

Strategic Management Application and Business Profitability of Small and Medium Scale Business in Bayelsa State.

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Abstract

One of the best management techniques for improving organizational performance is strategic management, which involves methodical strategic formulation and execution as well as efficient decision-making. Consequently, the study investigated the business performance and strategic management implementation of small and medium-sized enterprises in Bayelsa State, Nigeria. The study was guided by three research questions and objectives. Resource-based theory served as the theoretical framework for the investigation. The analysis implemented a quasi-experimental research design. 382 administrators of small and medium enterprises in Yenagoa, Bayelsa State, Nigeria comprised the population size. A five-point Likert scale questionnaire was used to gather data. In order to address research enquiries, the study implemented frequency and percentages, pie, and bar charts to represent respondents' demographic data. A 0.05 level of significance was employed to assess the hypotheses formulated for the study using a T-test associated with simple regression. The statistical analysis found a substantial correlation between the profitability of SMEs and the formulation, implementation, and evaluation of their strategies. It was concluded that, by noting the idea that strategy formulation and profitability in SMEs are positively connected is continuously supported by the examined research. This implies that the degree of this link is influenced by variables like industry type, strategy orientation, and environmental dynamism. It was therefore recommended among others that, by implementing strong evaluation frameworks SMEs will be enhanced to stay competitive and achieve long-term sustainability.

Keywords: Strategic Management Application, Business Profitability, SMEs long Term Sustainability

1.1 Background to the Study

Application of strategic management is a powerful instrument for enhancing the performance of SMEs. There is a growing interest in small and medium-sized enterprises (SMEs). One of the most effective management strategies for enhancing organisational performance is the implementation of strategy management methods, which promote methodical strategy development and execution and effective decision-making. A well-executed strategic management plan could help small and medium-sized enterprises

(SMEs) stay in sync with their external environment, resources, organisational structure, and system, as well as with their own aims and values.

Despite this, the private sector seemed not to have been primarily engaged in using strategic management ever since its inception. Meanwhile the public sector has been undergoing a period of transformation since the 1980s, when a greater emphasis on quality assurance began to emerge. According to Barney and Hesterly (2018), a good strategy creates a competitive advantage, which sets a company apart from its rivals by providing it with a valuable, unusual, and difficult-to-imitate advantage. An organization's strategy outlines the steps it will take to fulfil its purpose and reach its goals (Wheeler and Hunger, 2018). Any small business can benefit from superior strategic management practices, which aid in growth, survival, and the maintenance of a competitive advantage. In order to stay afloat and perhaps thrive in an extremely volatile economic climate, SMEs need to adopt strategic planning tools (Hanger & Wheelen, 2017).

The success and failure rates of small firms have received a lot of research focus. Inadequate working capital, bad market selection, and quickly changing external market conditions are some of the reasons why startups fail so often, (Watson and Everett (2006). Small and medium-sized businesses (SMEs) often have less resources, both financial and managerial, making them an inappropriate and fit for strategic management approaches (Cragg & King, 2018).

It is becoming clearer, however, that lack of proficiency in applying fundamental management and business strategies is the main reason why most SMEs fail. Many SMEs do not bother to make plans at all, or if they do, they do not use them as living, breathing standards for their business. Zaei, Yarahmadzahi, and Abtin (2023) stressed the importance of strategic planning and management in a variety of contexts, including but not limited to: defining goals, developing effective strategies, prioritising tasks, responding to unexpected events, improving performance, overcoming obstacles, and building strong teams.

Many small and medium-sized enterprises (SMEs) in Bayelsa State still fail or do not do well, even though the government has made efforts to support their growth via programmes including Agricultural Modernisation, the Bayelsa State Micro Finance Agency (BIMA), Trade Fairs, and the building of market structures. This highlights the critical need of allocating significant resources to research in order to develop effective management strategies that may turn around these negative tendencies.

The existing literature recognizes various factors contributing to SME failure, including inadequate capital, poor market selection, and limited strategic management capabilities. However, there is a significant gap in understanding the critical role of effective business and management practices, particularly strategic planning, in mitigating these challenges and ensuring SME success, especially in Bayelsa State. Therefore, there is a pressing need for further research to bridge this gap and develop tailored management strategies that can effectively support SMEs in the region, hence the study.

1.3 Research Questions

1. What is the effect of strategy formulation on the profitability of small and medium-scale enterprises?

2. What is the effect of strategy implementation on the profitability of small and medium-scale enterprises?
3. What is the effect of strategy evaluation on the profitability of small and medium-scale enterprises?

Hypotheses

HO₁: There is no significant effect between strategy formulation and profitability in the performance of SMEs.

HO₂: There is no significant effect between strategy implementation and profitability in the performance of SMEs.

HO₃: There is no significant effect between strategy evaluation and profitability in the performance of SMEs.

2.0 Literature Review

2.1 Strategic Management Application

Many researchers' goals and perspectives have led to competing definitions of strategic management, as is the case with most management and social science ideas. "The art and science of developing, executing, and assessing cross-functional choices that allow an organisation to accomplish its goals" is how Branislav (2014) described strategic management. This concept acknowledged the need of cross-functional decision-making synchronisation for the continued existence and growth of any given organisation. The need to encourage performance by efficient planning, goal setting, and performance tracking throughout time prompted the business sector to embrace strategy.

The author Markernian (2023) states that... Management, accounting, manufacturing, operations, research and development, and computer information systems are just a few of the many domains that strategic management methods aim to integrate. (Human agency and structural/institutional pressures both have a role in shaping the behaviours and activities that comprise strategic management.

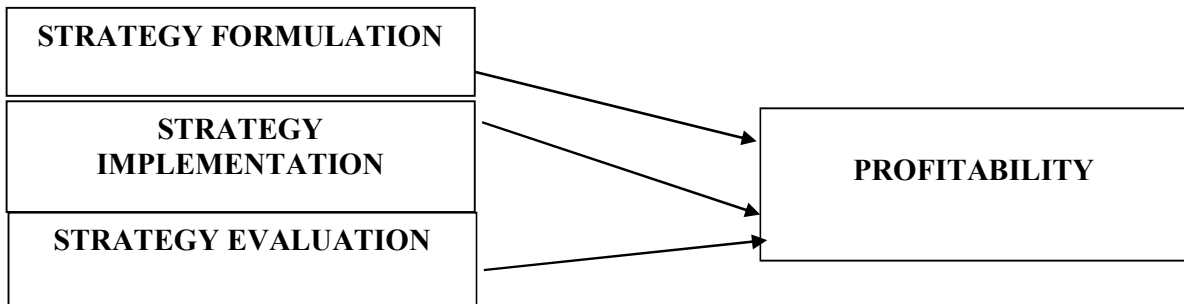
A more thorough system of formal strategic planning with documented operational and strategic plans is available in the planning mode (Greenly, 2023) in congruent with the author. The author asserts that objectives are well-defined and meticulously prepared for implementation. Similarly, Fulmer (2014) found that there are a number of important phases involved in strategic management practices, such as gathering relevant data from an environment scan, analysing it, developing a model to test the model, and finally, putting the model into action. An improved grasp of an organization's surroundings aids in the detection of critical challenges and strategies for dealing with complexity and change (Fulmer 2014).

Changes to the management and operation of the Enterprise are common outcomes of strategic planning. Since no company has infinite resources, the success or failure of an enterprise in its industry can hinge on the outcomes of its strategic planning (Thompson, 2013). This change is an attempt at management excellence.

2.2 Performance

In congruent with Bakar (2015), the performance of an organization is decided by the strategic management practices which result in high performance and are associated with activities that typically lead to success in the industry: that is a crucial success factor. These activities are related with efforts in the industry (Miller & Fireson, 2023). In congruent with Robinson and Pearce (2014), the list of such activities includes things like focussing on product quality, innovating products and services, creating new operating systems, finding new operating systems, and discovering new markets. Activities linked with high-performing strategies also include a focus on customer service and support, significant advertising, and the utilisation of external money. Further, since high-performing strategies entail initiative-taking, they are generally referred to as proactive strategies (Steiner, 2023). Managers tasked with carrying out strategies should, therefore, concentrate on creating distinctive and valued competitive advantages that rivals would find challenging to replicate.

Figure 2.1. Operational Conceptual Framework



Source: Researchers Conceptualization (2025).

2.3 Dimensions of Strategic Management Practices

2.3.1 Strategy Formulation

The development of a strategy for an organisation or an individual is known as strategy formulation. Taking into consideration the company's strengths and weaknesses, outlining the corporate mission, defining achievable goals, creating strategies, and establishing policy guidelines are all part of the process of developing long-term plans for the effective management of environmental opportunities and threats. In congruent with Daft (2014) and Bordean, Borza, Rus, & Mitra (2020), this process involves making decisions and planning that lead to the establishment of organisational objectives and the development of a specific strategy plan. Effective management of an organization's strategy-making process to generate a competitive advantage is the essence of strategic leadership in strategy creation.

2.3.2 Strategy Implementation

In congruent with Beal (2020), the focus of competitive strategic management is on the three stages of strategy development: understanding, selecting, and executing. One of the three separate stages of strategy is strategy implementation. Strategy implementation, in its simplest form, is the act of putting plans and strategies into action with the purpose of accomplishing goals (Lorette, 2014). In congruent with Shannon (2015), it is the process that turns strategies and plans into actions that reach strategic goals. In congruent with Barnat (2014), allocating resources to support the chosen strategies is what is known as strategy implementation. Developing, using, and integrating an organization's structures, control systems, and culture to follow strategies that lead to increased performance and competitive advantage is what strategy implementation is all about (Sorooshin, et al., 2020).

2.3.3 Strategy Evaluation

An important part of strategic management is establishing and maintaining systems for evaluating and controlling strategies, which help keep an eye on external factors and allow for the prompt modification of goals, objectives, and overall strategy (Gibbert & Lovemore, 2017).

In congruent with Hunger and Wheelen (2023), a company may be confident it is succeeding in its goals with the help of strategy assessment and control. To make sure a company does not veer off course while implementing its strategy, it needs a system to measure how well it is doing in comparison to its plan.

Strategy evaluation includes:

- i. Reviewing bases of strategy
- ii. Measuring organizational performance
- iii. Taking corrective actions.

2.4 Concept of Small and Medium Enterprises

The development of any economy is dependent on SMEs because of the vital function they play in industrial systems (Majama & Magang, 2017). For most economies, especially those in their early stages of growth, they serve as the foundation. For example, the percentage SMEs in Nigeria is at 97%, which is higher than the percentages in Europe (65%) and the US (99.7%) (Adeyemi et al., 2017; Nwankwo et al., 2022). On the other hand, based on factors like revenue, number of workers, profitability, capital, and market share, relative sizes within the industry, and so on, every nation sorts its SMEs into several categories.

Businesses in Nigeria are considered SMEs if their workforce size is less than 100 people or if their total asset cost is less than N200 million (including working capital but excluding land cost) (Ebiringa, 2011; Dudu & Agwu, 2014). Moreover, in congruent with Ebiringa (2011), SMEs in Nigeria are defined by centralised management, labour-intensive industrial processes, and restricted access to finance, especially long-term financing. These firms are structured as LLCs, but they function more like sole proprietorships or partnerships. In congruent with the Nigerian Economic Summit Group-NESG (2002), the most effective method to understand SMEs in Nigeria is to look at their business type and size (Aremu & Adeyemi, 2021).

2.5 Profitability

The capacity of a company to generate a profit is known as profitability. After deducting all costs directly associated with generating revenue, a company's net income is its profit (Grimsley, 2017). One definition of profitability is the amount of money that a company or organisation is able to earn from all of its operations. It demonstrates how well the management can turn a profit by making use of all the market resources. If an investment can generate a profit from its utilisation, then it is considered profitable (Richard, Devinney, You and Johnson, 2009). Profitability is an indicator of efficiency; it is necessary as a metric for efficiency and a management tool for achieving even higher efficiency, but the two terms are not interchangeable. While profitability is a key performance indicator, it is not sufficient to conclude that an organisation is efficient only by looking at its profit margin. Among the many profitability metrics available, Szymanski et al. (1993) argued that ROI and ROA, when taken as a whole, provide a robust and trustworthy picture of a company's financial health.

2.6 Strategic Management Application and Business Performance

Understanding the factors that contribute to the success or failure of SMEs is essential for their sustainable growth in Nigeria. In general, the existence or absence of strategic management is a crucial factor in determining the success or failure of businesses, in congruent with comprehensive assessments of available research on SMEs. In congruent with Lurie (2017) and Hormozi, Sutton, McMinn, and Lucio (2021), strategic management focusses on helping SMEs set and achieve long-term objectives.

When it comes to the most important aspects of strategic management that have an impact on the success of SMEs, opinions vary. Effective management control, in congruent with some, ensures performance. Some people stress how important it is to get involved in the community. Umukoro (2015) cites an opposing school of thought that places utmost importance on the role of political and bureaucratic negotiating procedures in determining final results. Part of the reason for this variety of opinions is that different writers have focused on different kinds of development programs. The opposite is true for road construction and maintenance programs, which need for standardised procedures and competent strategic planning. When many government agencies must work together on a regulation program, political and bureaucratic wrangling may be essential. That is why

certain management solutions cannot fix other issues since their dominating problems are too big.

2.7 Theoretical Framework

2.7.1 Resource Based Theory

The resource-based theory is based on the principle that the competitive advantage of enterprises is derived from their internal resources, rather than their position in the external environment. To restate, it is not an organization's ability to assess environmental opportunities and threats that determines its competitive advantage, but rather the unique combination of resources and expertise that the business has (Barney, 1991). The resource-based view of the corporation, in congruent with Ainuddin, Beamish, Hulland, and Rouse (2007), holds that, in principle, a company may gain a competitive edge and improve its performance by making use of certain types of resources that it owns or controls. In strategic management, the resource-based approach states that organisations' valuable and difficult-to-copy resources and competencies are the major sources and drivers of their competitive advantage and superior performance.

In 1995, Barney put out the Resource-Based Theory, which forms the basis of this study. Priem and Butler (2001) noted that Resource-Based View (RBV) provides helpful insights into where competitive advantage comes from, but that RBV is mostly a static theory that does not explain how resources and skills change over time.

3.1 Method

The study adopted the quasi-experimental research design due to the fact that the subjects of investigation (humans) are adaptable and beyond the control of the researcher. The cross-sectional survey was also used due to its reliance on a sample of elements from the population of interest that are measured at a single point. Managers of small and medium enterprises in Yenagoa, Bayelsa State, Nigeria comprised the population. Yenagoa has a total of 118 SMEs, with 382 administrators. No sampling was done because of the tiny population size, the researcher therefore utilised the entire number for the survey. In order to address research enquiries, this investigation implemented frequency and percentages, pie, and bar charts for respondents' demographic data. A 0.05 level of significance was employed to assess the hypotheses formulated for the study using a T-test associated with simple regression. The method (Regression analysis) is employed due to its superior efficacy in analysing ordinal data, such as this, and determining the impact of an independent variable on a dependent variable. The data was analysed using SPSS (version 23).

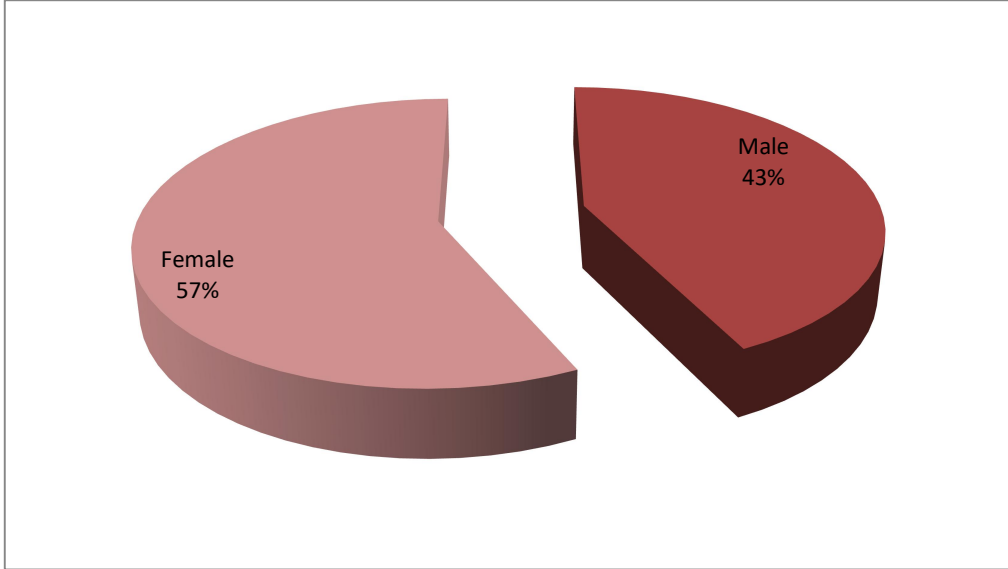
4.0 Result and Discussion

The administrators of SMEs in Yenagoa, Bayelsa State, Nigeria were each provided with three hundred and eighty-two (382) copies of the questionnaire. Three hundred and sixty-six (366) of the three hundred and eighty-two (382) questionnaires disseminated in this

study were returned. This is equivalent to a 95.81% rate of return. The researchers found that the entire questionnaire contained accurate responses.

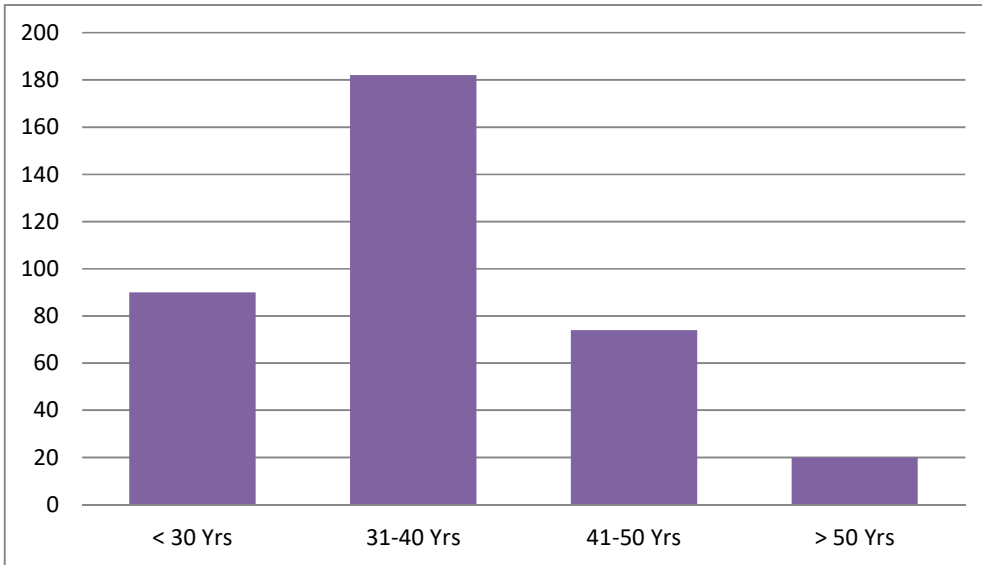
Demographic Data of the Respondents

Fig 1 Percentage distribution of respondents on Gender



In congruent with the data in the table, there were 157 male participants (43% of the total) and 209 female responders (57% of the total).

Fig 2 Percentage distribution of respondents on Age



In the aforementioned figure 2, 90 (25.59%) of the participants were under the age of 30, 182 (49.53%) were between the ages of 31 and 40, 74 (20.22%) were between the ages of 41 and 50, and 20 (5.46%) were over the age of 50.

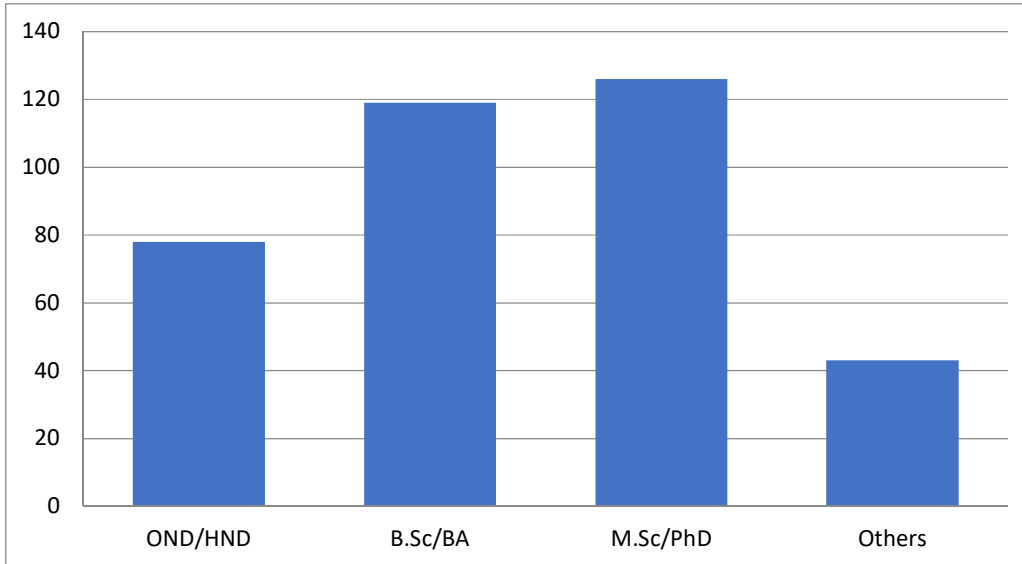
Fig 3 Percentage distribution of respondents on educational qualification

Figure 3 shows that out of the total participants, 78 (21.31%) had an OND/HND as their highest level of education, 119 (32.51%) had a B.Sc./BA, 126 (34.43%) had an M.Sc./Ph.D., and 43 (11.75%) had some other type of educational qualification.

Questionnaire Responds

Table 1: Mean and Standard Deviation of Responses on Strategy Formulation Items

Items	Mean	Std. Deviation	Variance
We conduct regular market analysis before making business decisions	3.506	1.101	1.234
Our enterprise has a clearly defined vision and mission statement	3.832	1.001	1.001
We consider competitor strategies when developing our strategies	3.594	1.046	1.095
We regularly review and update our business strategies to adapt to market changes	3.878	1.011	1.022
My firm's management aligns financial resources with strategic goals	3.612	1.012	1.198
Strategy Formulation (SF)	3.6844	1.034	1.11

Source: SPSS Result 2025

A five-point Likert scale was utilised to design five questionnaire questions that examined the strategy development construct. Above you can see the item labels. To get a feel for how people generally felt about the strategy formulation construct (SF), we averaged the five questions. A mean score of 3.68 indicates that SMEs are generally well-received for their strategy design. The management team thinks this plan will increase company profits.

Table 2: Mean and Standard Deviation of Responses on Strategy Implementation Items

Items	Mean	Std. Deviation	Variance
Employees clearly understand their roles in executing business strategies	3.734	1.067	1.139
The management effectively communicates strategic goals to all employees	4.002	1.036	1.073
Financial and human resources are allocated efficiently for strategy execution	3.944	1.071	1.151
The firm frequently adapts its implementation approach based on feedback and performance	4.034	1.008	1.016
Leadership is committed to ensuring the success of strategic plans	4.001	1.004	1.002
Strategy Implementation (SI)	3.943	1.038	1.076

Source: SPSS Result 2025

The five-item questionnaire was constructed utilising a five-point Likert scale to assess the strategy implementation construct. The item labels may be seen up there. The strategy implementation construct (SI) was measured by taking the mean of the five questions and then calculating the total mean answer. Overall, the items' mean answer (3.943) indicates that SMEs are given a pretty decent grade for plan execution. This method is seen by the management as a way to increase their profitability.

Table 3: Mean and Standard Deviation of Responses on Strategy Evaluation Items

Items	Mean	Std. Deviation	Variance
The firm regularly evaluates the effectiveness of its strategic plans	3.888	1.0512	1.105
Management reviews financial and operational data to assess strategic performance	4.005	1.0878	1.183
Feedback from employees and customers is incorporated into strategy evaluation	3.902	1.0960	1.201
Our firm uses benchmarking to compare its performance with competitors'	3.900	1.1138	1.240
Our firm conducts periodic financial audits as part of strategy evaluation	3.882	1.0081	1.162
Strategy Evaluation (SE)	3.9154	1.07138	1.178

Source: SPSS Result 2025

A five-point Likert scale was utilised to design five questionnaire questions that examined the strategy assessment construct. The item labels may be seen up there. Overall, the mean answer on the strategy evaluation construct (SE) was obtained by calculating the mean of the five questions. The strategy assessment of the SMEs is deemed quite excellent, in congruent with the total mean answer on the questions (3.915). This method is seen by the management as a way to increase their profitability.

Table 4: Mean and Standard Deviation of Responses on Profitability Items

Items	Mean	Std. Deviation	Variance
Our profitability has improved due to effective strategy formulation	3.515	1.0377	1.077
Investing in strategic planning has helped improve customer satisfaction and retention	3.946	.9750	.951
Cost control measures as part of strategy implementation have improved financial performance.	3.840	.9921	.984
Our firms has gained a competitive edge due to effective strategy implementation	3.388	1.2105	1.465
Strategy evaluation enhances long-term sustainability and financial growth	3.621	.9931	.941
Profitability (PF)	3.662	1.04168	1.0836

Source: SPSS Result 2025

Five questions designed on a five-point Likert scale comprised the questionnaire that tested the profitability concept. Above you can see the item labels. To get the total mean answer on the profitability construct (PF), we took the mean of the five items and averaged it out. The SMEs' profitability is assessed as rather satisfactory, as evidenced by the aggregate mean response on the items (3.662). Managers are aware that strategic management may increase profits.

Hypotheses Testing

HO₁: There is no significant effect between strategy formulation and profitability in the performance of SMEs.

Table 5: t-test associated with simple Regression on the effect of strategy formulation on profitability in the performance of SMEs

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	5.469	.508		10.770	.000	4.471	6.467
	Strategy Formulation	.682	.033	.708	20.922	.000	.618	.746

Profitability in the performance of SMEs is influenced by strategy formulation by 0.708, as indicated by Table 5. When subjected to a 0.05 alpha level of significance, the t-test value of 20.922 associated with linear regression was statistically significant at 0.000. Implicationally, the null hypothesis was refuted. Consequently, the performance of SMEs is significantly influenced by the relationship between strategy formulation and profitability.

HO₂: There is no significant effect between strategy implementation and profitability in the performance of SMEs.

Table 6: t-test associated with simple Regression on the effect of strategy implementation on profitability in the performance of SMEs

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	3.521	.434		8.119	.000	2.669	4.374
Strategy Implementation	.812	.028	.812	29.062	.000	.758	.867

Profitability in the performance of SMEs is influenced by strategy implementation by 0.812, as illustrated in Table 6. When subjected to a 0.05 alpha level of significance, the t-test value of 29.062 associated with linear regression was statistically significant at 0.000. Implicationally, the null hypothesis was refuted. Consequently, the performance of SMEs is significantly influenced by the implementation of strategy and profitability.

HO₃: There is no significant effect between strategy evaluation and profitability in the performance of SMEs.

Table 7: t-test associated with simple Regression on the effect of strategy evaluation on profitability in the performance of SMEs

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	3.891	.445		8.746	.000	3.017	4.766
Strategy Evaluation	.790	.029	.797	27.496	.000	.733	.846

In congruent with Table 7, the profitability of SMEs is influenced by strategy evaluation by 0.797. The linear regression t-test value of 27.496 was statistically significant at 0.000 when subjected to a 0.05 alpha level of significance. Consequently, the null hypothesis was rejected. Consequently, there is a substantial relationship between strategy evaluation and profitability in the performance of SMEs.

3.3 Discussion of Findings

Effect of strategy formulation on profitability in the performance of SMEs

The outcome of this study has indicated that small business performs well with a proof of increasing profit, when adequate strategies are formulated to make it happen. The statistical analysis indicated that there is a substantial correlation between profitability and strategy formulation in the performance of SMEs. Additionally, it demonstrated that an increase in the strategic formulation of necessary policies that can enhance the performance of SMEs will lead to an increase in overall profitability. A study by O'Regan and Ghobadian (2005) showed that in terms of financial performance and competitive advantage, businesses that use structured strategy formulation perform better than their peers. This agrees with the outcome of the present study. The implication of the study is

that in order for SMEs to maintain profitability, strategic thinking must be incorporated into business planning.

In a similar study, an empirical study by Acquaaah (2011) discovered that there was a significant relationship between strategic formulation and higher profitability in African markets for companies with a defined strategic orientation, especially those that utilised innovation and differentiation. His work is in line with the findings of the current study. Also, while strategy design has a favorable impact on profitability, the extent of this impact varies according on market characteristics, industry laws, and access to financial resources, in congruent with a study conducted on Nigerian SMEs by Ibidunni, Ogunnaike and Abiodun (2020). This implies that strategy formulation is necessary in the performance and profitability of firms, especially SMEs.

Effect of strategy implementation on profitability in the performance of SMEs

The findings in this study demonstrate that SMEs perform well with a proof of increasing profit, when strategies formulated are implemented. The statistical analysis revealed that a significant effect exist between strategy implementation and profitability in the performance of SMEs. It further demonstrated that an increase in strategy implementation which have high tendency of advancing the performance of SMEs will result to increase in profitability. The study of Cater and Pucko (2010) asserted that businesses that successfully apply techniques see gains in customer happiness, efficiency, and financial performance. This deduction concurs with the outcome of the present study. This implies that in order to drive corporate success, strategy execution is frequently more important than the formulation stage.

In a similar study, Okeke, Akam and Okezie. (2021) revealed that effective resource allocation by SMEs in Nigeria results in higher production and profit margins, their outcome aligns with the findings of the present study. Further, businesses that adjust their tactics to shifting market conditions and industry trends typically maintain profitability, in congruent with research on Nigerian SMEs conducted by Ibidunni *et al.* (2020). This suggests that SMEs that foster a culture of flexibility, employee engagement, and creativity typically carry out initiatives more successfully, which results in improved financial performance.

Effect of strategy evaluation on profitability in the performance of SMEs

The deductions in this study have demonstrated that SMEs perform well with a proof of increasing profit, when strategies properly evaluated before execution. The statistical analysis showed that a significant effect exists between strategy evaluation and profitability in the performance of SMEs. It further demonstrated that an increase in strategy evaluation which has a great probability to advance the performance of SMEs will bring about increase in profitability.

An empirical study by David and David (2017) revealed that long-term profitability is more likely to be attained by businesses that consistently assess their plans because they can spot inefficiencies and implement data-driven changes. SMEs who disregard this procedure frequently face difficulties maintaining their financial viability. This however, agrees with the findings of the present study. In a similar vein, Okpara (2011) found that

SMEs in Nigeria can enhance decision-making and boost revenue and market share by routinely evaluating staff performance, customer feedback, and industry trends. This is in agreement with the outcome of this current study. This implies that evaluating a process or strategies before execution is fundamental to its delivery and performance. Likewise, Sterling (2003) emphasized that businesses with robust assessment systems are better equipped to adjust to changes in the economy, which boosts their profitability. This implies that SMEs are better positioned to improve their strategy and boost profitability if they regularly monitor financial and non-financial performance metrics.

3.4 Conclusion/Recommendations

The study concluded by noting the idea that strategy formulation and profitability in SMEs are positively connected is continuously supported by the examined research. The degree of this link is influenced by variables like industry type, strategy orientation, and environmental dynamism. Competitive growth and long-term profitability are more likely to be attained by SMEs that use structured strategic formulation techniques.

Also, effective strategy implementation is a critical determinant of SME profitability, as revealed in this study. Resource allocation, leadership commitment, organizational culture, and monitoring mechanisms are some of the factors that can possibly contribute to successful execution, and SMEs that incorporate these elements into their strategic management process have a higher chance of long-term success and sustainable profitability.

Further, implementing strong evaluation frameworks enables SMEs to stay competitive and achieve long-term sustainability. The outcome of the study demonstrates that strategy evaluation is a critical component of SME profitability. By combining performance measurement, feedback mechanisms, risk assessment, and continuous improvement practices, SMEs can optimize their strategic decisions, increase efficiency, and improve their financial performance.

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