational structure and transaction volume but not significant at a 0.05 level of significance ($P=0.056>0.05$, $\beta=0.185$). Hence the null hypothesis is not rejected. Therefore, the SMEs' organizational structure does not contribute significantly to their transaction volume at $F(1,106)=3.719$.

Competitive Advantage and Number of Customers

The regression summary table on the analysis on whether these SMEs' competitive advantage increases their number of customers or not reveal a correlation coefficient (R) of 0.363 and a coefficient of determination (R2) of 0.131 (see Appendix III, Table 3). These denote that the competitive advantage of SMEs used in this study does increase their number of customers but it is only a 36.3% increase that results from their competitive advantage. Based on the statistical results, the relationship can be said to be significant at 0.05 level of significance ($P<0.000$, $\beta=0.363$) with an F-value of 15.888. Therefore, the competitive advantage of SMEs in Lagos state does increases their number of customers.

DISCUSSION OF EMPIRICAL FINDINGS

The purpose of this study was to ascertain the impact of strategic management on the business performance of SMEs. Results from the data analysis strongly support two of the three hypotheses tested. For hypothesis one, business strategy implemented by SMEs in Lagos state was found to have a significant and positive impact on their market share ($p=0.000$, $t=0.3929$, $p \leq 0.05$); confirming the existence of a relationship between business strategy and market share of SMEs. The result suggests that SMEs must dare to formulate as well as implement business strategies if they want to achieve higher performance in terms of increasing market share. This finding is consistent with Dauda, Akingbade & Akinlabi (2010) findings on strategic tools helping managers in efficiently managing small businesses both to gain more market share and profitability to enhance their performance. On the other hand, (Majama & Magang, 2017; Tell, 2010) confirmed that managers of SMEs invest next to no energy in strategic activities, with most of the plans lacking three components of strategic planning-vision and mission and long term objectives.

The study also establishes that the organizational structure of most of the SMEs under study does supports operational and active excellence as well as attainment of their organizational vision and mission, this structure was found not to contribute significantly to the transaction volume of these SMEs ($p=0.056$, $t=1.929$, $p \leq 0.05$) as hypothesized in hypothesis two. This indicates the existence of no evidence on the significant contribution of organizational structure of SMEs on their sales volume, thus suggesting that the structure of the management or policy makers of SMEs has no direct influence on the amount of goods they offer for sale and/or the amount of services they render. Mutemi et al. (2014) found investment in personnel and skills as a key determinant in the influence of strategic management practice on performance of SMEs. This could have been the reason why majority of the SMEs' owners/managers gave room for diverse thoughts and ideas.

For hypothesis three, the competitive advantage of SMEs was seen to move up significantly their number of customer ($p=0.000$, $t=3.986$, $p \leq 0.05$); implying that with a good competitive advantage, SMEs can significantly increase their customer base. It can thus be inferred that for SMEs to gain and retain their customers, they must have a superior and sustainable competitive advantage over their competitors.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

Summary of Findings

This study examines the impact of strategic management on the business performance of SMEs in Lagos state, Nigeria. Adopting the survey strategy and with the aid of the questionnaires, data were collected from a convenience sample of 120 owner/managers of small businesses in Lagos state, Nigeria. The regression analysis was used to measure the effect of the independent variable-business strategy, organizational structure and competitive advantage on the market share, transaction volume and customer base of the SMEs respectively. It can thus be deduced from this study that when SMEs are able to implement successfully formulated business strategies, they would possibly increase their number of consumers which will in turn increase their transaction volume and consequently their market share. This conclusion is in line with that of Dauda, Akingbade & Akinlabi (2010) which states that the adoption of strategic management practice is indispensable in small scale enterprises, so should form part of their method of improving organizational performance to enable them cope with the changes and challenges of the global economy.

Conclusion

Admitting the reality and importance of strategic management for the improvement of business performance of SMEs, it is sufficient to say that for any SME to be successful in their line of business they have to not only define a clear vision and mission but also diligently apply strategic management principles to improve on their business performance as well as gain competitive edge over other businesses.

Recommendation

1. For every organization to succeed whether big or small it has to have a valid and strong plan which will serve as a form of compass for the business.
2. Therefore SMEs' owner should ensure they have a reason why they are in business (mission), what they hopes to achieve within a particular period of time (vision), their goals and objectives and how they plans to achieve all these. However, these plans must be developed based on the situation and condition they are experiencing.
3. When formulating strategies owners/managers of SMEs should take all the necessary steps accordingly and very religiously. This is because the growth of any firm is secured with properly crafted and implemented strategies, especially ones that differ greatly from that of the competitors.
4. SMEs managers/owners should stop viewing their business as so small to embark on strategy formulation and implementation because according to Makanga & Paul (2017) the quality and strength of firms' competitive advantage relates to how effective the internal resources of the firms are utilized, instead of their position in the external environment. Moreover, they could get more knowledge on the application of strategic management practices, in a situation wherein they are not skilled enough.
5. For SMEs to experience an increase in their number of customers they must have a maintainable and sustainable competitive advantage over their competitors. For this to happen, they must leverage on their core competences or find an area of their business that gives them a competitive advantage and ensure customer needs are translated into the planning of their products.

APPENDIX I

Table 1
PROFILE OF SMES' OWNERS/MANAGERS

Profile of SMEs' owners/managers	Frequency	Percentage
Gender		
Male	58	54.2
Female	49	45.8
	107	**100.0**
Age		
Below 25	5	4.7
26-35	39	36.4
36-45	32	29.9
46-55	20	18.7
56-65	6	5.6
66 and Above	5	4.7
	107	**100.0**
Marital status		
Single	24	22.4
Married	76	71.0
Others	7	6.5
	107	**100.0**
Highest educational qualification		
SSCE	11	10.3
OND/HND	23	21.5
B.Sc.	57	53.3

PhD	10	9.3
Others	6	5.6
	107	**100.0**
Years of working experience		
1-5	4	3.7
6-10	35	32.7
11-15	49	45.8
16-20	13	12.1
21-Above	6	5.6
	107	**100.0**

Table 2
CHARACTERISTICS OF SMES

Characteristics of SMEs	Frequency	Percentage
Type of Business		
Goods	25	23.4
Services	82	76.6
	107	100.0
Years in operation		
1-3	6	5.6
4-6	23	21.5
7-9	56	52.3
10-12	16	15.0
12 and Above	6	5.6
	107	100.0

APPENDIX II

Table 1
OUR MARKET SHARE IS INCREASING OVER TIME

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	6	5.6	5.6	5.6
	Disagree	6	5.6	5.6	11.2
	Undecided	8	7.5	7.5	18.7
	Agree	56	52.3	52.3	71.0
	Strongly Agree	31	29.0	29.0	100.0
	Total	107	100.0	100.0	

Table 2
THE SALES OF OUR PRODUCT HAS BEEN GROWING OVER A LONG PERIOD OF TIME

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	4	3.7	3.7	3.7
	Disagree	8	7.5	7.5	11.2
	Undecided	16	15.0	15.0	26.2
	Agree	65	60.7	60.7	86.9
	Strongly Agree	14	13.1	13.1	100.0
	Total	107	100.0	100.0	

Table 3
OUR SALES VOLUME HAS INCREASED OVER A PERIOD OF TIME

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	6	5.6	5.6	5.6
	Disagree	21	19.6	19.6	25.2
	Undecided	10	9.3	9.3	34.6
	Agree	59	55.1	55.1	89.7
	Strongly Agree	11	10.3	10.3	100.0
	Total	107	100.0	100.0	

Table 4
OUR SALES GROWTH HAS BEEN BETTER THAN OUR COMPETITORS

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	3	2.8	2.8	2.8
	Disagree	9	8.4	8.4	11.2
	Undecided	8	7.5	7.5	18.7
	Agree	66	61.7	61.7	80.4
	Strongly Agree	21	19.6	19.6	100.0
	Total	107	100.0	100.0	

Table 5
THE ATTITUDES OF OUR SALES REPRESENTATIVES CONTRIBUTES TO THE EXPANSION OF YOUR BUSINESS

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	4	3.7	3.7	3.7
	Disagree	17	15.9	15.9	19.6
	Undecided	26	24.3	24.3	43.9
	Agree	55	51.4	51.4	95.3
	Strongly Agree	5	4.7	4.7	100.0
	Total	107	100.0	100.0	

Table 6
PRICES OF SIMILAR PRODUCTS TO OURS ARE RELATIVELY SIMILAR

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	7	6.5	6.5	6.5
	Disagree	26	24.3	24.3	30.8
	Undecided	23	21.5	21.5	52.3
	Agree	46	43.0	43.0	95.3
	Strongly Agree	5	4.7	4.7	100.0
	Total	107	100.0	100.0	

Table 7
THERE IS CONTINUOUS PATRONAGE AND REFERRALS BY OUR CUSTOMERS

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Disagree	13	12.1	12.1	14.0
	Undecided	13	12.1	12.1	26.2
	Agree	69	64.5	64.5	90.7
	Strongly Agree	10	9.3	9.3	100.0
	Total	107	100.0	100.0	

Table 8
OUR CUSTOMERS ARE SATISFIED WITH OUR PRODUCTS

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Disagree	21	19.6	19.6	21.5
	Undecided	15	14.0	14.0	35.5
	Agree	59	55.1	55.1	90.7
	Strongly Agree	10	9.3	9.3	100.0
	Total	107	100.0	100.0	

Table 9
WE CONSTANTLY MEET THE EXPECTATIONS OF OUR CUSTOMERS

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	3	2.8	2.8	2.8
	Disagree	13	12.1	12.1	15.0
	Undecided	10	9.3	9.3	24.3
	Agree	70	65.4	65.4	89.7
	Strongly Agree	11	10.3	10.3	100.0
	Total	107	100.0	100.0	

Table 10
WE CONCENTRATE ON EMPLOYING, POSITIONING AND IMPROVING THE RIGHT EMPLOYEES

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Disagree	16	15.0	15.0	16.8
	Undecided	20	18.7	18.7	35.5
	Agree	61	57.0	57.0	92.5
	Strongly Agree	8	7.5	7.5	100.0
	Total	107	100.0	100.0	

Table 11
THE STRUCTURE OF OUR ORGANIZATION SUPPORTS OPERATIONAL AND ACTIVE EXCELLENCE

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	1	0.9	0.9	0.9
	Disagree	5	4.7	4.7	5.6
	Undecided	6	5.6	5.6	11.2
	Agree	80	74.8	74.8	86.0
	Strongly Agree	15	14.0	14.0	100.0
	Total	107	100.0	100.0	

Table 12
OUR ORGANIZATION STRIVES AT CREATING A POSITIVE SUSTAINABLE LEGACY

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Disagree	3	2.8	2.8	4.7
	Undecided	7	6.5	6.5	11.2
	Agree	84	78.5	78.5	89.7
	Strongly Agree	11	10.3	10.3	100.0
	Total	107	100.0	100.0	

Table 13
OUR ORGANIZATION CREATES VALUE FOR SHAREHOLDERS, EMPLOYEES, BUSINESS AND OTHER STAKEHOLDERS

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	3	2.8	2.8	2.8
	Disagree	13	12.1	12.1	15.0
	Undecided	20	18.7	18.7	33.6
	Agree	62	57.9	57.9	91.6
	Strongly Agree	9	8.4	8.4	100.0
	Total	107	100.0	100.0	

Table 14
THE ORGANIZATIONAL STRUCTURE OF OUR BUSINESS SUPPORTS THE ATTAINMENT OF OUR VISION AND MISSION

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	4	3.7	3.7	3.7
	Disagree	6	5.6	5.6	9.3
	Undecided	14	13.1	13.1	22.4
	Agree	71	66.4	66.4	88.8
	Strongly Agree	12	11.2	11.2	100.0
	Total	107	100.0	100.0	

Table 15
OUR ORGANIZATIONAL STRUCTURE IS MAINTAINABLE AS A GOING CONCERN

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Undecided	3	2.8	2.8	4.7
	Agree	77	72.0	72.0	76.6
	Strongly Agree	25	23.4	23.4	100.0
	Total	107	100.0	100.0	

Table 16
THERE IS ROOM FOR DIVERSE THOUGHTS AND IDEAS IN OUR ORGANIZATION

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Undecided	9	8.4	8.4	10.3
	Agree	70	65.4	65.4	75.7
	Strongly Agree	26	24.3	24.3	100.0
	Total	107	100.0	100.0	

Table 17
AS A BUSINESS ORGANIZATION WE CARRY OUT CHANGES THAT IMPACT ON ITS PRODUCTIVITY

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Disagree	2	1.9	1.9	3.7
	Undecided	9	8.4	8.4	12.1
	Agree	82	76.6	76.6	88.8
	Strongly Agree	12	11.2	11.2	100.0
	Total	107	100.0	100.0	

Table 18
THE EXPERIENCE OF OUR CUSTOMERS HEAP UP AGAINST THE COMPETITION

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Disagree	4	3.7	3.7	5.6
	Undecided	9	8.4	8.4	14.0
	Agree	75	70.1	70.1	84.1
	Strongly Agree	17	15.9	15.9	100.0
	Total	107	100.0	100.0	

Table 19
OUR GOODS AND/OR SERVICES MEET THE REQUIREMENTS OF OUR CUSTOMERS

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Disagree	1	0.9	0.9	2.8
	Undecided	12	11.2	11.2	14.0
	Agree	81	75.7	75.7	89.7
	Strongly Agree	11	10.3	10.3	100.0
	Total	107	100.0	100.0	

Table 20
THE PERFORMANCE OF THE ORGANIZATION IS BETTER THAN THE INDUSTRY LEADING PERFORMANCE IN OUR TARGET AREA

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	6	5.6	5.6	2.8
	Disagree	4	3.8	3.8	5.6
	Undecided	5	4.7	4.7	10.3
	Agree	65	60.7	60.7	72.0
	Strongly Agree	27	25.2	25.2	100.0
	Total	107	100.0	100.0	

Table 21
WE ARE AWARE OF OUR COMPETITIVE ADVANTAGE

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	2	1.9	1.9	1.9
	Disagree	1	0.9	0.9	2.8
	Undecided	7	6.5	6.5	9.3
	Agree	67	62.6	62.6	72.0
	Strongly Agree	30	28.0	28.0	100.0
	Total	107	100.0	100.0	

Table 22
WE RECEIVE HIGH RATE OF RETURNS ON OUR GOODS AND/OR SERVICES

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Strongly Disagree	8	7.5	7.5	7.5
	Disagree	11	10.3	10.3	17.8
	Undecided	4	3.7	3.7	21.5
	Agree	61	57.0	57.0	78.5
	Strongly Agree	23	21.5	21.5	100.0
	Total	107	100.0	100.0	

APPENDIX III

Table 1
REGRESSION TABLE FOR BUSINESS STRATEGY AND MARKET SHARE

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.358[a]	0.128	0.120	0.78309

a. Predictors: (Constant), business strategy

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1.	Regression	9.466	1	9.466	15.436	0.000[b]
	Residual	64.389	105	0.613		
	Total	73.855	106			

a. Dependent Variable: market share
b. Predictors: (Constant), business strategy

Co-efficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1.	(Constant)	1.978	0.480		4.120	0.000
	BUSINESS	0.497	0.127	0.358	3.929	0.000

Table 2
REGRESSION TABLE FOR ORGANIZATIONAL STRUCTURE AND TRANSACTION VOLUME

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.185[a]	0.034	0.025	0.82434

a. Predictors: (Constant), organizational structure

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.528	1	2.528	3.719	0.056[b]
	Residual	71.352	105	0.680		
	Total	73.880	106			

a. Dependent Variable: transaction volume
b. Predictors: (Constant), organizational structure

Co-efficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.253	0.561		4.013	0.000
	ORG	0.269	0.139	0.185	1.929	0.056

a. Dependent Variable: transaction volume

Table 3
REGRESSION TABLE FOR COMPETITIVE ADVANTAGE AND NUMBER OF CUSTOMERS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.363[a]	0.131	0.123	0.72565

a. Predictors: (Constant), competitive advantage

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.366	1	8.366	15.888	0.000[b]
	Residual	55.289	105	0.527		
	Total	63.655	106			

a. Dependent Variable: numbers of customers
b. Predictors: (Constant), competitive advantage

Co-efficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.267	0.595		2.130	0.035
	COMP	0.580	0.145	0.363	3.986	0.000

a. Dependent Variable: number of customers

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