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Full Length Research Paper

Effect of Strategic Management on the Performance of Small and Medium Enterprises in FCT-Abuja

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ABSTRACT: Small and Medium-Sized Enterprises (SMEs) are globally recognized as engines of economic growth and development. Governments, particularly in developing nations, have made enormous efforts and enacted laws to improve the capacity and viability of small and medium-sized enterprises (SMEs). However, despite government institutional and policy support, there is a great deal of anxiety and scepticism over the capacity of small and medium-sized enterprises (SMEs) to promote economic growth and development, particularly in developing nations. Consequently, this study investigates the impact of strategic management on the performance of small and medium-sized businesses in FCT-Abuja. The research design utilized in this study is a causal comparative design. The study's population comprises of 38,003 registered SME owners operating at all levels in Federal Capital Territory (FCT), Abuja, from whom a sample of 388 was drawn using the Taro Yamani formal questionnaire. The study's findings indicate that Strategy Formulation (SFN) has a positive and substantial (0.231, $p < 0.05$) effect on Business Performance. A 1% increase in SFN is expected to result in a 23.1% increase in performance. Similarly, Strategy Implementation was found to have a favourable and substantial (0.231, $p < 0.05$) effect on SMEs' performance. Business performance is projected to grow by 41.2 percent for every one percent increase in strategy adoption. This established strategy implementation as the component of strategic management with the greatest impact on corporate performance. Furthermore, Strategy Evaluation (SEV) was expected to improve performance by 9.6% for every 1% increase. The study concluded that all strategic management components were important and positive drivers of company performance among FCT SMEs. As a result, the study advises SMEs to take strategic planning and formulation seriously, as these are the factors that determine the tone of a company's strategic management framework.

Keywords: Strategic management, (SMEs), performance, FCT-Abuja

INTRODUCTION

In a competitive business environment, organizations do not succeed by chance or happenstance. It is usually a product of strategic planning that focuses on the organization's core competences, comparative advantage, business strategy, resource allocation and utilization, among others (Dozie and Emma, 2020). Thus, strategic management has been acknowledged as the bedrock of organizational development. International organizations have a big potential to bring about social, political and economic development, by contributing significantly in employment generation, income generation and catalyzing development in urban and rural areas etc. Improving the performance and sustainability of which represent the back bone of global economic activity can help achieve this type of development (Muogbo, 2013). Strategic management is particularly

critical in international organizations because of its extensive resources. A plan establishes the basic objective of the organizations, determines how these objectives can be attained, puts into consideration various aspects of the strategic management process and determines the amount of resources necessary for successful implementation (Umar and Adamu, 2020).
Strategic management is a field that deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilization of resources, to enhance the performance of firms in their external environments. (Nag et al., 2007). It entails specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives, and then allocating resources to implement the policies and plans, projects and programs. Strategic management is a level of managerial activity under setting goals and over tactics. Strategic management provides overall direction to the enterprise. Strategic management includes not only the management team but can also include the Board of Directors and other stakeholders of the organization. It depends on the organizational structure (Olanipekun, Abioro, Akanni, Arulogun and Rabiu, 2015).

Strategic management is the process of specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programmes, which are designed to achieve these objectives and then allocating resources to implement the policies and plans, projects and programmes. Veskaisri, Chan and Pollard (2007) posited that without a clearly defined strategy, a business will have no sustainable basis for creating and maintaining a competitive advantage in the industry where it operates.

Small and Medium Enterprises (SMEs) have been accepted worldwide as instruments of economic growth and development. Governments, particularly in the developing countries, have made tremendous efforts and established policies towards enhancing the capacity and sustainability of SMEs. However, despite government institutional and policy support, there is a grave concern and scepticism about whether SMEs can bring about economic growth and development, particularly in developing countries. In Nigeria, there has been a series of government interventions to boost the activities of SMEs through the establishment of agencies and programmes to provide consultancy, information, and guidelines to Nigerians who establish and own businesses (Nkiruka and Ogundeinde, 2016).

Small and medium enterprises are different from large firms in a number of ways. For example, productivity, the use of factors of production, and the impact of regulations vary substantially with the size of the firm. Further, the labour productivity of a large firm can be between two and four times higher than that of smaller companies, as measured in number of employees and gross value of production. The same can be said of differences in capital efficiency. A firm's objectives, strategic planning efficiency, use of resource bases, and quality of market contacts can vary substantially. Of particular importance are those factors that affect unit costs and costs of transaction and logistics (Mike and Eric, 2008).

The importance of small and medium scale enterprises in a developing economy like Nigeria can be enormous because Nigeria 's economy is dominated by small and medium scale enterprises in agricultural, construction, manufacturing, commerce and industry, services, trading, etc. Small and Medium Scale Enterprises (SMEs) play a significant role in both developed and developing economies. Statistics as shown that SMEs contribute over 55% of gross domestic product (GDP) and over 65% of total employment in developed economies and it also plays a significant role by contributing 60% of GDP and over 70% of total employment in developing economies (Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), 2012).

The struggle to survive is a natural instinct; and as postulated by Darwin (1959), cited in Adekunle (2019), "growth is a constant battle against the environment". It is therefore natural for businesses to struggle against imminent collapse or failure amidst the contextual hostility. In the process, they deploy diverse practices to gain competitive advantage. Contrastingly, these responses might not have yielded the right solution to overcome the crisis. Business researchers described the traditional business approaches as inappropriate in this scenario. Scholars such as Smallbone, Kitching and Xheneti (2009) believed that there is no single best practice that guarantees business growth, or success, and that firms adaptation and performance are contingent upon organizational factors such as resources available, and external influences, including product, labour and capital market conditions. But for SMEs to survival, grow and develop, there is need for it to engage in adopt strategic management into their activities. As such, Abodunde (2020) believed that commitment to strategic management has a positive impact on SMEs' performance and for the SMEs' performance to improve there must be inclusion of members of staff in the strategic management process.

In the same vein, Olanipekun et al. (2015) suggested that organization should continuously maintain, sustain and improve strategic management practices since it is an indispensable tool for business organization performance. However, scholars such as Adeyemi, Isaac, and Olufemi (2017) believed that strategic management has contributed immensely to the sustainable growth of small and medium scale enterprises and that Strategic Management practice should be adopted by all small and medium business firms in Nigeria. Therefore, for SMEs to compete favourably and environmental challenges that mitigate their growth and development there is need to inculcate strategic management practice and process to the daily activities.

Performance of the SMEs is vital in order to accomplish the desired outcomes which were mentioned afore. In simply, the performance of an enterprise is conceptualized as the ability of the enterprise to fulfil the customer demand while being effective, attaining the desired ends at a minimal cost (Mumbe and Njuguna, 2019). In the contemporary world of business, the overall performance and sustainable growth of enterprises are heavily dependent on the practices of strategic management (Farrukh, Raza, Javed, and Lee, 2021; Javed and Husain, 2021). Strategic management defines the organizational end desires then, identify the plans and actions to accomplish the end desire of the organization (Nyariki, 2013).

Hence, strategic management can be viewed as a lighthouse as it gives the overall direction to the enterprise where the enterprise is heading towards. Though large organizations often deploy the practice of strategic management and experience the advantages, SMEs do not often engage in the practice of strategic management (Ali and Qun, 2019). Since it is revealed that the performance of SMEs extends the enormous contribution to the country, SMEs need to focus to uplift the performance and its growth. As earlier stated, strategic management practices result in uplifting the performance of the SMEs. Despite the fact that plenty of studies had been undertaken to assess the relationship between strategic management practice and SMEs' performance in other countries, in the Nigerian context there are only few studies conducted in strategic management practice of which non was conducted in FCT-Abuja and this is a significant area that paves more attention. Also, in studying strategic management, it is important to take note of the four components of strategic management (i.e. strategic planning, strategic formulation, strategic implementation and strategic evaluation) so as to make sure that strategies adopted by SMEs in the study areas are conformity and at the same time no component is neglected. Therefore, this study attempts to fulfil the gap of the existing body of empirical studies of the literature. Therefore, this study is aimed to investigate whether strategic management practices improve the performance of SMEs in FCT-Abuja.

Statement of Hypotheses

In understanding the effect of strategic management on the performance of SMEs in FCT-Abuja, the following hypotheses were addressed;

$H_0 1$: there is no significant relationship between strategic planning and business performance of SMEs in FCT, Abuja.

$H_0 2$: there is no significant relationship between strategy formulation planning and business performance of SMEs in FCT, Abuja.

$H_0 3$: there is no significant relationship between strategy implementation and business performance of SMEs in FCT, Abuja.

$H_0 4$: there is no significant relationship between strategic evaluation and business performance of SMEs in FCT, Abuja.

Concept of strategic management

Strategic management is involved in deploying a firm's internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Adeleke, Ogundele and Oyenuga, 2008). Strategic management comprises five key facets: goal-setting, analysis, strategy formation, strategy implementation, and strategy monitoring. These are the integral elements that, when applied together, distinguish strategic management from less comprehensive approaches, such as operational management or long-term planning. Strategic management is an iterative, continuous process that involves important interactions and feedback among the five key facets (Adeyemi et al., 2017).

Strategic management involves the related concepts of strategic planning and strategic thinking. Strategic planning is analytical in nature and refers to formalized procedures to produce the data and analyses used as inputs for strategic thinking, which synthesizes the data resulting in the strategy (Abosede, Obasan and Alese, 2016). Strategic management is a key driver of organizational performance, since it has to emerge as a strategic business partner helping the top management build an organization that is good not just for today, but for tomorrow and beyond. It entails working with the top management to propel the organization forward. Strategic Management is a concept that has posed so many problems to several organizations in its applicability. However, for any organizations to thrive well in this modern contemporary age, there is need for such organization to embrace strategic management in its fullness (Dozie and Emma, 2020).

According to Aremu and Oyinloye (2014), strategic management provides overall direction to the enterprise and includes specifying the organizations' objectives, growing long-time period guidelines and plans designed to obtain these goals, after which allocating sources to implement the plans Branislav (2014) further puts it as "the workmanship and study of planning, executing and assessing cross-practical choices that empower an organization to accomplish its goals" the investigation of Babalola and Taiwo (2016) uncover that vital strategic management includes looking for an ideal arrangement between the hierarchical item and the inexorably evolving markets. Even with an evolving market, an organization is confronted with different key alternatives remembering congruity for creating the old item for the old market;

repackaging the old item for another market; building up another item for the old market, or building up another item for another market. The study thus emphasized on the four components of strategic management which are: strategic planning, strategic formulation, strategic implementation and strategic evaluation which discussed below.

Strategic planning

Strategic planning process continued to gain traction in SMEs, albeit not through the formal strategic planning process but the informal process. Sandada, Pooe and Dhurup (2014) asserted that strategic planning process is increasing in terms of adoption among SMEs. He further argued that strategic planning process is used by SMEs differently in various sectors. Questions still abound with regard to its effect on performance on SMEs in various sectors. Although a number of studies have been carried out on the relationship between strategic planning process and performance of SMEs in different sectors, mixed and inconclusive finding still exists. Strategic planning is concerned with the future consequences of current decisions, how desired outcomes are to be accomplished, and how success is to be evaluated. It also links short, intermediate and long term plans (Abel, 2013). Kinyua, (2010) asserted that SMEs have a fair strategy formulation practice, and have a game plan that seeks competitive advantage. Strategic planning for business can be traced back to the 1920s when Harvard Business School developed the Harvard policy model, one of the first strategic planning methodologies for commercial businesses (Abel, 2013). One of the common sets of activities in management is planning. In order to determine where the organization is going, regardless of whether it is in the private or public sector, it needs to be clear exactly where it stands, where it wants to go, and how it will get there (Kriemadis and Theakou, 2007).
Balasundaram (2009) asserted that strategic planning is essential to take advantage of future opportunities and to forestall any threats. Strategic planning here is described as a process of environmental awareness, the existence of the idea or formal documentation of a future strategic course of action, and awareness of both short and long term implications of these. Tapinos et al (2005) also noted that strategic planning consists of planning processes to develop strategies that might contribute to performance. One way it can do this is by generating relevant information to bring better understanding of the environmental factors, and reducing uncertainty. Strategic awareness therefore implies the ability to assess the total implications of any change (Abel, 2013).

Strategic formulation

Strategy formulation is the process of creating a strategy for either an individual, or an organization. It involves the development of long term plans for the effective management of environmental opportunities and threats while taking into account the company's strengths and weaknesses and incorporating outlining the corporate mission, specifying feasible objectives, developing strategies and setting policy guideline. The process includes the planning and decision making that results in the setting up of the organization's goals and the creation of a particular strategic plan (Daft, 2004; Bordean, Borza, Rus, and Mitra, 2010). In strategy formulation, strategic leadership involves managing an organization's strategy making process in the most effective manner in order to create competitive advantage. Strategy-making process involves the selection and the subsequent implementation of a set of strategies that strive for achieving a competitive advantage (Hill, Jones and Schilling, 2014).

Strategic implementation

Beal (2000) asserted that competitive strategic management is concerned with understanding, choosing and implementing the strategy that an organization follows. Strategy implementation is one of the three distinctive phases of strategy. According to Lorette (2014), strategy implementation put simply is the process that puts plans and strategies into action to reach goals. Shannon (2015) viewed it as the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. A different view, Barnat (2014) opined that strategy implementation is the process of allocating resources to support the chosen strategies. Strategy implementation defines the manner in which an organization should develop, utilize and amalgamate organizational structures, control systems and culture to follow strategies that lead to competitive advantage and improved performance (Sorooshin, et al., 2010). Thus, strategy implementation is the process which involves all action inclined tasks that transform plan into reality, and manage or track performance to enhance corporate objectives. In the case of SMEs, there is a need for owners to have a rethink towards devising and implementing winning strategies in order to pursue their mission, vision and objectives without compromising the competitive situation in the Nigerian business environment (Juwon, Akeem and Danlami, 2017).

Strategic evaluation

Strategy evaluation and control systems are an important component of the strategic management process as this process assists in monitoring changes in the environment and this facilitates the timely adjustments to the vision, objectives and strategy (Gibbert and Lovemore, 2017). According to Hunger and Wheelen (2003) strategy evaluation and control ensures that an organization is achieving what it set out to accomplish. A strategy evaluation and control system monitors how the organization is performing relative to its strategic plan and this ensures that an organization stays on track in its strategy implementation efforts. Hunger and Wheelen (2007) argued that an evaluation and control process must be put in place during strategy implementation stage in order to ensure that the set strategic objectives are accomplished. According to Stahl and Grigsby (1997) cited in Gibbet and Lovemore (2017) strategy evaluation control systems monitor the main elements of strategy and entail the evaluation of the appropriateness of the objectives and the strategies, as well as subsequent control of performance. At the operational control level, the system accepts the objectives and attempts to control operations in accordance with the plan. The crucial point for both systems is that information should be made available to the decision makers in time for them to be able to take corrective action. Information from the monitoring and control systems can be used to assess resource allocation, monitor progress during implementation stage and to evaluate the performance of individual managers as they go about achievement of their implementation tasks. Information generated from the monitoring and control system can be used to validate the assumptions and projections that were made during the strategy formulation stage and also to monitor the environment for significant changes. The information can also provide a feedback mechanism that can be used to fine tune the strategy implementation process (Gibbet and Lovemore 2017).

Concept of SMEs

In an attempt to separate small enterprises from medium enterprises, a Survey Report on MSMEs in Nigeria (2012) defined small enterprises as those enterprises whose total asset excluding land and building are above 5 Million Naira but not exceeding 50 Million Naira with total workforce of above 10 but not exceeding 49 employees. While the medium enterprises are those enterprises whose total asset excluding land and building are above 50 Million Naira but not exceeding 500 Million Naira with a total workforce of between 50 and 199 employees (Abosede et al., 2016). Therefore, Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) (2012) considered SMEs as an enterprise with an asset value between N5 million and N500 million excluding lad and building with an estimated number of workforce between 10 and 199.

Organization performance

Organizational performance is concerned with the overall productivity in an organization in terms of stock turnover, customers, profitability and market share. The concept of organizational performance is core to businesses because the major objective of businesses is to make profits. Iravo, Ongori and Munene (2013) state that one of the important questions in business has been why some organizations succeed and why others fail and this has influenced a study on the drivers of organizational performance. Fwaya (2006) views performance as a formula for the assessment of the functioning of an organization under certain parameters such as productivity, employee' morale and effectiveness.

Theoretical framework

The resource-based theory stems from the principle that the strength of firms‟ competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin, Beamish, Hulland and Rouse, 2007). The resource-based approach stipulates that in strategic management the fundamental sources and drivers to firms‟ competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy. Despite the positive contribution of this theory, it has over-looked the role of entrepreneurial strategies and entrepreneurial abilities as the crucial sources of a firm's competitive advantage. The application of the theory should not be limited to physical resources; it should also include human resource capabilities that form the basis of organizational sustainability.

The dynamic capabilities have been defined as the ability to integrate, build, and reconfigure internal and external competencies to address rapidly-changing environments (Stanley, 2015). The qualifying characteristic of the dynamic capability is that the capability not only needs to change the resource base, but it also needs to be embedded in the firm, and ultimately be repeatable. The need for the dynamic capabilities is informed by the permanent risk of erosion of superior firm-specific resources and competences in the contemporary business environment of hyper competition. However, RBV is essentially a static theory since it does not explain the evolution over time of the resources and capabilities that form the basis of competitive advantage (Priem and Butler, 2001). Hence, it is not enough to view a firm as a bundle of resources, but note also the mechanisms by which the firms learn and accumulate new skills and capabilities, and the forces that limit the ratio and direction of this process (Teece et al., 1997). The dynamic capabilities theory is important to this study because the enterprises must be in a position to identify the opportunities and threats in their environment, seize these opportunities and maintain competitiveness in light of the changing business environment.

Empirical review

In a study conducted in ECOWAS sub-region by Umar and Adamu (2020) on the impact of strategic management on the development of international organization: a study of ECOWAS sub region. Used descriptive survey design with population of sixty three (63) employees and stakeholders. The results of the study revealed that strategic management has significantly enhanced quality service, there is significant relationship between strategic management and accountability and strategic management has significant impact on the transparency of ECOWAS Sub Region. The study proceeded to recommend amongst others that international organizations should ensure that experts are in charge of strategic management processes to ensure that the desired quality services are attained and government and regulatory bodies should establish and implement more effective policies guiding every organizations' strategic management to ensure accountability in international organizations.

A similar conducted by Abodunde (2020) examined the impact of strategic management on the performance of SMEs in Lagos State, Nigeria with a survey of two hundred and two (202) of Small and Medium Enterprises (SMEs) that have been in operation for the past ten (10) years were randomly selected from one thousand nine hundred and sixty-five (1,965) that registered with Ministry of Commerce and Industry in Lagos State was analyzed with the aid of an Ordinary Least Square method of estimation. The findings revealed that commitment to strategic management has a positive impact on SMEs' performance but not significant, while the inclusion of members of staff in the strategic management process has a positive and significant impact on SMEs' performance. The study concluded that for SMEs in Nigeria to achieve sustainable competitive advantages in this era of the cut-throat global competitive environment, the inclusion of all stakeholders in the strategic management process is prime importance.

A study focused on strategy implementation and its effect on superior performance and competitive advantage of SMEs in Kogi State adopted survey research method focused on selected SMEs with random population of 1886 and the sample size 330. The study analyzed data using descriptive statistics and regression model was conducted by Juwon et al. (2017). The study found that strategy implementation of SMEs has significant effect on superior performance relative to other competitors in Kogi State. The study concluded that when strategy is successfully implemented, it has consequences on organizational performance. The study recommended that SME owners should ensure the successful implementation of their business strategy to outperform other competitors within the same business environment in Kogi State, Nigeria.

Also, study on the effect of strategic planning on the performance of medium sized enterprises in Nakuru town with objective of examine the relationship between the specific steps that make up strategic planning and firm performance was conducted by Daniel and Jackline (2016). Data was collected from a sample of 47 medium sized enterprises. The results indicated that strategic planning significantly influences organizational performance. The findings reinforced the need for business owners and entrepreneurs to embrace strategic planning in order to gain competitive advantage and to ensure survival in the competitive market.

Another study on the effect of strategic evaluation and control on financial performance of SME's in Juba, South Sudan conducted by Siria (2021) with cross sectional method as research design. The study found that strategic evaluation practice had a statistically significant impact on the financial performance of SME's in Juba. Thus, the effect of strategic evaluation on the financial performance of the SMEs in Juba, South Sudan reduces with increase in the strangeness of the government regulations imposed on the SMEs. The study recommended amongst many others that owners and managers of SMEs in Juba South Sudan should examine and progressively implement strategic plans being in mind the strategic implementation indicators like organizational tasks, strategic vision and mission statements which should be well incorporated and implemented.

A study by Muogbo (2013) investigated the impact of strategic management on organizational growth of selected manufacturing firms in Anambra State. Sixty three (63) respondents selected from 21 manufacturing firms across the three senatorial zones of Anambra State were sampled (3 from each firm). Results from the analysis indicated amongst many others that the adoption of strategic management has significant effect on competitiveness and also influences manufacturing firms. The study concluded that though strategic management is not yet a common business practice among manufacturing firms in Anambra State, it has been identified as veritable tool for improving the competitiveness, performance levels, and structural development of manufacturing firms in Anambra State in particular and Nigeria in general. The study recommended that entrepreneurial centre and business schools in Nigeria should incorporate strategic management principles into their curricula.

Another study conducted by Nnamani, Ejim and Ozobu (2015) investigated the effect of strategy formulation on organizational performance: a study of Innoson Manufacturing Company Ltd Emene, Enugu used survey research method. A total sample size of 100 was obtained from a total population of 185 workers. The study revealed that a well-conceived and formulated strategy matched with appropriate structure increases productivity in the organization and secondly, that behavioural and systematic resistance to strategic changes render formulation ineffective. The study recommended that top management should take more responsibility in reducing uncertainties by improving performance for the organization through strategy formulation by this, they can gain back their customers through product line diversification strategy and strategic technological changes, to be in tune with the current consumption patter in the manufacturing industry in Nigeria.

In Nairobi, a study investigated the effect of strategic management process on the performance of SMEs used cross-sectional study design method with a sample size of 384 Small and Medium Enterprises located in Nairobi Central Business District by Otieno, Namusonge and Mugambi (2018). The findings revealed that environmental scanning, strategy formulation, strategy implementation and strategy evaluation have a positive effect on the financial performance of professional service SMEs in Kenya. The study concluded that SMEs that have adopted strategic planning process are likely to experience better financial performance. The study recommended that professional SMEs should adopt strategic planning practices as a way to improve business performance.

Looking at a similar study conducted by Silpah, Paul and James (2018) on the influence of strategic formulation on organizational performance of companies listed at the Nairobi Securities Exchange (NSE) based on positivism research philosophy and explanatory research design with population of 325 senior managers of companies listed at NSE and a sample size of 179 senior managers. The findings revealed that organizational performance was positively and significantly correlated with strategy formulation and that there was a significant mean difference between organizational performance and strategy formulation. Simple linear regression showed that strategy formulation significantly affects organizational performance. The study recommended that in order to achieve the organizational vision and consequently enhance their performance, companies listed at the NSE should create conducive environment for effective strategy formulation such as ensuring all stakeholders are involved in formulation of strategies. `

Adeyemi et al. (2017) empirically examined the impact of strategic management on the performance of small and medium scale enterprises SMEs) via competitive advantage, sales and profit. This was with the view of assessing the impact of strategic management on sustainable growth in Nigerian SMEs. A descriptive survey research design was employed for the paper using structured questionnaire and oral interview for data collection. The questionnaire was administered on thirty SMEs owners in four states of Southwest Nigeria comprising Lagos, Ogun, Osun and Oyo State. A total of 120 respondents were purposively sampled for the study. Data collected were analyzed using frequency tables, simple percentages and chi-square test. The study showed that strategic management practices significantly assist SMEs to gain competitive advantage. The study further showed that strategic management significantly increased their sales and improved their profits levels. The study concluded that, strategic management has contributed immensely to the sustainable growth of small and medium scale enterprises in South-West Nigeria. The study recommended that Strategic Management practice should be adopted by all small and medium business firms in Nigeria.

Onyekwelu (2020) study investigated the effect of strategic management on organizational performance with particular reference to some manufacturing firms in South-East Nigeria. The study was anchored on classical theory and resource-based theory. The population of the study comprised of 1200 employees while the sample size consisted of 300 employees of the selected manufacturing firms through the use of Taro Yamane's formula. Multiple regression analysis was employed to analyze the data generated. It was discovered that all the strategic processes including strategy objective, strategy formulation, strategy implementations and strategy evaluation had significant effects on organizational performance of manufacturing firms in South East, Nigeria. The study concluded that strategic management has significant effect on organizational performance in South East, Nigeria. The study recommended that strategic objective should be in line with the objective of the organization in order to achieve organizational objective and effective employee performance. And, that organization should seek more input from the lower level managers and supervisors when formulating strategy so that the formulated plans will be effective and in line with both long and short term objectives of the organization.

METHODOLOGY

Research design adopted for this study is the causal comparative research design. This research design seeks to estimate as precisely as possible the nature of existing conditions or maybe the characteristics of the target population. In this study, the researcher used more of causal comparative research. Here the researchers do not have control over the outcome of the study but is just able to draw inferences about respondents and the population they were drawn from.

The population of the study consists of SMEs owners across all levels who have successfully engaged in small business activities in Federal Capital Territory (FCT), Abuja. The entrepreneurs were selected based on the criteria that they started and/or expanded their businesses with the help of strategic management practices in FCT-Abuja which are 38,003 according to SMEDAN and NBS Report (2021). This informed our decision to use the six area councils (Abaji, Bwari, Kwali, Kuje, Gwagwalada and AMAC) of the FCT, Nigeria.

Stratified sampling was primarily used to ensure that different groups of the population are adequately represented in the sample so as to increase the population's level of accuracy when estimating the parameters. The stratum is made up of four categories of industries which have in the past few years experienced significant transformation and these includes: Business and Finance industry, Manufacturing industry, Services industry and Agricultural industry operating in FCT-Abuja. The strata are formed based on members' that shared different attributes or characteristics. A sample from each stratum is taken in a number that is proportional to the stratum's size when compared to the population. These subsets of the strata are then pooled to form the sample. The above reasons formed the basis for the use of stratified sampling for this study. This population crisscross all the economic sectors such as business and finance industry, manufacturing industry, service industry and agricultural industry. Smith (1984) sample technique was used to estimate a sample size out of the study population. The Smith formula is given by:

$$n = \frac{N}{3 + Ne^2}$$

Where:
N=Population size
3=Constant
e= Margin of error (5%)

$$n = \frac{N}{3 + Ne^2}$$

Substituting into the formula we have:

$$n = \frac{38003}{3 + 28003(0.05)^2}$$
$$n = \frac{38003}{3 + 38003(0.0025)}$$
$$n = \frac{38003}{98.0075}$$
$$n = 397.76$$
$$n = 388$$

Although determined sample size for the study was 388, this number was increased by 10% to address the issue of nonresponse. The final sample size used for the study was therefore 426 respondents. Data for the study were collected by research assistants using a questionnaire and most of the questions were defined in simple format to arouse respondent interest to read carefully and answer each question to ensure easy completion. The respondents were asked to indicate their degree of agreement or disagreement based on a 5-point Likert scale that ranged from strongly agree (5) to strongly disagree (1). However, from the questionnaires administered, about 393 were returned and/or determined to be useable. This represented a response rate of 92.25%.

In the case of this study, the levels of alpha are well above the 0.60 typically accepted level, demonstrating a high level of internal consistency. As shown in (Table 1), the alpha levels for the different indicators averaged alpha coefficient of 0.76648 is greater than 0.60, fully supporting the reliability of the constructs.

Table 1: Result of reliability test.

Variable	Alpha
Business Performance	0.7575
Strategic Planning	0.8125
Strategy Formulation	0.855
Strategy Implementation	0.6957
Strategic Evaluation	0.7117
Test to Scale	0.8547

Field survey, 2022

The binary regression method was adopted to find out the linear relationship between strategic management and business growth in FCT-Abuja. The justification for the use of binary regression method is because it measures the relationships existing between two or more variables. It is simple to compute without errors and it helps to illustrate the directional outcome and strength of the variable. It further shows a precise quantitative measurement of the degree of relationship between dependent and independent variables. Following the research hypothesis, the following model was formulated:

$$BPM = \varphi_0 + \varphi_1 SPL + \varphi_2 SFN + \varphi_3 SIM + \varphi_4 SEV + \mu_t$$

Where;
BPM = Business Performance
SPL = Strategic Planning
SFN = Strategy Formulation
SIM = Strategy Implementation
SEV = Strategic Evaluation
μ_t = Error term
$\varphi_1 - \varphi_3$ = Slope coefficients of strategic management, strategic planning.
φ_0 = Intercept parameter estimate

Table 2: Correlation results for study variables.

		SPL	SFN	SIM	SEV	BPM
	Pearson Correlation	1	0.069	0.061	0.070	0.427*
SPL	Sig. (2-tailed)		0.170	0.227	0.165	0.045
	N = 393					
	Pearson Correlation	0.069	1	0.001**	0.046*	0.362*
SFN	Sig. (2-tailed)	0.170		0.000	0.043	0.030
	N = 393					
	Pearson Correlation	0.061	0.001**	1	0.053	0.526*
SIM	Sig. (2-tailed)	0.227	0.000		.294	0.039
	N =393					
	Pearson Correlation	0.070	0.046*	0.053	1	0.214
SEV	Sig. (2-tailed)	0.165	0.043	0.294		0.017
	N = 393					
	Pearson Correlation	0.427*	0.362*	0.526*	0.214	1
BPM	Sig. (2-tailed)	0.045	0.030	0.039	0.017	
	N = 393					

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).
Source: SPSS Output.

Table 3: Model summary

R	R Square	Adjusted R Square
0.797	0.635	0.630

Source: SPSS Output.

Table 4: ANOVA Result

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	68.418	4	29.758	168.760	0.000
Residual	119.033	388	0.176		
Total	187.451	392			

Source: SPSS Output.

RESULTS AND DISCUSSION

Table 2 shows the bivariate correlation coefficients between the variables of the study. It can be seen that all predictor variables were found to have significant positive relationship with Business Performance (BPM) as expected.

Strategy Implementation (SIM) was also found to have the highest level of association with performance, which is not surprising, given that performance outcomes are more directly linked with the functioning of strategies when they are put into action. The Coefficient of Determination (R^2) statistics is summarized in (Table 3). The estimated regression model showed high predictive ability for performance among the surveyed businesses. The explanatory components of strategic management (BPM, SPL, SFN, SIM, SEV) were estimated to predict up to 63.5% of changes in businesses performance (BPM).

This implies that Strategic Planning (SPL), Strategy Formulation (SFN), Strategy Implementation (SIM) and Strategic Evaluation (SEV) explain Business Performance up to 63.5%, implying that the remaining 36.5% was attributed to other variables not included in the study model. The high R^2 value supports the high predictive ability of the estimated model, as well as accurate model specification.

Furthermore, F statistics was applied to test the fitness of the model. Table 4 summarizes the result of the Analysis of Variance (ANOVA) estimation that was carried out in the course of the study to test how well the estimated regression model fitted the collected survey data. It can be seen, from the result gotten that the model did fit the data well, given a significant F coefficient (168.760, $p < 0.05$).

All modelled components of strategic management were estimated to be significant predictors of performance among SMEs in the FCT. All variables were positively

Table 5: Estimated regression coefficients.

	Unstandardized Coefficients				Collinearity Statistics	
	φ	Std. Error	t	Sig.	Tolerance	VIF
(Constant)	0.261	0.104	2.504	0.013		
SPL	0.164	0.037	13.458	0.000	0.958	1.044
SFN	0.231	0.024	1.306	0.012	0.683	1.464
SIM	0.412	0.047	7.066	0.000	0.605	1.653
SEV	0.096	0.048	1.736	0.033	0.205	0.993

Source: SPSS Output.

signed in conformance to a priori expectation. As can be seen from the information provided in (Table 5), Strategic Planning (SPL) was found to exert a 16% increase in performance (BPM) per unit increase (0.164, $p < 0.05$). This implied that increasing SPL by 1% unit will lead to a 16.4% increase in performance among businesses. This positive effect of planning on performance agrees with findings of studies such as Daniel and Jackline (2016), and Onyekwelu (2020).

Additionally, Strategy Formulation (SFN) was estimated to exert positive and significant (0.231, $p < 0.05$) effect on Business Performance. A 1% increase in SFN is estimated to bring about a 23.1% increase in performance. Studies such as Otieno et al. (2018) arrived at a similar finding. In the same vein, Strategy Implementation was determined to positively and significantly (0.231, $p < 0.05$) affect performance among SMEs. For every 1% increase in strategy implementation therefore, business performance is estimated to increase by 41.2% on average. This established strategy implementation as the component of strategic management exerting the highest effect on performance among businesses. Furthermore, Strategy Evaluation (SEV) was estimated to predict performance by 9.6% per every 1% increase.

Estimated collinearity statistics provided Tolerance and Variance Inflation Factor (VIF) information for the fitted model. VIF for all the variables were determined to be far less than 5; in fact, most of them were not much greater than 1. This implied that the collinear relationship between the variables themselves were either marginal and/or insignificant, indicating the absence of multicollinearity.

Conclusion and Recommendations

An empirical analysis of the effect of strategic management on the performance of SMEs in the FCT was the subject of the study. To achieve this objective effectively, strategic management was broken down into its four primary components: planning, formulation, implementation, and evaluation. These factors were utilized to specify a multiple regression model for predicting SME performance. All components of strategic management were important and favourable predictors of company performance among SMEs in the FCT, according to the findings. Therefore, the study recommends that SMEs take strategic planning and formulation seriously, as these are the factors that determine the strategic management framework of a corporation. Focus should be made on establishing a sense of direction for the strategic process of the firm, as well as fostering proactive responses to operational challenges, such as market pressures and competitor actions. The component of a strategic management system assessed to have the greatest impact on performance is strategy implementation. As this is where planning and formulation are implemented, it is crucial that a concerted effort be made to reach predetermined goals. There must be effective coordination between relevant personnel and resources for strategies to be successful. In addition, performance matrices should include periodic measurements of achievement of strategic objectives. This will enable owner-managers, as the top strategic managers of their respective organizations, to assess how well the implementation of strategies is proceeding and to see clearly any challenges originating from functional strategies that must be addressed so as not to jeopardize intended goals.

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