

STRATEGIC MANAGEMENT AND ENTERPRISE PERFORMANCE IN SMALL AND MEDIUM ENTERPRISES: A STUDY OF SELECTED SMES IN NIGERIA

Uchehara, Felicia Omelogo (Ph.D.)
Department of Business Administration,
Chukwuemeka Odumegwu Ojukwu University
E-mail: fo.ucheghara@coou.edu.ng

Abstract

Management strategy and enterprise performance in small and medium enterprises is the topic of this empirical study. The paper sought to investigate how strategic management can help SMEs enhance enterprise performance. Descriptive survey method was used for the study. The primary source of data was the use of questionnaire while the secondary source consisted of *textbooks*, professional journals, periodicals and data base of relevant web sites. The population of the study was 118 (one hundred and eighteen) of the owner managers/operators of Small and Medium Enterprises. The major instrument for data collection was questionnaire structured using 5-point Likert scale. Objectives 1, 2 and 3 were analysed using frequencies and percentages to answer the research questions, while Chi-square tested the hypotheses. Spearman rank order correlation was used to establish relationship between strategic management and enterprise performance. The responses were analyzed using simple percentage and tables for the research questions while the hypotheses were tested using chi-square. Spearman rank order correlation was used to establish relationship between strategic management techniques and enterprise performance of Small and Medium Enterprises. The major findings included that: Strategic management techniques are well suited for Small and Medium Enterprises to surmount environmental challenges and threats. In addition, strategic management techniques such as multiple product line, copycat/trial-and-error techniques and business-strategy-thinking enabled some sampled SMEs to enhance their enterprise performance.

Keywords: SMEs, Strategic management, performance, Nigeria, performance, entrepreneurship

1.0 INTRODUCTION

Background of the study

Small and Medium Enterprises play vital role in both developing and developed countries. The wealth of any nation depends much on the health of its SMEs and the number of small enterprises tended to increase in recent times (Central Bank of Nigeria 2010:46). A variety of explanations are accountable for this increase vis-a-vis; changes-in-cost structure of industry, innovatory capacity of smaller enterprises, an increase in the service economy, changes in labour market, shifts in government policies and rapid technological advancements which reduced the importance of economies of scale in production (Fairlie 2002: 538-67, Bryson et al 1997:345-60, Chandler 1996: 51-64).

Small and Medium Enterprises (SMEs) are highly vulnerable and have high mortality rate.

The rate of survival of SMEs in Nigeria is said to be less than five percent beyond the first year of existence (National Bureau of Statistics 2012). Other challenges confronting small enterprises in Nigeria are said to include: lack of access to cheap credit, inconsistency in government policies, social insecurity, lack of managerial skills, lack of business plan/feasibility study and competitive weakness among others (www.nfits.com /ppaca-problems).

According to (Moore 2003), entrepreneuring and managing small business are interrelated. The entrepreneuring is done at the starting-process while the latter involves operating the venture over a long period of time. Some authors disagreed and argued that crucial in many small firms is the pivotal role of the owner-manager which combines ownership and management sometimes in a single individual. This is a recurrent feature distinguishing small firms from large companies. It is erroneous to ascribe strategic management to big corporations only. It is important to consider strategy specifically in the context of small enterprises. Two approaches to strategic management for small firms are: positioning approach and resource-based perspectives. (Argyres and McGahan 2002: 41-42, Owin 1995). Earlier research findings in forms of survey, case studies and views of operators of SMEs sampled indicated that strategic management is largely relevant to SMEs in overcoming the threats, challenges and their high vulnerability in business confronting them in the turbulent and unpredictable business environment.

Statement of the problem

Nigeria has instituted several assistance programmes to aid SMEs sub-sector and the failure rate remains alarming. Scholars argue that not much remedy has been articulated in the area of management input for SMEs (Argyres and McGahan 2002: 41-42, Owin 1995). It is alleged that sudden and dramatic changes, threats and challenges in the Nigerian business environment is believed to be some of the reasons for low performance and high mortality rate among the SMEs in the economy. This situation is worrisome because of its adverse toll on the owners of such ventures, the consuming public and in particular on the general economy. Previous research efforts on SMEs concentrated on definitions/characteristics of SMEs, their sources of capital and the general management of such enterprises (Smallbone 1995, Wever 2000). Available related literature on strategic management and SMEs are sparse and fragmented which emphasized that strategic management is exclusively for large corporations and has no relevance in managing SMEs (McGrath 2002, Flagenbaum and Karniru 1999). Our purpose therefore is to investigate to what extent strategic management can help SMEs surmount the environmental threats and challenges in order to achieve enterprise performance vi-a-vis success and growth.

Objectives of the study

The main objective of the study was to investigate the effect of strategic management on enterprise performance of SMEs. The specific objectives include:

1. To determine the effect of Strategic management on the threats and challenges of SMEs in Nigeria.
2. To investigate strategic management techniques appropriate for SMEs.
3. To ascertain the effect of strategic management on enterprise performance of SMEs in Anambra State, Nigeria.
4. To examine the relationship between strategic management and enterprise performance of SMEs.

Research questions

1. How does strategic management affect threats and challenges of SMEs in Nigeria?
2. What are strategic management techniques appropriate for managing SMEs?
3. How does strategic management affect performance of SMEs in Anambra State?
4. How does strategic management affect enterprise performance on success and growth of SMEs

Hypotheses

We formulated the following hypotheses for the study:

- HO₁: Strategic management has no effect on the threats and challenges facing SMEs in Nigeria.
- HO₂: Strategic management is not appropriate for managing SMEs,
- HO₃: There is no significant relationship between strategic management and performance of SMEs.
- HO₄: There is no significant relationship between strategic management and achievement of success and growth (enterprise performance) of SMEs in Nigeria.

Significance of the study

The study is significant to operators and owner-managers of Small and Medium Enterprises to enable them guard against the high mortality rate of small enterprises in the economy. The study would be of benefit to the teeming unemployed youths by providing groundwork on the strategic management techniques suitable for SMEs success and growth. Others to benefit from the study include research students, support agencies for the growth and development of small and medium enterprises, government policy makers, financial institutions, entrepreneurship centres of various universities and empowerment and skills acquisition agencies.

Scope of the study

Topics in small and medium enterprises cut across interdisciplinary themes such as functions, business finance, production function, information technology and general management among others. Adventures into these arrays of disciplines would obviously undermine the set objectives of the study. The scope of the study was primarily to investigate how strategic management could help SMEs surmount environmental threats and challenges in order to achieve success and growth which is the hallmark of enterprise performance. Time frame for this study was 1988-2013. The study covered small and medium

2.1 THEORETICAL FRAMEWORK

The following theories were used in this study: the theory of "small is beautiful" situational theories. Theory of small is beautiful. A British economist, E.F Schumacher propounded the theory of "small is beautiful" in order to champion small appropriate techniques that were believed to empower people more in contrast of earlier slogan that "Bigger is better". Shumacher's work was a critique of the materialistic motives of big business. The small is beautiful approach viewed small firms as being more democratic and responsive to the needs of the society than the large remote organizations which follow strategies of high growth that takes little or no account of their operations' effect on

global environment. Shumacher's work gave birth to the ecological concerns and environmentalism/environmental movement.

The situational theory is a class of the behavioural theory that asserts that there is no best way to manage and organize a corporation, to lead or to make decisions. All these depend upon various internal and external factors. Secondly, the organizational design and its subsystems must "fit" with the environment and effective organizations must not only have a proper "fit" with the environment but also between its subsystems. (Hermant 2011, Daft and Armstrong 2009).

2.2 STRATEGIC MANAGEMENT AND ENTERPRISE PERFORMANCE IN SMEs.

With the study of organizations the strategy concept is typically considered in the context of large firms since fewer resources are often available to smaller firms.

According to (Hofer 1995), strategy is about two questions. (a) What business (es) should we be in? and (b) How do we complete in a given business? Mintzberg and Quinn (1998) as well as Mason and Harrison (2002) disagreed and argued that the concept of strategy has different meanings in contexts. Strategy can be defined in five different ways: as a plan, as a poly, as a pattern, as a position and as a perspective. Strategy as a plan refers to the intended actions that management has developed. When these plans refer to a specific decision they can be described as ploys. Not all strategies are planned but in many situations strategy can be inferred from a pattern in a stream of decisions that management has made overtime. Strategy can also refer to the position that a business has adopted in the external environment. The position can be defined in terms of market that the business serves and the position that competitors have adopted. Strategy can also be conceptualized in terms of how business perceives its external environment in terms of shared values and beliefs that guide the decisions made by the business. Lyles, Baird, Orris and Kuratko (2003) opined that strategic management involves a process of planning, implementation and evaluation of long term plan that takes into consideration changes in the environment in relation to the business strength in order to gain competitive advantage.

The essence of a good strategy is that it is feasible, it is consistent with the resource and skills of the business. It provides a clear competitive advantage and that there is a 'fit' between the business and its external competitive. Small enterprises also differ from large businesses in their perception of opportunities, innovativeness and the commitment of resources to new opportunities. The resources that business controls drive the growth and development of the enterprise. The small business is usually characterized by a lack of resources and management skills and by entrepreneurial form of management. Small businesses can respond quickly to opportunities but may not be able to commit large amounts of resources to a new opportunity (Steven and Gumpert 1995; McGrath 2002). Apparently, small need not be a competitive disadvantage. Small size can increase the flexibility of the enterprise in responding to customers requests and to market changes, more flexible in terms of production systems. Small enterprises may be less risk-adverse and not inclined to initiate competitive actions (Flagen baum and karnini 1999, Chen and Hambrick 2005).

2.3 STRATEGIC MANAGEMENT TECHNIQUES

In Dealing with competitors, small enterprises can either be offensive or defensive.

Offensive is normally preferred as an old adage says "the best defense is offence" (Thomas and Strickland 1996) Goldstein (1996) Goldstein (1995) revealed that the following strategies could be used for enterprise performance: multiple suppliers,

Delivering the commitment, Providing some differentiation, Ensure good services, Price competitiveness, maintaining good relationship with buyers, and Bribery (lobbying) could be useful to keep customers happy. (Thomas and Strickland 1996). According to (Barney 1991, Prahalab and Hamel 2000), there are two strategic approaches for small and medium enterprises: Positioning approach, or Resource-based approach.

Positioning approach emphasizes the need for a business to achieve 'fit' with the external environment. For this strategy the business must have a clear understanding of its market and its competitors. The success of the enterprise according to positioning approach is dependent on its ability to maintain the 'fit' between itself and a changing environment.

The resource-based approach argued that source of a competitive advantage is the resources and capabilities of the business. By developing or acquiring resources the enterprise can develop sustainable competitive advantage if they are hard to imitate heterogeneous (that is different from the resources that other businesses have). The value of resources can only be understood in the context of the market in which the enterprise is operating and in the context of a particular moment in time, such as superior core competencies and capabilities. Core competencies and capabilities refer to areas of activities with the firm that deliver added value to customers or allow the firm to operate more efficiently. Alnor and Hashai, (2004) opined that in the context of small enterprises it is necessary to consider both superior competencies and areas where the firm might have inferior competencies and capabilities relative to competitors.

2.4 SUCCESS FACTORS OF SMEs

Growth-oriented small and medium enterprises make major contribution to economic development, employment generation and are crucial engine for industrialization. Growth performance is a natural and usually desirable consequence of being in business. Growth of a business can take several forms, not necessarily all at once, forms of growth include: revenues, total sales, number of customers, number of employees, products offered and facilities needed. Success is typically measured in terms of existing competitive position and the change in this position over time. Measuring success in small business context is inherently difficult as success should be related to the owner-manager's objectives rather than measured in terms of competitive, financial or market success. Studies on the strategies pursued by small businesses usually focus on some measure of success in terms of these later criteria rather than in terms of the owner-manager's personal definition of success.

Research findings indicated that firms characterized by an entrepreneurial strategic orientation has higher levels of performance. Strategic orientation means that the firm is more willing to innovate, more prepared to take risks and is more proactive than competitors. Most owner-managers of small and medium enterprises adopt a "me-too" of copy-cat strategy. This is replicating what has been done before (Carter and Jones Evans 2006:413, Sheperd 2005).

2.5 EMPIRICAL FRAMEWORK OF THE STUDY

Much of the empirical evidence about small and medium enterprises defined enterprise performance in terms of employment generation, psychology of owner-manager and characteristics and development of SMEs (Wever 2000). The following empirical evidences were used.

Purpose	Methodology	Findings	Research Implications
Characteristics and development issues of small and medium enterprises (small bone 1995, Wever 2000)	Life-cycle or stages model approach - Using multiple case studies.	Close correlation typically exists between employment and sales growth over a long period of time.	The life-cycle or stages model approach could be replicated in the Nigerian SMEs to revamp the ailing economy.
Eight 'cornerstone' of business development (Davidson and Kloster 2003)	Interviews with expert entrepreneurs on the centrality of these cornerstones - The business idea - The product - The market - Core group expertise - Customer relations other relations	Business to reach at least a minimum acceptable level on all corner stones; excelling at a few may not help	The issue of centrality of cornerstones in enterprises could be applied in both large and small businesses. All the important in order to achieve success in the SMEs, and centre for Entrepreneurship of various universities in Nigeria
Surviving and non-surviving small manufacturing firms (Small bone 1995)	Case studies	Adjustment is the key : active market development continuous search for new market opportunities and broadening of the customer base of the business	The high rate of small performance could be reduced through adjustment of critical success factors as stated in these research findings.

Gap exists in that the strategic management aspect of small and medium enterprises for enterprise performance has been neglected in research expeditions.

2.6 SUMMARY OF REVIEWED LITERATURE

There is no consensus among scholars on single definition of what constitutes small and medium enterprises. The definition varies from one economy to another and subject to the economic variables prevailing at the time. Authors suggested that instead of venturing into definitions that there are observable characteristics that could be used to identify small enterprises such as independent ownership, low sales turnover, limited market share and low financial base.

Much literature has been written on ownership structure, survival factors and growth of SMEs but fragmented literature exists on the strategic management of small enterprises. Strategic management could be a long-term plan, a poly, a position a business has adopted in order to out-smart its competitors taking into consideration the environmental changes. Strategic management has always been ascribed to large businesses, but strategic management techniques are believed to be a way out of the numerous challenges facing small and medium enterprises which necessitated the very high rate of mortality of such businesses. Authors were of the view that certain strategies suitable for SMES include

multiple suppliers, price competition, originality, innovativeness and using lobbying to get and sustain customers. All in all, the strategy or strategies to be used depend on the industrial and environmental situations. Strategic problems of SMEs include lack of capability to develop and sustain a strategy, business plan is said to be rare in SMEs; weak financial base and copy-cat syndrome among others. Available related literature indicated that enterprises performance involves two processes - entrepreneurship and small business management. The two are interrelated and one leads to the other. Enterprise performance of SMEs could be evidenced by profitability, employment creation, customer relations, increase in market share and ability to adopt critical success factors that would help them survive dramatic and sudden changes in turbulent business environment such as Nigeria.

3.0 METHODOLOGY

This section focuses on the methods and procedure adopted for the study. This section deals with: Research design, data collection, population of the study, instrument for data collection, validity and reliability of the instrument, administration and retrieval and method of analysis.

3.1 Research Design

This study adopted a descriptive survey design. Nworgu (2006) stated that descriptive survey design is concerned with collecting data from a sample of a population in order to describe conditions or relationships that exist, opinions that are held, processes that are going on, efforts that are evident or trends that are developing. The particular research design used in this study is descriptive survey research. Data was collected based on the concepts defined in the research model and hypotheses tested.

3.2 Data Collection

Primary data was sourced from the questionnaire.

Secondary source was of two kinds. The first were academic articles and journals on the relevant websites. Another kind was the data modified and adopted reports of some supportive organizations such as Nigeria Association of Small and Medium scale Industrialists (NASMSI). Other secondary sources included text books, newspaper articles, magazines and professional journals.

3.3 Population of the Study

The population of the study comprised of the owner-managers, directors and business operators. The population of the study was 118 which was derived from the data base on small and medium manufacturers held by the Nigeria Association of Small and Medium Scale Industrialists (NASMSI).

3.4 Instrument for data collection

Data was collected through self-administered 5-point Likert structured questionnaire. The questionnaire was made up of four sections: A, B, C and D. Section A consisted of six main questions that deal with the demographic characteristics of the owner-managers/business operators. Section B contained questions that deal with the threats and challenges facing SMEs. Section C dealt with questions on strategic management techniques used among SMEs while section D dealt on enterprise performance of SMEs in Anambra State, Nigeria. 59 firms were used picking either the owner/manager and managers or both hence 118 respondents were derived.

3.5 Validity and Reliability of the Instrument

In order to test the questionnaire prior to its use, a pilot study involving face-t-o-face interviews with five small business owner-managers was undertaken. The questionnaire was then refined in the light of experience. Cronbach's coefficient alpha was used to determine the internal consistency and reliability of the multiple item scales. The alpha value for the construct indicated that the items that formed them had reasonable internal consistency reliability of 0.78. Hence the instrument was considered appropriate for the study. This implies that the instrument is reliable and "good" for use in the study (Gliem & Gliem, 2003).

3.6 Administration and retrieval

One hundred and eighteen copies of the questionnaire were administered. A total of one hundred and three (103) copies were retrieved. Ninety-eight (98) copies were duly filled and usable. This gives an effective response rate of 90.3%.

3.7 Method of data analysis

Descriptive statistics (such as frequencies and percentages) were used to analyze the questionnaire response. Test of hypothesis 1, 2 and 3 were done with the chi-square test while the Spear man rank order correlation was used for hypothesis four (4). The hypotheses were tested at 0.05 level of significance. At 5% level of significance, reject null hypotheses for tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.05) and conclude that there is no overall statistically significance. Data were analyzed using standard statistical packages (SPSS).

4.0 PRESENTATION OF RESULTS AND INTERPRETATION

4.1 Demographic Description

Table 4.1: Characteristics of the Respondents

SN	Variables	Frequency	Percentage
1	Age of business		
	0-5 yrs	13	13.3
	6-10 yrs	37	37.8
	Above 10 yrs	48	49.0
	Total	98	100
2.	No. of employees		
	Below 50	29	29.6
	Between 51-100	52	53.1
	Above 100	17	17.3
	Total	98	100
3	Product diversity		
	Single-line Product	25	25.5
	Multiple-Line Product	73	74.5
	Total	98	100
4.	Gender	75	76.5
	Male		
	Female	23	23.5
	Total	98	100
5.	Qualification		
	Secondary school	9	9.2
	OND	25	25.5
	HND/First Degree	44	44.9
	Masters and above	20	20.4
	Total	98	100

Source: Filed Survey (2014) Analyzed on SPSS 17

The result on Table 4.1 showed the demographic characteristics of the study sample. The table showed that 49% of the respondents are owner/managers of companies that have operated for above 10 years. 37.8 operated for range of 6 to 10 years while 13.3% is below 5 years in operations. Secondly, the companies comprised 29.6% of those with below 50 staff strength, 53.1% have staff strength of 51 to 100 and 17.3% have staff strength above 100 workers. From the table 4.1 above, it is also seen that 25.5% of the respondents operate single **line product** while 74.5% have multiple-line products. Moreover, the gender distribution of the respondents is male (76.5%) and female (23.5%). By educational qualification, 9.2% had secondary school education, 25.5% OND, 44.9% HMD/first degree and 20.4% masters degree and above. Management strategy wherein business/owner managers simply apply any business strategy they envisage and watch its efficiency: when it works, they continue with it, but if it fails, they quickly abandon it and look for alternative strategy. This they normally do until they find working strategic management technique suitable for their operation.

Table 4.4: Enterprise Performance of EMEs

SN	Variables	No Extent	Very Small Extent	Small Extent	Large Extent	Very Large Extent	Chi-Squareft Sig. Value	Decision
18	Revenue increases	0	6 (6.1%)	19 (19.4%)	60 (61.2%)	13 (13.3%)	72.041 (.000)	Significantly Large extent
19	Total sales increases	0	15 (15.3)	54 (55.1%)	17 (17.3%)	12 (12.2%)	47.878 (.000)	Significantly small extent
20	Customer base Increases	3 <3.1%\	1 (1/0%)	24 (24.5%	63 {64.3%\	7 (7.1%1	136.898 W	Significantly Large extent
21	Employees increases	9 (9.2%)	56 (57.1%)	14 (14.3% if)	11 (11.2%)	8 (8.2%)	85.571 (.000)	Significantly very small extent
22	Product line increases	25 (25.5%)	53 (54.1%)	9 (9.2%)	7 (7.1%)	4 (4.1%)	84.653 (.000)	Significantly very small extent
23	Facilities increases	9 (9.2%)	13 (13.3%)	51 (52.0%)	17 (17.3%)	8 (8.2%)	65.469 (.000)	Significantly small extent

Source: Field survey (2014) analyzed on SPSS 17

Objectives three aimed to ascertain the enterprise performance of SMEs in Anambra State, Nigeria. The result are shown on Table 4.4 it indicates that revenue and customer base of the SMEs in Anambra State increased to a large extent; total sales and facilities increased to small extent while employee and product lines increase to a very small extent. The result equally showed that SMEs in Anambra State perform well as there are improvement in every aspect of the performance measures used in this study. The tests of the hypotheses indicated that these performance measures have significant effect on the success of the companies. This study used the annual reports and picked the variables such as revenue increases, total sales increases, etc. Meanwhile, the hypotheses for all the eight threat variables are statistically significant at 5% level, (see decision rule in 3.5). This means that these threats and challenges significantly affect the operations of SMEs in Anambra State.

Table 4.5: Strategic Management Techniques Used among SMEs

SN	Variables	No Extent	Very Small Extent	Small Extent	large Extent	Very Large Extent	Chi- Square & Value	Decision
14	Differentiation strategies a. Target market strategy	51 (52.0%)	31 (31.6%)	16 (16.3%)	0	0	18.878 (.000)	Significantly no extent
	b. distribute products Strategy	13 (13.3%)	27 (27.6%)	11 (11.2%)	43 (43.9%)	4 (4.1%)	49.143 (.000)	Significantly large extent
	c. products lines strategy	10 (10.2%)	17 (17.3%)	56 (57.1%)	9 (9.2%)	6 (6.1%)	87.816 (.000)	Significantly small extent
	d. Value Added Products Strategy	46 (46.9%)	26 (26.5%)	14 (14.3%)	8 (8.2%)	4 (4.1%)	58.531 (.000)	Significantly no extent
15	Cost Leadership strategy	43 (43.9%)	25 (25.5%)	15 (15.3%)	7 (7.1%)	8 (8.2%)	45.469 (.000)	Significantly no extent
16	Copy-cat strategy	3 (3.1%)	9 (9.2%)	20 (20.4%)	45 (45.9%)	21 (21.4%)	52.816 (.000)	Significantly large extent
17	Strategic business thinking strategy	19 (19.4%)	53 (54.1%)	16 (16.3%)	6 (6.1%)	4 (4.1%)	79.449 (.000)	Significantly very small extent

Source: Field Survey (2014) Analyzed on SPSS 17

This second objective of the study which aimed to identify the strategic management technique used among SMEs in Anambra State, Nigeria. This is analyzed in Table 4.5. The results showed that among the four market differentiation strategies analyzed, SMEs in Anambra State do not use target marketing and addition of service to products. They use multiple product-line to a small extent, while, most prevalent differentiation strategy they use is the differentiation strategy. By this, it implies that they make efforts to push their products into a wider market scope to facilitate sales. The results of the Chi-Square test indicated that all the differentiation strategies have significant influences. This implies that adopting them will boost business for the SMEs in Anambra State.

Other strategic management techniques analyzed are cost leadership, copy-cat and strategic business thinking. Among these strategies, cost leadership is not mostly used (no extent); strategic business thinking is used to very small extent while the copy-cat strategy is used to a large extent. This suggests that they are familiar with the trial-and-error strategy. The analysis of the results showed the majority of the respondents are owner/managers of companies that have existed for more than 10 years with staff strength that ranges between 50 and 100 workers. The analyses also depict that most of them operate multiple-line products. Also, male managers are prevalent among SMEs in Anambra State, with majority of them having second degrees.

4.2 Analysis of Study Objectives

The objectives 1,2 and 3 were analyzed using frequencies and percentages to answer the research questions and Chi-Square tested the hypotheses. Objective 4 which sought for the relationship between strategic management and enterprise performances was done with the Spearman rank order correlation. The results are presented on Tables 4,2,4,3,4,4 and 4,5 for objectives 1,2,3 and 4 respectively.

Table 4.5: The Extent of Threats and Challenges Facing SMEs

SN	Variables	No Extent	Very Small Extent	Small Extent	Urge Extent	Very Large extent	Chi-Square & Sig. Value	Decision
6.	Lack of formal long-term planning in operations	8 (8.2%)	29 (29.6)	43 (43.9%)	12 (12.2%)	6 (6.1%)	51.69 (.000)	Significantly small extent
7.	Measurement of success is difficult for SMEs assessment of their performances	4 (4.1%)	4 (4.1%)	14 (14.3%)	57 (58.2%)	19 (19.4%)	97.81 (.000)	Significantly large extent
8.	Poor financing	0	0	11 (11.2%)	30 (30.6%)	57 (58.2%)	32.71 (.000)	Significantly very large extent
9.	Infrastructure decay	0	0	10 (10.2%)	66	22 (22.4%)	53.22 (.000)	Significantly large extent
10.	Social insecurity	11 (11.2%)	16 (16.3%)	53 (54.1%)	12 (12.2%)	6 (6.1%)	73.73 (.000)	Significantly small extent
11	Lack of managerial skills	0	6 (6.1%)	15 (15.3%)	58 (59.2%)	19 (19.4%)	64.6 (.000)	Significantly large extent
12	Multiple taxation	5 (5.1%)	5 (5.1%)	15 (15.3%)	29 (29.6%)	44 (44.9%)	57.71 (.000)	Significantly very large extent
13	Lack of access to cheap credit	0	0	0	13 (13.3%)	85 (86.7%)	52.89 (.000)	Significantly very large extent

Source: Field Survey (2014) Analyzed on SPSS 17

The first objective is the study on which is to identify the threats and challenges facing SMEs in Anambra State, Nigeria was analyzed on Table 4.6. Eight possible threats and challenges of the SMEs were analyzed using the responses generated. The results showed that poor financing, multiple taxation and accessing cheap credit are problems that posed very large threats to the SMEs. Measurement of success, social infrastructures and managerial skills have large extent threats, while formal long-term planning, social insecurity have small threats tendencies to the performance of small enterprises.

Table 4.6: Relationship between Strategic Management and Enterprise Performance of SMEs

	Revenue increases	Total sales increases	Customer base increases	Employees increases	Product line increases	Facilities increases
Differentiation: Target market	-.032 (.752)	-.028 (.788)	-.402 (.000)	.124 (.223)	.378* (.000)	-.113 (.266)
Differentiation: Distribute product	-.023 (.819)	-.070 (.491)	-.201** (.047)	.657* (.000)	.480* (.000)	.386* (.000)
Differentiation: Products lines	.191 (.059)	.203** (.045)	.685* (.000)	-.574* (.000)	-.722* (.000)	-.556* (.000)
Differentiation: Value Added products	-.187 (.065)	.054 (.595)	.322* (.001)	.831* (.000)	.746* (.000)	.523* (.000)
Cost Leadership	-.033 (.747)	.135 (.185)	.439* (.000)	.810* (.000)	.729* (.000)	.493* (.000)
Copy-cat strategy	.337* (.001)	.278* (.006)	.184 (.089)	-.453* (.000)	-.322* (.001)	-.662* (.000)
Strategic business thinking	.095 (.351)	.546* (.000)	-.083 (.538)	.344* (.001)	-.150 (.140)	.077 (.451)

Note: 0 = significant level, ** = 5% level of significance, * = 1% level of Significance Source: Field Survey (2014) Analysed on SPSS17.

The last objective of the study determined the effect of strategic management on SMEs in achieving enterprise performance, success and growth. The Spearman rank: order correlation is used in the analysis of the correlation (relationship) between strategic management techniques and enterprise performance indices. The analysis traced the relationship between each of the strategic management techniques with the corresponding enterprise performance measures. The results showed as follows:

Differentiation Strategy

The target market differentiation strategy has negative correlation with negative correlation with revenue (-.032), total sales (-.028), customer base (-.402) and facilities (-.113). It has positive correlation with employee (.124) and product line (.378). Product distribution differentiation strategy has negative correlation with negative correlation with revenue (-.023), total sales (-.070) and customer base (-.201); and positive correlation with employee (.657), product line (.480) and facilities (.386). The multiple product lines differentiation strategy has positive correlation with negative correlation with revenue (.191), total sales (.203) and customer base (.685). It then has negative correlation with employee (-.574) and product line (-.722) and facilities (-.556). Revenue (-.187) has negative correlation with added product differentiation strategy. Other enterprise performance measures (total sales (.054), customer base (.322), employee (.831) product line (.746) and facilities (.523)} have positive correlation with value added differentiation strategy.

Cost Leadership

Cost leadership as a strategic management technique has negative correlation with revenue (-.033) and customer base (-.439). The other enterprise performance measures {total sales (.135), employees (.810), product line (.729) and facilities (.493)} has positive correlation with cost leadership differentiation strategy.

Copy-Cat Strategy

More so, copy-cat strategy has positive correlation with revenue base (337), total sales (.278) and customer base (.184) of SMEs. On the other hand, employee strength (-.453), product line (-.322) and facilities (-.662) has negative correlation with copy cat strategic management techniques of SMEs.

Strategic Business Thinking

The strategic business thinking as a strategic management technique of the SMEs has positive correlation with revenue base (.095), total sales (.546), employees strength (.344) and facilities (.077). Customer base (-.063) and product line (-.150) has negative correlation with strategic thinking.

Decision rule: Summarily, most of the variables of strategic management techniques have positive correlation with enterprise performance while others recorded negative correlation relationship with enterprise performance. The cost-leadership and copy-cats differentiation strategic techniques, showed positive correlation relationship. This implies that cost-leadership and differentiation strategic management techniques enhanced enterprise performance among the small and medium enterprises in Nigeria. Variables like 'addition service' to products indicated negative correlation relationship which inferred that 'additional service' to products did not enhance enterprise performance among SMEs in Nigeria. The analogy from this study therefore, is that there are strategic management techniques suited for SMEs to enhance enterprise performance.

5.0 FINDINGS, CONCLUSION AND CONTRIBUTIONS TO KNOWLEDGE

This section presents and analyzes the data generated from the study. The presentation and analysis were based on the responses of the owner-managers/directors and business-operators selected for the study. To enhance appreciation of the empirical data, the responses were collected from various groups, tables and descriptions thereof. Descriptive statistics such as frequencies and percentages were used to analyze the questionnaire responses. Hypotheses 1, 2 and 3 were tested with chi-square, while the Spearman rank order correlation was used for hypothesis four (4). The hypotheses were tested at 0.05 level of significance. At 5% level of significance, reject null hypotheses for tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significant. Otherwise, we accept when probability estimates are above 0.05 and conclude that there is no overall statistical significance. Data were analyzed in tables using statistical package for social sciences (SPSS). The reason for choosing chi-square was to measure the responses on one hand and secondly to measure goodness of fit in order to determine if the frequencies of events/responses reveal systematic pattern or are they merely the result of chance. Spearman rank order correlation was used to ascertain if there is relationship between strategic management and achievement of success and growth - enterprise performance among SMEs in Anambra State - Nigeria.

5.1 Summary of major findings

The empirical research findings indicated that:

- (1) Poor financing, access to cheap credit, multiple taxation, measurement of success, infrastructural decay and managerial skills have large extent threats while lack of

formal long-term plan and social insecurity have small threat tendencies. The hypothesis for all the eight threat variables (lack of formal long-term plan, difficulty in measuring success in SMEs, poor financing infrastructure decay, social insecurity, lack of access to cheap credit,) are statistically significant at 5% level.

The findings are in line with theories of small and beautiful and situational theory. Small is beautiful buttresses the fact that SMEs are plausible/flexible to the needs and yielding of the people, while the situational theory is in line with business organizations keeping fit with the prevailing in the environment.

This implies that these threats and challenges significantly affect the operations of SMEs in Anambra State.

The results are presented on Tables 4.2, 4.3, 4.4 and 4.5 for study objectives of 1, 2, 3 and 4 respectively. The research findings on the strategic management techniques use among the SMEs revealed that the samples/SMEs do not use market differentiation

strategies such as target marketing and addition of service to products. Market differentiation strategies popular among the SMEs are distribution strategy and multiple product line. Other strategic management techniques used by the SMEs are cost leadership, copycat and strategic-business-thinking.

(2) Another major finding centered on enterprise performance of SMEs. The indicators for enterprise performance used were: revenue increase, total sales increase, customer-base increase, employee increase product line and facilities increase. The result showed that revenue and customer base of SMEs sampled increased to a large extent; total sales and facilities increased to small extent while employee and product line increases to very small extent. The result showed that the SMEs recorded improvement in every facet of the performance measures used in the study. (See Table 4.4). The test of hypothesis indicated that the performance variables have significant effect on the success of the enterprise performance.

(3) Research results on the relationship between strategic management and enterprise performance. The Spearman rank order correlation is used in the analysis of the correlation (relationship) between strategic management techniques and enterprise performance indices. The target market differentiation strategy has negative correlation with revenue, total sales, customer base and facilities.

5.2 Discussion of findings

Small enterprises had a long history and have varied literature. There is no consensus on what constitutes a definite definition of small business. Theories have been propounded to portray the importance of small enterprises in the economy as against large businesses (Wever 2000:135-59, CBN 2013, IMF, 2014) Despite the importance of SMEs, the sub-sector is facing many challenges and threats most specially the neglect of the private sector. Irrespective of these obvious challenges, the SMEs could be reckoned with in the areas of job creation and increase in its number. (Schugens and Wever 2000, National Policy on Microfinance 2005). It has been erroneously believed that strategic management is an exclusive arena for large businesses only (Lyles, et al 2003, Chen and Hambrick 2005). This study investigated how strategic management that could be used for SMEs in order to achieve success and growth, that is enterprise performance. The empirical evidence from this study revealed that there are some strategic management techniques that are popular among SMEs in Nigeria. Such strategic techniques include cost leadership, copy-cat/trial and error, market differentiation techniques among others

which enable some SMEs to surmount the challenges and problems in the environment. The research study also indicated that strategic management techniques enhance the enterprise performance of the sampled enterprises. This study has corroborated the earlier research findings that strategic management is not exclusive to large corporations but could be used by small enterprises to sail above the waters of environmental challenges and achieve success in enterprise performance (Porter 2000: 206, Miner and Eesley 2003, Prahalad and Hamel 2000).

Management Implication

The mass unemployed youths in the Nigerian economy may now establish a small enterprises that would not be killed by sudden and turbulent environmental changes. Their anti-dote is the application of strategic management techniques that are popular among the SMEs.

The implication for the university is that the collapsed "Block industry" of the centre for entrepreneurship Studies of the University could be revamped and made to achieve success through the use of strategic management techniques such as increase in product line of the enterprise, increase in market share, etcetera. This study can be replicated and has therefore extended the frontier of knowledge.

5.4 CONCLUSION

Small and medium enterprises have helped the Asian Tigers and some other poor economies to achieve social and economic growth with their various Gross Domestic Product increasing at glaring rate. The SMEs sub-sector in Nigeria needs to be encourages and the unemployed youths given incentives to go into establishing such enterprises. Seminars, conferences and work-shops need to be organized by the relevant government agencies to organize strategic management courses for owner-managers/businesses-operators in the economy.

Contributions to knowledge/Recommendation

The research findings revealed that strategic management increases enterprise performance.

1. Government should do more beyond making of policies by encouraging Nigerians to go into establishing small and medium enterprises.
2. The access to cheap and micro credit should be functional. Workshops/conferences need to be mounted to teach SMEs operators how to use strategic management techniques to Surmount the environmental challenges.
3. The social insecurity could be reduced when people are gainfully employed. The establishment of viable SMEs would keep the idle youths busy.
4. SMEs are the engine growth for development and industrialization of the economy. To achieve this, the SMEs sub-sector and the general business environment need to be friendly and cheap for doing business. The government has a lot to do in this area.

REFERENCES

- Argyres, N and McGahan A.M (2002). Introduction Michael Porter's competitive strategy. Academy of management executive. May. Pp 41-42. Fafunwa, Babs(1980)
- Chandler, G. (1996). Business similarity as a moderator of the relationship between pre-ownership experience and venture performance. *Entrepreneurship theory and practice* 20 (3) 51-65.
- Daft, R. L. and Armstrong, A. (2009). *Organization Theory and design*. Toronto Nelson.
- Fairlie, R.W. (2002). Drug dealing and legitimate self-employment. *Journal of labour economics* 20 (3) 538-67;
- Gliem, J.A. and Glim, R. R. (2003). Calculating, interpreting and Reporting Cronbach's Alpha Reliability Coefficient for Likert-type scales Midwest Research to Conference in adult, continuing and Community Education journal .pp 82-88
- Nworgu, B. G. (2006) *Educational Research: basic Issues and Methodology*, Owerri. Wisdom Publishers.
- Goss, D. (1991). Small business and society. Theories of small business and society. Empirical investigation of the future of small business. *Management review* 7 February
- Hermant, S. (2011). The production of modernization. Damet Lerner, mass media and the passing of traditional society. Philadelphia Temple. UP
- International Monetary Fund (2014) The Guardian mobile Twitter 28/02/14.14.07 hrs.
- Lyles, M.A, Baird, J.S Orris, J.B. and Kuratko, D.E (2003). Formalized planning in small business increasing strategic choices. *Journal of small business management*, April.
- Mintzberg, H. and Quina, J. (1998). *The strategy Process concepts, contexts, cases*. 2nd ed . Prentice-hall international.
- Quin. J. (1995). *Strategies for change*. Boston: Irwan publishers.