

# Appraisal Of the Effect of Strategic Management on The Performance of Small and Medium Enterprises: A Case Study of Some Selected SMEs in Lagos State

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***Abstract- Firms grow from SME to multinational organization within a dynamic and competitive environment hence there is need for a good strategic management in order to survive the turbulent whether or period. The study appraised the effect of strategic management on the performance of SMEs in Nigeria. A well-structured questionnaire was administered on a targeted sample of 210 owners or managers of SMEs in Lagos state. However, the study adopted purposive and simple random sampling techniques to draw the sample from the population. The descriptive statistics such as frequencies, percentage and graphs are used for the analysis of the research questions while the PPMC, and Linear regression was used to analyse the hypotheses. The study concluded that the all the variables of strategic management (environmental scanning, business strategy and organizational structure) are positively significant to the performance of SMEs. Also, that the not all the SMEs are aware of strategic management. strategic management. Based on the findings of this study, it is therefore recommended that SMEs should continually scan their environment, introduces suitable business strategy and adapt a suitable organizational structure***

## I. INTRODUCTION

Modern organizations are experiencing environment that are changing rapidly and subject to increase in irregularities. As a result, the sustained corporate success that extends over decades and continuous expansion has come to be a luxury enjoyed by few companies. The situation is inevitable considering the fact that an organization is a corporate entity and a product of the society. Despite these environmental constraints, some firms have sustained their success over the years, maintained distinctive competence

over their competitors and large enterprises have adopted various strategic management practices to guarantee their fit within the constraints of their environment.

Meanwhile, companies grow from a one-man business into large multinational organizations whose activities cut across regional boundaries, such growth requires that strategic management had to be introduced in the operations of these organizations. Strategic Management is a concept that concerns making decisions and taking corrective actions to achieve long-term targets and goals of an organization (Bakar, 2011). It is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce and Robinson, 2008). The business environment in which firms operate is dynamic and turbulent with constant and fast paced changes that often render yester-years strategies irrelevant (Ofunya,2013). Therefore, it is important that good strategies are put in place to bailout the enterprises from the uncertainty that surrounds unpredictable environment. Strategic management addresses the reason why some organizations succeed while others fail (Melchorita, 2013; Porter, 2001). Strategic management involves identifying the organization's current mission, objectives, and strategies, analyzing the environment, identifying the opportunities and threats, analyzing the organization's resources, identifying the strengths and weaknesses, formulating and implementing strategies and evaluating the results (Robbins and Coulter, 1996).

According to Fred (2005), strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans. In other words,

strategic management can be seen as a combination of strategy formulation, implementation and evaluation. Johnson and Scholes (2002) observed that suitable strategy to be pursued by an organization depends on the external environment in which the organization operates and its internal environment characterized by its strengths and weaknesses. The strategy must also be consistent with the firm's vision, mission and objectives. In strategic management, the firm must analyze the advantages, disadvantages, trade-offs, costs and benefits of each alternative strategy. The ultimate success of the identified strategy depends on its implementation and proper evaluation. There is no doubt that aside helping firm to cope with change and enables it to focus on resources and efforts in the market, it also provides long term direction for the firm. Strategic management is of critical importance to the performance and growth of SMEs (Otieno, 2010). The strategic management sets the direction of the firm enabling the organization to meet its financial and non-financial objectives, it enables the company to become competitive through response to market demands and acts to respond to changing customer's demands and technology (Tsuma, 2013).

Despite the SME sector's enormous size and contribution to the Nigerian economy and the evident commitment by the government through various support programs to see a strong, vibrant and enduring sector. The Small-Scale Enterprises are often faced with diverse challenges that prevent their growth and optimum performance. These challenges are in diverse areas including insufficient knowledge in strategic management, poor access to financial services, weak business linkages and lack of promotional services. It has been established in the literature that poor performance of SMEs is possibly due to varied attitudes toward strategic management. Despite various contributions of SMEs to various economic growth with employment creation, increase in GDPs and others, business continuity remains a major challenge confronting the sector (Adewoye and Salau, 2022). However, it has been mentioned that some SMEs do not even have strategic plans and as a result they encounter performance irregularities (Ofori and Atiagbe, 2012; Danso, 2005). So also, thus Analoui and Karami, (2003) affirms that for firms that strategically plan, they have achieved sustainable and competitive advantage over those that don't. However,

Adeyemi et al. (2017) asserts that owners and managers of SMEs in Nigeria are poorly aware of the contribution of strategic management practice to the success of their organization and the way in which it can be undertaken. In order to provide answer to the questions of whether environmental scanning affects performance of SMEs in Nigeria? If business strategy influence performance of SMEs in Nigeria? And if Organizational structure impact on the performance of SMEs in Nigeria? This study sought to critically appraise the effect of strategic management on the performance of SMEs in Nigeria.

- Research Hypothesis

The researcher intends to test the following null hypothesis:

H<sub>01</sub>: Environmental scanning do not affect the performance Of SMEs in Nigeria.

H<sub>02</sub>: business strategy does not affect the performance of SMEs in Nigeria.

H<sub>03</sub>: Organizational structure do not affect the performance Of SMEs in Nigeria.

## II. LITERATURE REVIEW

- Overview of Strategic Management and SMEs Performance

It is not only pertinent for all businesses to understand why they are in business but they must put in place a formidable strategic plan to improve their efficiency and business performances. Strategy is a source of sustainable competitive advantage and in recent years, large enterprises have adopted various strategic management practices in a bid to guarantee their continuous survival within the constraints of their environment. However, due to the growing interest the field has gained popularity in terms of its applicability to both social and business environments resulting from the rapid and competitive external market forces. According to Eniola and Ektebang (2014) business that fail to drive good planning practices and tools forward, will not only stay bound by slow, stovepipe planning processes, but also find it difficult to compete in good conditions. Strategic management is a disciplined approach utilizing the principles and process of management to identify the corporate objective or mission of any business. It determines an appropriate target to satisfy the objective, recognize

existing opportunities and constraints in the environment, and devise a rational practical way by which objective can be achieved Thompson and Strickland (2003).

Strategic management is both the process and philosophy for determining and controlling the organizational relationship in its dynamic environment. As a process, it attempts to define approaches and techniques to assist management adapt to the changes in today's business environment, through the use of objectives and strategies. Strategic management endeavors to achieve effective and efficient programs that help organizations accomplish the goals and objectives. As a philosophy, it changes how manager looks at competitors, customers, markets and even the organization itself. Its objective is to stimulate management's awareness of the strategic implication of environmental events and internal decision. According to Jeffrey and Caron (2012) strategic management is a process through which organizations analyze and learn from their internal and external environments, establish strategic direction, create strategies that are intended to move the organization in that direction, and implement those strategies, all in efforts to satisfy key stakeholders.

Strategic management is the process of examining both present and future environments, formulating the organizations objectives, implementing and controlling decisions focused on achieving these objectives in the present and future environments (Adeleke, 2008). However, it is necessary for managers to first understand the strategic management practices that best suit their firms and the way such practices affect their operations in a given industry; given that every organization, at any phase of its life-cycle, can be affected by some external environmental conditions and internal factors and as such finding ways to have competitive advantage is indispensable (Agwu, 2014).

### III. ENVIRONMENTAL ANALYSIS

Environmental analysis is the first step in strategy formulation and it involves analysing both the internal and external environment in which the organization operates. While the external analysis aids managers in identifying organizations' opportunities and threats,

the internal analysis is for identifying the distinctive competencies (Kraja and Osmani, 2013). To appraise the important factors that would impact both present and the future development of the firm as well as determining the specific factors of influence in the strategic formulation process is the purpose of environmental scanning (Beal, 2000). The environment of an organization usually consists of two aspects: the internal environment and the external environment. The environment of small and medium scale enterprises includes their levels of technology, infrastructural facilities, economic factors, etc. Muriuki, Cheruiyot and Komen (2017) state that environmental analysis includes the: remote external environment (political, economic, social, technological, legal and environmental landscape); industry environment (competitive behaviour of rival organizations, the bargaining power of buyers/customers and suppliers, threats from new entrants to the industry and the ability of buyers to substitute products-the Porter's 5 forces); and internal environment (strengths and weaknesses of the organization's resources-its people, processes and IT systems). Collection and analysis of information should be considered as important since such vital information will be beneficial to the strategic development of the company and also influence the future development of the strategy, although many SMEs are limited by their size, time, human and capital resources (Garengo et al., 2005). According to studies conducted by previous researchers (Wheelen and Hunger, 2000), the procedure for environmental scanning in SMEs is less advanced than in large enterprises because of the size.

### IV. BUSINESS STRATEGY

A business strategy is the means by which a business sets out to achieve its desired objectives. Strategy is the set of long – term choices the small and medium business owners and managers make in terms of goals, services, policies and action plans (Adeyemi and Aremu, 2011). Successful strategies must meet both the broad business objectives set by government and by the environment. It is a summary of how the company will achieve its goals, meet the expectations of its customers, and sustain a competitive advantage in the marketplace. Successful strategies must meet both the broad business objectives set by government

and by the environment. Therefore, business strategy is the linking together of different activities. To add value to users is the essence of business strategy.

#### V. ORGANISATIONAL STRUCTURE

The organizational structure of a strategic management refers to the durable arrangement within a business to perform the tasks defined by its strategy. These include the distribution of authority and responsibility, the reporting relationship and the mechanism for integrating its functions. Previous studies by (Karami, 2005) have shown that the structure of the organizational, leadership and human resources (employees) play an important role in the implementation of the strategy.

Researchers believe that the organizational structure is a key element to effectively execute the strategy and to discuss the implementation of strategy after its formulation (Lynch, 2006). The organizational structure of strategic management refers to the durable arrangement within a business to perform the tasks defined by its strategy. These include the distribution of authority and responsibility, the reporting relationship and the mechanism for integrating its functions. No single structure is good for all strategies and environment. Adoption of strategic management fails in some business because of the inability to adapt their structures rapidly to evolving strategies and changing environments. The firms/SMEs studied by Chandler were found to have centralized structure when their product lines were limited. However, growth and diversification necessitate the presence of an independent multi - divisional structure as opposed to centralized structure that suits limited product lines. SMEs structures should be determined by growth/product lines. Chandler (2002).

#### VI. SMALL AND MEDIUM SCALE ENTERPRISES (SMES)

The term 'small and medium enterprises' describes group of business organisations that are especially heterogeneous as they embrace a broad varied form ranging from hotels, manufacturing industries, agriculture, restaurants, computer software firms and small machine shops among many others (Asaolu, Oladoyin and Oladele, 2005). According to OCED

(2004), the sole aim of the introduction of the concept small and medium enterprises into development scenery was to perk up trade and industrialization in the today developed nations. The small and medium enterprise definitions are drawn from each country based on the policies, agencies, programs and institutions, and the role of SMEs in the economy (Abdullah, 2000; Etuk, Etuk and Baghebo, 2014). The Federal Ministry of Commerce and Industries cited in Olabisi, Olagbemi, and Atere (2011) classified SMEs as a firm whose total investment (with the exclusion of the cost of land, however with capital included) is close to #750,000 and the maximum number of 50 persons as employees. The Third National Development plan in Nigeria described SME as a business that employs not up to ten workers and the asset investment did not go beyond #600,000 (Ogechukwu, 2011). Despite the contributions of SMEs to various economic growth, Nigeria inclusive, business continuity problem has been a major challenge confronting the sector (Adeweoye and Salau, 2022).

#### VII. THEORETICAL FRAMEWORK: RESOURCE BASE VIEW THEORY

This study anchored on resource-based view theory as enunciated by wernerfelt 1984. This theory was first authored by Wernerfelt (1984) and later reviewed by other contributors who expounded on the influence that both tangible and intangible assets have on the performance of an organization (Crook et al., 2008). The resource-based view theory magnifies the importance of internal resources within the firm and the use of these resources in formulating strategy to achieve sustainable advantage within the firms' competitive markets (Schroeder et al. 2002). According to the RBV, a firm's internal capabilities determine the strategic choice it makes in competing in its external environment. This is in line with the influence that strategic management practices have on the performance of a firm. Closer within the context of the SMEs, the RBV is used to identify and explore man-power expertise and strategic planning systems that can help SMEs manage present business and grab future business opportunities. Loasby (2002) explores the view that investments in resources and capabilities are choice decisions made in the context of uncertainty and that it is the combination for these factors that

make real options potentially valuable. The resource-based theory emanates from the principle that the source of organization's competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. It is however evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses. (Barney, 2015). The resource-based approach of an organization predicts that certain types of resources owned and controlled by firm have the potential to generate competitive advantage as well as superior organizational performance. In this theory, the competitive advantage and superior performance of an organization is explained by the distinctiveness of its capabilities (Johnson, Scholes and Whittington, 2008). The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Wernerfelt, 1984; Rumelt, 1984; Penrose, 1959; Wernerfelt, 1995). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991).

## VIII. EMPIRICAL REVIEW

- Strategic management and SMEs Performance  
Peter, (2015) Studies strategic management practices and the performance of small medium enterprise in Western Uganda. Cross sectioned design was adopted for the study, 2,800 respondents with 430 sample sizes were used for the study. Questionnaire was used to collect data. Findings revealed that strategic management practices enhance firms operational, Competitive and creative performance. The study recommends that Agric business enterprise in Western Uganda should adopt strategic management practices however the size of the enterprise.

Nkemchor, and. Ezeanolue, (2021) the study is to examine the effect of environmental scanning, strategy formulation, Strategy implementations and strategic evaluation on organizational performance. Descriptive research survey was adopted in this study. The population of the study was 1480, while the sample

size consists of 343 employees of the selected tertiary institutions in Delta state, Nigeria. Descriptive statistics and multiple regression analysis were employed to analyse the data generated. It was discovered that environmental scanning, strategy formulation, strategy implementations and strategic evaluation has significant positive effect on organizational performance of tertiary institutions in Delta state, Nigeria. Therefore, the study recommends that environmental scanning should be in line with the objective of the organization in other to achieve organizational objective and effective employee performance.

- Environmental scanning and performance of SMEs in Nigeria.

Onodugo, and Ewurum, (2013) assessed the place of environmental scanning as a means of business survival and competitiveness in Nigeria. This study used mainly secondary data which it analytically adapted to suit its unique objectives. Findings generally reveal that environmental scanning is critical to business survival not only in Nigeria, but in other parts of the world.

Pulaj, and Pulaj, (2015) critically examined and rank the effects of external environment factors on organizational performance in an industry. The data were collected through a structured questionnaire. Statistical test such as mean, median, standard deviation was used to analysed the data obtained. The study found significant positive and negative effects of external factors on performance as well as classifying them in the factors that facilitate or create barriers to business.

- Business strategy and performance of SMEs in Nigeria.

Ramada, and Ahmad, (2020) determine whether Manufacturing SMEs differs with the choice of business strategies they adopt. The number of Questionnaires used to collect data from the respondents was 341. The respondents SMEs in West Bank of Palestine. The findings significance difference between the business strategy implemented by manufacturing SMEs and performance.

Lin, Hsing, and Wang, (2008) explored the relationship between the business strategy and

organizational performance in Taiwan. The research selected three leading companies in golf, PC server and LCD industry to do the case study. The results highlight how collaborative design can build up new business model, make B to B more efficient and further improve business performance.

- Organizational structure and performance Of SMEs in Nigeria

Muhammad, (2019) examine the effect of organizational structure on company performance in manufacturing industry in Indonesia. One hundred and ninety questionnaires were received from the respondents. Data is processed using the SPSS program. The results of the analysis show that the organizational structure for complexity and nature of hierarchical variables has a positive but not significant effect while formalization and technology have a positive and significant effect on firm performance.

Eklund, and Löfgren, (2021) the study examined the factors that impact organizational structure, communication, performance, and if the management system has any significant ability to improve the outcome. The study is a case study of an organization where twenty-five employees were invited to participate in the survey and express how they perceive the management system. Interview with a CEO of the organization and access to the intranet and management system gave another set of data analyzed and researched with the help of theories. The results show that the organizational structure, communication, and performance cannot function without each other. Structure impacts the communication and performance of the organization. In Nigeria, Nwonu, Agbaeze, and Obi-Anike, (2017) examined the effect of organizational structure on the performance of selected manufacturing companies in Enugu State, Nigeria with a focus on pharmaceutical manufacturing firms. Three organizations were studied namely: A.C. Drugs Ltd, NEMEL Pharmaceutical Limited and Juhel Pharmaceutical Company Ltd with a population of four hundred and sixty-eight (468). The sample size was 297. The methods used in analyzing the data was simple linear regression and correlation. The study found that structure significantly affects organizational performance. The study, therefore, recommends that pharmaceutical firms should see their structure as a

major determinant of performance and as such, non-performing firms should redesign their structure for optimal performance.

- Conceptual Model



Source: Researcher Conceptual Model (2021)

## IX. METHODOLOGY

The study is an exploratory one based on both primary and secondary sources of information. In order to collect relevant data to achieve this, the quantitative method and descriptive survey design was adopted and used in this research work in order to describe and investigate the relationship between the effect of strategic management on performance of SMEs in Nigeria. In this regard, a well-structured questionnaire was administered on a targeted sample of 210 owners or managers of SMEs in Lagos state. Owners were used in line with the ownership theory that suggests proprietors or owners of SMES being the principal strategist and decision makers, building up the vision, mission and strategies and furthermore executing these plans (Abosedo et al., 2016). However, the study adopted purposive and simple random sampling techniques to draw the sample from the population. The descriptive statistics such as frequencies, percentage and graphs are used for the analysis of the research questions while the PPMC, and Linear regression was used to analyse the hypotheses.

## X. RESULTS AND DISCUSSIONS

Table 1 depicted the demographic characteristics of 210 respondents. About the age of the respondents that served as participants in the study: about 15 (8.1%) of the respondents were between 20-29years of age; 41(22.2%) of the respondents were between 30-39years of age, 59 (31.9%) were between 40-49years of age and 70 (37.8%) between 50-59years. Therefore, majority of the respondents to the questionnaire was between the ages of 50-59years. The study further shows the gender classification of the participated

respondents in the study as follows: 113(61.1%) of the respondents are male while 72(38.7%) of the respondents are female. Therefore, simple majority of the participated respondents were male.

The demographic further analyses our respondents based on marital status, the result shows that 11(5.9%) of the respondents are single, 163(88.1%) of the respondents are married and 7(3.8%) of the respondents are widowed while 4(2.2%) are separated. Most of the participants were married. The study equally classified the respondents in terms of their level of formal education. Results 4 show that a 44(23.8%) of the respondents had WASCE certificate, 92(49.7%) are Diploma/NCE graduate, while 37(20%) are B.Sc./HND graduate while 12(6.5%) are Masters/Ph.D. holders. Most of the respondents are Diploma/NCE graduate. The level of awareness of talent management by the participated respondent in the study are as follows: 85(45%) of the respondent firms were aware of strategic management, 100(55.9%) of the respondent firms were not aware of strategic management. Most of the participants firms are not aware of talent management.

4.1 Descriptive Analysis of Demographic report

Table 4.1: Demographic Distribution of Respondents

Variables	Level	Frequency	Percentage (&)
Age	20—29	15	8.1%
	30-39	41	22.2%
	40-49	59	31.9%
	50-59	70	37.8%
	Sub Total	185	100%
Gender	Male	113	61.1%
	Female	72	38.9%
	Sub Total	185	100%
Marital Status	Single	11	5.9%
	Married	163	88.1%
	Widow	7	3.8%
	Separated	4	2.2%
	Sub Total	185	100%
Educational Qualification	WASCE	44	23.8%
	ND/NCE	92	49.7%
	B.SC/HND	37	20.0%
	D	12	6.5%
Sub Total		185	100%

	M.SC/Ph.D	12	6.5%
Sub Total		185	100%
Strategic Management	Yes	85	45%
	No	100	55%
	Sub Total	185	100%

Source: Field Survey (2021).

• Test of Hypotheses and Interpretation of Results

Hypothesis 1: Environmental Scanning does not have any significant effect on SMEs Performance.

The result in table 2 reports the regression result of the effect of Environmental Scanning on SMEs Performance in Lagos State. The Environmental Scanning was the independent variable and SMEs Performance was the dependent variable of the study. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained is not due to chance. A significant regression coefficient was found (F= 180.054,  $p = .000$ ), with R<sup>2</sup> of .464, it indicates that 46.4% of the variances in the Environmental Scanning are explained by the variances in the SMEs Performance. This indicates that the relationship between Environmental Scanning and SMEs Performance is very strong.

R, show the degree of relationship between independent variable Environmental Scanning and SMEs Performance which has a value of .681, indicates that there is a strong positive relationship between Environmental Scanning and SMEs Performance. With the linear regression, the error of estimate is low, with a value of about 0.59. Further, the study established that all the Environmental Scanning was significant as its significant value was less than ( $p < 0.05$ ). Therefore, the null hypothesis should be rejected and the alternative hypothesis accepted. This means that Environmental Scanning has positive significant effect with the SMEs Performance. The result of present study is in agreement with the empirical studies such as those of Wheeler and Hunger (2000) assert that research has identified a positive relationship between environmental scanning and profit. West's (1988) study asserted that it was equally clear from the study that firms that engaged in scanning performed significantly better than those that did not.

Table 2: Linear regression table Showing the Significant effect between Environmental Scanning and SMEs Performance.

R=.681 <sup>a</sup>		R <sup>2</sup> = .464		Adj. R <sup>2</sup> = .461	Std. Error of the Estimate=.23084.	F=4.054
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	1.142	.228		5.012	.000	
Environmental Scanning	.731	.054	.681	13.418	.000	

a. Dependent Variable: SMEPERFOR

**Business strategy**

Hypothesis 2: Business Strategy does not have any significant effect on SMEs Performance.

The result in table 3 reports the regression result of the effect of Business Strategy on SMEs Performance in Lagos State. The Business Strategy was the independent variable and SMEs Performance was the dependent variable of the study. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained is not due to chance. A significant regression coefficient was found (F= 4.816,  $p = .000$ ), with R<sup>2</sup> of .023 it indicates 2.3% of the variances in the Business Strategy are explained by the variances in the SMEs Performance.

R, show the degree of relationship between independent variable Business Strategy and dependent variable SMEs Performance which has a value of .150, indicates that there is a strong positive relationship between Business Strategy and SMEs Performance. With the linear regression, the error of estimate is low, with a value of about 0.79. Further, the study established that all the Business Strategy was

significant as its significant value was less than ( $p < 0.05$ ). Therefore, the null hypothesis should be rejected and the alternative hypothesis accepted. This means that Business Strategy has positive significant effect with the SMEs Performance. The result of present study is in agreement with the empirical study of Ramada, and Ahmad, (2020) who concludes that there is significance difference between the business strategy implemented by manufacturing SMEs and performance.

Table 3: Linear regression table Showing the Significant effect between Business Strategy and SMEs Performance.

R=.634 <sup>a</sup>		R <sup>2</sup> = .521		Adj. R <sup>2</sup> = .478	Std. Error of the Estimate =.36783	F=4.816
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	4.587	.207		22.214	.000	
Business Strategy	-.120	.055	-.150	-2.195	.029	

a. Dependent Variable: SMEPERFOR

Hypothesis 3: Organizational Structure does not have any significant effect on SMEs Performance.

Table 4 shows regression analysis of effect of Organizational Structure and SMEs Performance in Lagos State. The finding shows that taking Organizational Structure to be constant at zero, SMEs Performance will be 1.641. The table shows the unstandardized coefficient of recognition to be 0.565 meaning that a unit increase in Organizational Structure will lead to a 0.565-unit increase in SMEs Performance. The regression coefficient of .565 is statistically significant ( $t = 6.019, p < 0.05$ ) indicating that Organizational Structure has positive effect on SMEs Performance. The estimated coefficient of correlation (R) was 0.407 which signifies that



recognition has a strong and positive effect on employees' job satisfaction. The result reported that the coefficient of determination R square was 0.165 which indicates that 16.5 % of the variability in the SMEs Performance in SMEs in Lagos state can be explained by SMEs performance. The overall significance of the entire model as measured by the F-statistic shows that the calculated F-statistic is 36.227 ( $p=0.000$ ) which is statistically significant at  $p<0.05$ . Therefore, the null hypotheses three ( $H_01$ ) which states Organizational Structure does not have any significant effect on SMEs Performance is hereby rejected. The result of the test of hypothesis one showed that there is significant positive effect of Organizational Structure on SMEs Performance in Lagos State. This finding is in tandem with the studies of Nwonu, Agbaeze, and Obi-Anike, (2017) the study found that structure significantly affects organizational performance, and Muhammad, (2019) the results of the analysis show that the organizational structure for complexity and nature of hierarchical variables has a positive effect on firm performance.

Table 4: Linear regression table Showing the Significant effect between Organizational Culture and SMEs Performance.

R=.407 <sup>a</sup>	R <sup>2</sup> = .165		Adj. R <sup>2</sup> = .161	Std. Error of the Estimate=.12106	F=4.227
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	1.641	.418		3.924	.000
Organiz Structure	.565	.094	.407	6.019	.000

a. Dependent Variable: SMEPERFOR

CONCLUSIONS AND RECOMMENDATIONS

This paper focused on the effect of strategic management on the performance of SMEs in Lagos State, Nigeria. Based on the result of the hypothesis

tested, it can be concluded that the all the variables of strategic management (environmental scanning, business strategy and organizational structure) are positively significant to the performance of SMEs. Also, that the not all the SMEs are aware of strategic management. strategic management.

Based on the findings of this study, it is therefore recommended that SMEs should continually scan their environment, introduces suitable business strategy and adapt a suitable organizational structure. Also, those strategic vision that must be communicated to all employees.

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