

A CORRELATIONAL STUDY BETWEEN STRATEGIC MANAGEMENT PRACTICES ON SMALL AND MEDUM ENTERPRISES AND THEIR PERFORMANCES IN NIGERIA

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Abstract

Small and Medium-sized Enterprises (SMEs) are pivotal to Nigeria's economic development, contributing to poverty reduction, job creation, rural advancement, and technological innovation. The sustained growth of the nation's economy is therefore closely tied to the performance of SMEs. Numerous academics have maintained that one of the key elements influencing SMEs' effectiveness is their use of strategic management strategies. This study investigates the correlation between strategic management practices and the performance of SMEs in Nigeria. The positivist investigation paradigm's quantitative methodology served as the model for this investigation with a customized questionnaire given to Nigerian SMEs' owners and managers so as to gather data. Using PLS-SEM, three hundred and fifty-four (354) copies of questionnaire were obtained and examined. The findings reveal that strategy development, implementation, and evaluation significantly influence SME performance. By adopting these practices, SMEs can improve market share, sales growth, profitability, and return on investment. The study provides valuable insights for SME owners, managers, policymakers, and training institutions, highlighting the importance of strategic management in enhancing SME performance and driving sustainable economic growth in Nigeria. The study further recommends that SME owners or managers should invest in strategic planning and continuous evaluation of business strategies, policy makers can also provide training programs and incentives to encourage SMEs to adopt strategic management practices.

Keywords: Performance of SMEs, SMEs, Strategy Evaluation, Strategy Formulation, Strategy Implementation

Introduction

Small and Medium-sized Enterprises (SMEs) were the center of global development driven by economic pressures during the industrialization boom of the 1970s and 1980s. As a result, the SME sector is the foundation of the national economy, particularly in emerging nations (Shamsudeen, Keat, & Hassan, 2017; Tiwari, & Chaudhari, 2020). The importance of the SME sector in accomplishing a variety of socioeconomic objectives, such as greater employment growth, GDP growth, export promotion, rural expansion, equitable distribution of limited resources and entrepreneurship has been acknowledged on a global scale

(Muthuraman et al., 2020; Patwary, 2020). SME industry exists as primary engine towards nation's economic growth because it generates jobs, develops new technologies, generates income, and fosters innovation (Mumbe & Njuguna, 2019; Malik et al., 2020).

Nigeria has defined "SME" and divided it into three different sectors: trading, industry, and services. These sectors are determined, among other things, by the number of employees, cash invested, turnover, and type of business. Based on their annual returns and workforce size, they are further divided into three groups, i.e Micro, Small, and Medium. Like other countries, Nigeria's economy is heavily reliant on SMEs. According to studies, they include 98% of businesses, employ 60% of workers in the private sector, and contribute about 40% of GDP. But in Nigeria, the concept of SME is quite different. Businesses with fewer than 250 employees and yearly turnover of little more than \$5 million are typically classified as SMEs. Nigeria's economy, like that of other developing nations, is largely dependent on SMEs, particularly in terms of GDP contribution and employment generation.

Furthermore, the SME sector significantly contributes to Nigeria's attempts to achieve the Millennium Development Goal (MDG), end poverty, and raise the standard of living for its citizens (Muthuraman et al., 2020). Hence, one of the factors driving the nation's economic expansion is the rise in direct exports. SMEs flourish, particularly in developing countries like Nigeria, because their expansion and development may have an effect on the nation's rural and urban development (Al-Hyari, 2021). SMEs' success is essential to reaching the previously mentioned targeted objectives. In summary, an organization's success is based on its capacity to effectively meet the demands of its clients and achieve its objectives at the lowest possible cost (Kamble et al., 2020).

In today's corporate environment, strategic management practices are essential to a company's overall success and long-term viability (Malik et al., 2020; Javed & Husain, 2021; Farrukh et al., 2021). The management of strategy first establishes the objectives of the company before deciding on strategies and tactics to achieve those objectives (Qehaja & Kutilovci, 2020). Managerial strategy is therefore like a spotlight since it provides the company with a broad orientation. While large organizations often employ the strategic management strategy and get the benefits, SMEs seldom do so (Elezaj & Kuqi, 2023). Since it is now clear that SMEs provide a substantial contribution to the country, they should focus on increasing their performance and growth.

Organizations employ a range of strategic management techniques, which are impacted by the industries that need to be handled, including how the company's decision-makers understand strategy. Specifically, Fawcett et al. (2021) emphasized that these categories include the creation, execution, and evaluation of collaborative decisions, while Fischer et al. (2020) asserted that strategic procedures should prioritize domains like setting objectives, strategy development, execution, inspection, and analysis. The vocabulary used to define strategy, including offensive and defensive strategies, game plans, tactics, and more, reflects the military's understanding of strategy as a model for early corporate strategy (Jenelyn & Fernando, 2022). Corporate strategy was explicitly and formally studied and applied in the first half of the twentieth century. Major philosophies that have impacted corporate strategy to this day emerged in the second half of the 20th century (Jenelyn & Fernando, 2022). Hence, SMEs are critical to national economies, but their existence and long-term success have been found to be threatened by the dynamic and uncertain environment in which they primarily operate (Etemad, 2020; Weaven, et al., 2021).

According to Leppänen, George, and Alexy (2023), businesses must use strategic management techniques due to the unpredictability of competition and the ensuing spinning of businesses. A notion of strategic management techniques such as strategy creation, strategy implementation and strategy assessment is more applicable in Nigeria, a developing country where 97% of all businesses fit into the SMEs category, 50% of labor is employed, and 50% of production is given (El Khoury & Nasrallah, 2022). From the description above, strategy implementation (SI), strategy formulation (SF), and strategy assessment (SE) can improve the performance of SMEs. While numerous studies were conducted to investigate the relationship between SMEs' performance in other nations and the application of strategic management, the Nigerian context does not present a substantial problem that calls for more research. To put it briefly, the majority of earlier research focused on SF, SI, and SE separately, ignoring the impact of these factors taken together upon the success of SMEs.

Empirical studies on the effects of SI, SF, and SE on SME performance are often few, particularly in developing countries like Nigeria. Therefore, the purpose of this study is to fill a gap in the body of empirical research that is currently available in the literature. The purpose of the study is to determine whether strategic management practices such as strategy formulation, strategy implementation, and strategy evaluation improve the performance of Nigeria's Small and Medium-sized Enterprises (SMEs). This work is divided into five (5) sections: the second section analyzes relevant literature; the third section contains the methodology section; the fourth section presents the findings of the analysis; and the final section presents the discussion, conclusion and recommendations.

Research Hypotheses

H1: There is a positive substantial connection among strategy formulation and SME's performances.

H2: There is a positive substantial connection among strategy implementation and SME's performances.

H3: There is positive substantial connection among strategy evaluation and SME's performances.

The aforementioned propositions are corroborated by the findings of Mohamud (2021); Ali and Qun (2019); Phina (2020); Maldeniya, Chathuranga, and Marasinghe, (2021) and Ibrahim and Musa (2020), which demonstrate a significant positive correlation between strategic management processes (strategy formulation, strategy implementation and strategy evaluations) and performances of SMEs.

Literature Review

Based on insights from previous research, this study generates and constructs hypotheses. The most relevant literature references within the various scope areas have been assessed to ensure a methodical approach in completing the inquiry. A comprehensive review of the literature that falls under linked areas, such as strategic management practices, SMEs' performances, and the relationship between the two, was carried out in order to address the investigation's goal.

SMEs' Performance

The degree to which small and medium-sized businesses accomplish both financial and non-financial goals, such as innovation, customer happiness, and sustainability, is referred to as SME performance. SME performance ensures long-term competitiveness and survival (Akinwale & Adepoju, 2024). According to Gure and Karugu (2018), comprehending performance becomes essential since making money becomes a company's main objective. Hence, organizations may use straightforward profitability metrics rather than intricate and detailed accounting methods to assess their business performance (Mio, Costantini, & Panfilo, 2022). The discrepancy between an organization's expected and actual accomplishments is referred to as its performance (Husain et al., 2021). In a larger sense, the performance of SMEs continues to be the result of financial success, business performance, and organizational efficiency.

The performance of SMEs has been assessed using both financial and non-financial metrics (Al-Hanakta et al., 2023). A variety of perspectives, such as growth, profitability, balanced scorecards, economic value added, customer satisfaction, and activity-based analysis, have been found to be helpful in determining an organization's success (Lutfi et al., 2020). The company's financial performance is evaluated using standard financial performance metrics, such as sales volume, sales growth rate, return on equity for shareholders, margin of gross earnings, net earnings from processes, income to sale ratio, return on investment, and capacity to finance business expansion from revenues (Nasrallah, & El Khoury, 2022).

To analyze their performance outcomes, most firms employ accounting measurements like profits and returns along with their component parts like sales, expenses, assets, and liabilities (Manafe, et al., 2024). These days, corporate success is evaluated using both financial and non-financial metrics. SMEs' performance is evaluated using a variety of non-financial indicators, such as the development of new products, industry leadership, job creation, business equilibrium, and community progress (Blackman, 2003).

Strategic Management Practices and SMEs' Performance

The relationship between business strategy and firm performance is becoming more well recognized in the field of strategic management (Manafe et al., 2024). Therefore, rigorous use of strategic management practices continues to have a significant impact on the success of SMEs globally (Maňková et al., 2024). While some scholars emphasize the positive impact of strategic management on organizational performance, others highlight contextual disagreements regarding its effectiveness. For instance, Omsa, Ridwan, and Jayadi (2017) noted that although experts in policy and strategic management advise businesses to adopt these techniques to gain competitive advantage, empirical evidence has sometimes shown mixed results.

Recent studies, however, provide stronger evidence of the positive correlation. Kagumu (2025) conducted a systematic review of literature from 2019 to 2024 and found that formal strategic planning, innovation-driven strategies, resource-based approaches, and digital transformation significantly enhance SME performance, particularly in emerging economies. In a similar vein, Yahaya and Nadarajah (2023) affirmed that SME competitiveness and long-term performance are significantly influenced by strategic orientation, entrepreneurial learning, and innovation capacity. Adepoju and Akinwale (2024) showed that SMEs in

Nigeria who implemented structured strategic practices experienced increases in market expansion, profitability, and customer retention.

The performance of SME is significantly impacted by the development of strategies, the execution of strategies, assessment of strategies, and general strategic management procedures (Emmanuel, *et al.*, 2023). According to Omsa, Ridwan, & Jayadi (2017), various strategic management techniques significantly increase SMEs' revenue from sales, break-even accomplishment, and profits. Under a different setting, professional services SMEs' monetary performance is positively impacted by the process of environmental scanning, strategies design, strategy execution, and strategy assessment (Otieno, Namusonge and Mugambi, 2018). Furthermore, the company's success is influenced by embracing of strategic management techniques, which includes strategy creation, execution plus evaluation. This helps to explain why organizations with greater adoption rates of strategies perform better overall (Hauser, Eggers, & Guldenberg, 2020). The body of research indicates that promoting strategic management methods improves a company's performance once it come to of revenue, markets shares, client satisfaction, along with sales volume, among other metrics.

Empirical Review

Koech & Were, 2016; Agwu, 2018; Vitkauskaite (2017), asserts that studies show how strategic management techniques and the company's performance are related. Organizations must have a strategy that is successfully followed in order to stay competitive and ensure continuous growth. Exaggerating the implications of corporate performance is still poor. Agwu (2018) pointed out that company resources are riskily committed because performance comprises the culmination of all the efforts that go into running a corporation. Strategic thinking became a premium component of production through the end of 20th as well as beginning of 21st centuries due to the unpredictable shifts within the economic environment with the fierce competition brought about by advancements regarding communication technology. Organizations started to view strategy to be an instrument to help them accomplish their objectives with the least amount of resources possible (Koech & Were, 2016).

Maldeniya, Chathuranga, and Marasinghe (2021) conducted an empirical study utilizing 131 SMEs listed in the database to examine the "connection amongst Strategic Management procedures and performances of SMEs within Sri Lanka." They discovered that the performance of SMEs in Sri Lanka was impacted by the strategic management process, which comprises strategy creation, evaluation, and implementation. In a similar vein, Peter (2015) studies the relationship between strategic management techniques and the performance of medium-sized businesses in Western Uganda. With 430 sample sizes and 2,800 respondents, the study used a cross-sectional methodology and a questionnaire was used to collect data and the findings showed that employing management strategy methodologies enhances a company's capacity to function, compete and be innovative. The study recommends that Western Ugandan agricultural enterprises adopt strategic management principles regardless of their size.

Similarly, the business strategy and performance of small and medium-sized businesses in Nigeria was studied by Ramada & Ahmad (2020) by looking into the differences between the business strategies employed by manufacturing companies. To collect data from individuals, three hundred and forty-one (341) questionnaires were used and the respondents are the Western Bank's Palestinian SMEs. The findings show that the business strategies and success

of manufacturing SMEs differ significantly. From Taiwan, Lin, Wang and Hsing, (2008) investigated the connection amongst company performance and corporate strategy. Three prominent firms within the golf, PC computer, and LCD industries were chosen for a case study by the investigation team. The findings demonstrate how creative design may be used to develop new business models, increase B to B efficiency, and enhance overall corporate performance. Company performance is frequently evaluated from either a firm- or as sales-based approach. According to Wang, Redmond's and Walker, (2007) theory, sales-based along with firm-based approaches address financial with non-financial performances accordingly. The aspects of growth, revenue, productivity, market share, income from investments, along with value added are used to express sales-based performance.

The notion of firm-based performance includes subjective measures of employee growth, customer and job satisfaction, and internal process efficacy. One of the most important aspects of the relationship between strategic management techniques and business performance is that their implementation provides a feedback loop that helps with performance measurement, gap identification, and solution creation (Wang et al, 2007). This is feasible since the measurement helps a business assess if its objectives are being met or not. The core elements of strategy serve as a cornerstone for ensuring performance. In their analysis of the connection amongst strategic management and company performances, Lawal et al. (2012) discovered substantial evidence supporting the implementation of strategic procedures. The fundamental reasons how SMEs use fewer strategic management techniques than large corporations were investigated by Kraja and Osmani (2013). The Data is gathered from both large-scale firms and SMEs using a descriptive survey. The study concluded that one important factor influencing the presentation of strategic management structures is macroeconomic environment. The study also found that availability of qualified and strategy-oriented executives remains one of primary challenges SMEs encounter when attempting to implement strategic management methods. The findings of Dauda, Akingbade, & Akinlabi (2010) support discoveries of this investigation.

This investigation will add to body of knowledge already available about the relationship between SMEs' performance and strategic management procedures. SMEs face an empirical gap within the measurement of strategic management methods and company performance, despite significant body of study upon the subject in local atmosphere (testing and validating the investigations within a different setting).

Theoretical Framework: Resource-based View Theory

The resource-based view theory proposed by Mahoney and Pandian (1992) provided the framework for this study. Wernerfelt first proposed this concept in 1984 and since then, several writers have assessed it and elaborated on the role that both tangible and intangible assets have in an organization's performance (Crook et al., 2008). The resources-based viewpoint model, according to Lockett, Morgenstern, and Thompson (2009) highlights the importance of an organization's internal resources and how to leverage them to create a strategy that would provide it a long-term competitive edge in its industry. According to the RBV, a company's internal strengths inform its strategic choices about how to compete in its external environment. This is in line with how strategic management practices affect an organization's performance. Furthermore, Reymen et al. (2015) examined the idea that investments made with resources and skills are choices made in an uncertain environment

and contend that this combination of those factors is what makes actual selections potentially worthwhile.

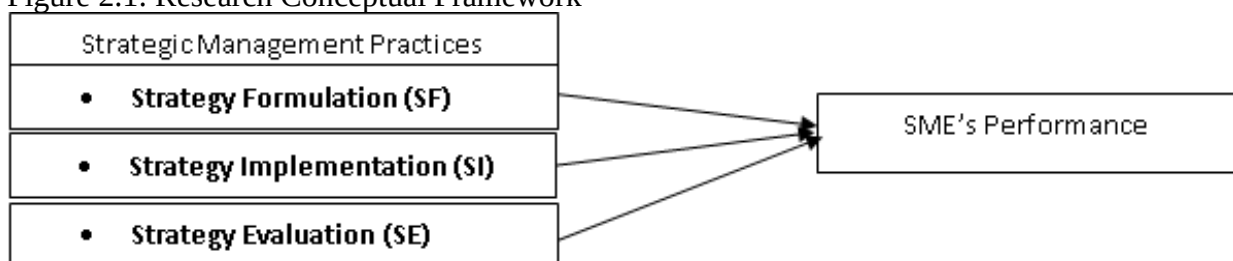
Resources-based approach arises from concept which the source regarding a company's competitive edge is located in its internal resources, compared to their positioned within the outside environment. Since it is assessing environmental opportunities and threats when carrying out business, competitive advantages relies upon the distinctive resources and capacities that a company displays (Barney, 2015). A closer look at the SMEs reveals that the RBV was applied to find then investigate man-power proficiency along with strategic planning processes which might assist SME manage available industry and seize potential opportunities in the future. According to an organization's resource-based approach, a company's possession and management of particular resources may give rise to both higher organizational performance plus a competitive advantage.

An organization's unique set of capabilities explains both strong competitive advantage and exceptional performance (Johnson, Whittington & Scholes, 2008) as according to the stated hypothesis. The adoption of variety of priceless touchable or untouchable resource at firm's disposal serves as the foundation for resources-based perspective (RBV), which provides a framework for a firm's competitive advantage (Wernerfelt, 1984). It takes various assets those are not fully mobile to turn a short-term competitive advantage towards a sustainable competitive advantage. In practical terms, this means that these resources are priceless and cannot be fully substituted or limited without significant work (Barney, 1991).

Conceptual Framework/Hypothesis

After going through the body of research, it was discovered that earlier studies had shown a strong correlation between success of SME and strategic management procedures. Performances of Nigeria's SMEs was regarded as dependent variable, along with components of strategic management procedures namely: strategy formulation, strategy implementation and strategy evaluation have been regarded as independent variables.

Figure 2.1: Research Conceptual Framework



Source: Maldeniya, Chathuranga, & Marasinghe, (2021)

Materials and Method

A quantitative method was used, considering the current study's framework and hypotheses. A single cross-sectional questionnaire was used to collect the data, which meant that information could only be gathered once during the inquiry at a specific point in time (Sekaran & Bougie, 2010). Since the target population consists of small and medium-sized

enterprises (SMEs) in Sokoto, Kebbi, and Zamfara, all in northwest Nigeria, a cross-sectional strategy makes sense to the study's primary goal. These states were selected because of their ability to save money and time. Since this proved to be most efficient method to get most of complete replies within a short period of time, an aggregate of five hundred and fifty-nine (559) questionnaires were physically given to SMEs owners or managers within Sokoto, Kebbi and Zamfara. It made it possible for the investigator along with the assistant to simultaneously deliver surveys to many intended recipients at various locations. All three states Sokoto, Kebbi and Zamfara were divided into three clusters using the cluster sampling technique, and samples were randomly chosen from every cluster according to its size. For this investigation, three hundred and fifty-four (354) copies of questionnaires have been scrutinized and made valid.

The modified questions from the earlier literature were used to assess the variables during investigation. Performance of SMEs, SI, SE and SF were all four variables particularly investigated in the present investigation as an aspect of the practice of strategic management. All variables were using seven-point Likert scale, where one is for "strongly disagree" and seven is for "strongly agree." Performances of SMEs is dependent variable in this study, which is operationalized as an organizational success that encompasses both financial and operational results. Performance is further classified as non-financial and financial. Additionally, Suliyanto & Rahab (2012) constituted source of six (6) items regarding the performance of SMEs. Six (6) items remained used to measure SF, four (4) items to measure SI, and three items to measure SE all from the scale of Maldeniya, et al., (2022).

Control Variables

To assure the validity of findings, this investigation included the industry type, company size, along with age among control factors, drawing on prior research (Mansor et al., 2012; Herath & Mahmood, 2014; Hmieleski & Baron, 2008; Hmieleski & Corbett, 2008; Hmieleski & Baron, 2008; Panian & Spremić, 2004). A company's behavior and decision-making when it comes to taking advantage of innovation along with entrepreneurial prospects may be influenced by its scope. The quantity of staff dictated the size in this investigation. Because of mature behavior and environmental awareness, a firm's age affects its capacity to reply and acquire knowledge effectively. The number of years a company has been in operation was used in this investigation to calculate the age. Lastly, the nature of the industry affects the behavior of the firm and its surroundings (Forbes, 2005). Precisely for the result, the primary business lines of each respondent were asked to determine the company type.

Data Analysis Techniques

Following collection, data were coded and loaded into SPSS vn 22, for data screening along with other initial analysis. Structural Equations Modeling (PLS-SEM) was then utilized to investigate the relationships among the theoretical model's elements. PLS-SEM exists recognized as a significant seconds-generation method that might replace first-generation techniques like multiple regressions. While PLS-SEM may handle many criterion/dependent variables at once, multiple regression allows for one dependent or criteria variable within the model. The two methods permit the use of several predictors and independent variables (Chin, 1998). Researchers studying behavioral science utilize structural equation modeling (SEM) extensively because it allows them to incorporate latent variables into their analyses and use those variables to perform path-analytic modelling (Chin, 1998). Gefen, Straub, &

Boudreau, (2000) asserts that Latent variables include variables that must be approximated using other measures (such as indicators or items) because they cannot be directly seen or assessed during the investigation (Chin, 1998). Hence, all of the variables within the present investigation constitute latent variables that must be measured using certain indicators.

SEM blends an internal model or structural approach, along with an exterior model, or measurement model (Petter et al., 2007; Chin, 1998). This arranges distribution of indicators in latent variable, from which the predictor/independent along with criterion/dependent latent construct linkages are integrated by the structural framework. The researcher can use this method to measure, forecast and clarify the degree of connections between the constructs being studied (Chin & Newsted, 1999; Chin, 2010).

Results and Discussion

Scholars that use self-report surveys are generally concerned about common method variance (Spector, 2006; Podsakoff, Lee, MacKenzie, & Podsakoff, 2003; Lindell & Whitney, 2001). This inquiry conducted a test to make sure there was no variation in the scores that were determined and that the procedure's influence was not boosting correlations. In order to mitigate the effects of CMV, several procedural protections were put in place. The investigator initially improved the scale's components by removing ambiguous terms from the questionnaire in order to reduce method bias; each survey question was created in a clear, simple, and concise manner.

Second, with an effort to allay participant anxiety about the assessment, participants were reassured that their response could be retained private and there was certainly no right or incorrect response to any of the questionnaire's questions. Nevertheless, in order to investigate CMV, the investigation also utilized Harman's 1-factor test, which was recommended by Podsakoff & Organ (1986). The primary element factor analyses were performed on each item of the primary constructs in order to test method bias applying Harman's (1961) one-factor technique (Podsakoff and Organ, 1986). If factor analysis yields only one component or if one factor accounts for majority of the covariance between the measures, this suggests the presence of technique bias (Podsakoff et al., 2003). Consequently, 40 items representing each of the three variables investigated were subjected to un-rotated factor analyses in this investigation, and it proved that no one factor may account over in excess of 50% of variance. Nine contributing factors were identified by the analysis, which together accounted for 65.9% of variation. The largest and first component alone accounted for 20.12% of the variance, or less than 50% of the total. This falls in line with the claims made by Lowry and Gaskin (2014) and Podsakoff et al. (2003) that the existence of CMB is established when single factor accounts for additional 50% of variance. According to findings of Harman's single-factor assessment, there does not exist CMV amongst the components in the current investigation.

The Measurement Model

The major objective of the measurement model is still to filter data by evaluating and confirming construct validity and reliability before deciding the quality of measures. The indicators reliability was applied to the data, and 0.4 is considered acceptable. Using composite reliability, an acceptable degree for internal consistency was 0.7. Average variance extracted (AVE) authorizes convergent validity, where AVE is required to be 0.5 or more

(Chin, 1998). Any component with a loading upon another construct that is higher compared to its loadings must be removed in order to achieve discriminant validity utilizing factor loading (Hair, 2010; Chin, 1998). Since PER3 & PER4 failed to meet required benchmark, that they were removed from the measurement models so as to satisfy it (Chin, 1998; Hair, 2010). Because all of items within the instrument had a score of less than 0.4, it is concluded that the instrument used in the present investigation is dependable.

In order to find out convergent validity, AVE were used; AVE falls between 0.518 to 0.606, indicating that it is beyond minimum cut-off threshold of 0.5, (Hair et al, 2011). Additionally, to identify the validity of discrimination, the AVE remains measured against correlation coefficients squared between linked variables of associated constructs that demonstrates adequate discriminatory validity. Table 1 shows factor loading, along with Table 2 unveils discriminatory validity. The factors loaded upon the appropriate construct vary between 0.536 to 0.831, considered acceptable because the scores range elsewhere the threshold of 0.4 (see Sarstedt, Ringle, & Hair, 2021; Chin, 1998).

Table 1: Factor Loading

Items	Factor Loading	Composite Reliability	AVE
SE1	0.790	0.781	0.544
SE2	0.698		
SE3	0.722		
SI1	0.667	0.821	0.606
SI2	0.826		
SI3	0.831		
SI4	0.688		
PER1	0.789	0.826	0.548
PER2	0.794		
PER5	0.557		
PER6	0.793		
SF1	0.719	0.941	0.518
SF2	0.775		
SF3	0.813		
SF4	0.569		
SF5	0.688		
SF6	0.753		

Table 2: Discriminant validity

Constructs	SE	SI	PER	SF
SE	0.738			
SI	0.233	0.779		
PER	0.298	0.515	0.740	
SF	0.002	0.237	0.522	0.720

The Structural Model

Once measurement model's requirements (construct validation and reliability) were met, PLS Algorithm & Bootstrapping using Smart PLS were used to assess the study's presented

hypotheses. The discoveries of hypothesis tests are shown in Table 3 and Figure 2. According to Table 3's statistical evaluation, which showed that SF or just strategy formulation has significantly and favorably associated to SMEs' performance ($\beta=.361$; $t=7.736$), H1 has been supported. H2 is supported because SI has a significant beneficial impact on performance ($\beta=.437$; $t=9.687$). Additionally, supported is H3, which shows that SE significantly improves performance ($\beta=.215$; $t=4.823$). In summary, the hypothesis statements corresponding to three of the links among the latent exogenous along with endogenous constructs have been confirmed by empirical evidence.

Table 3: Hypothesis Testing Results

Hypotheses	Relationships	Beta	SE	T Statistics
H1	SF -> PER	0.361	0.047	7.736
H2	SI -> PER	0.437	0.045	9.687
H3	SE -> PER	0.215	0.045	4.823

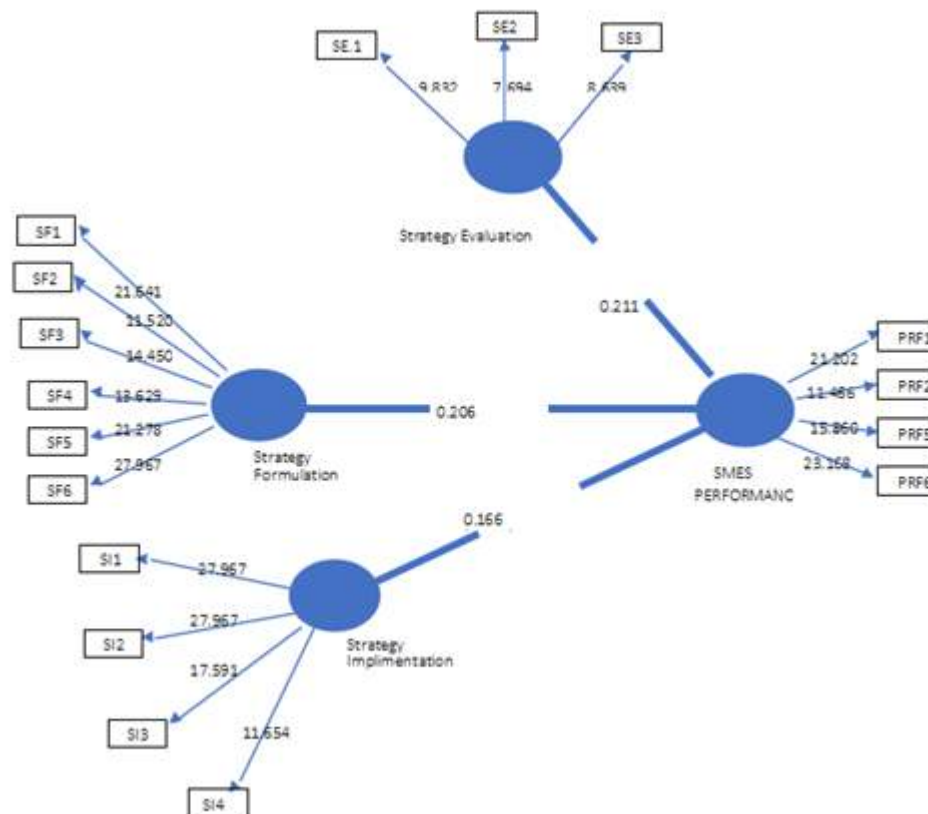


Figure 2: Structural Model

Conclusion and Recommendations

This study's main goal is to investigate the connection amongst SI, SF, SE, along with the performance of SMEs within Nigeria. Overall, by putting the aforementioned research hypotheses to the test, current investigation was successful in expanding on our current

knowledge of the critical factors influencing performance of SMEs. Performance of SMEs within Nigeria is positively correlated with each step of the procedure of strategic management, including SF, SE, as well as SI and control, according to the findings. It also suggests that, across the whole, strategic management techniques and performances of SMEs have favorable and significant link. Quantitative metrics like market share, sales, profitability, and return upon investment were used in this investigation to measure performance. The outcomes agree with the conclusions of the earlier research as well.

Strategic management techniques increase small-scale enterprises' profitability along with market share (Dauda, Akinlabi and Akingbade 2010) found. It also aligns with Njeru's (2015) conclusions, which show strategy adoption affects company's performance through strategy creation, execution, and evaluation. This explains why strategies with higher adoption rates result in improved company performance. According to Ali and Qun (2017), there is substantial positive link amongst the performances of SMEs and strategic management practices of SF, SI, SE and also strategic management procedures as a whole. Sintha, (2020), also lamented that SMEs' volume of sales, break-even accomplishment and profitability have all increased as a result of strategic management methods. Studies show that the financial performance of professional service-based SMEs is positively impacted by strategic management procedures like SF, SI and SE, (Maldeniya, Chathuranga, & Marasinghe, 2021; S & Singh, 2021; Mohamud, 2021; Javed & Malik, 2021; Javed & Husain, 2021; Rutskiy et al., 2021). Thus, it is statistically demonstrated that strategic management methods enhance the performance of SMEs, and their coherence with comparable data from other nations is also explored.

As a result, SMEs constitute the foundation of the national economy, and their success is crucial regardless of the degree of national growth. Regardless of the stature of the company, this investigation shows strategic management techniques such as SF, SI and SE, (a review of and control) benefit the performance of SMEs in Nigeria. Therefore, it can be said that the performance of SMEs and strategic management practices have a favorable and significant link. Furthermore, it can be said that strategic management techniques of SMEs in the Nigerian context have enhanced performance of SMEs regarding market share, sales, profitability and return upon investments.

The research's conclusions have some significant ramifications for Nigeria's small-business owners and managers, both present and potential. Prior to making decisions, managers and owners of SMEs should focus upon the technique of strategic management because it will improve the company's performance. Furthermore, since this is not a field that is particularly well-liked by investigators within Nigeria, the results of this investigation add to the volume of material already in existence. A qualitative method can be used to further this investigation. Therefore, it will be beneficial to record the thorough investigation in this respect. This investigation might be further enhanced by future investigators by examining the effects of strategic management along with planning methods upon performance of SMEs concurrently. Only SMEs registered with Industry Development Board according to Industrial Ministry of Nigeria (2021) are included in the research's sample size.

The study recommended that SME Owners or managers should invest in strategic planning and continuous evaluation of business strategies. For Policymakers, they should provide trainings or capacity-building programs and incentives to encourage SMEs to adopt strategic management practices that will strengthen strategic management capabilities among SME

owners. Furthermore, researchers should conduct longitudinal studies to assess the long-term impact of strategic management on SME sustainability.

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