



**STRATEGIC MANAGEMENT CONTROLS AND OPERATIONAL PERFORMANCE
OF SMALL AND MEDIUM ENTERPRISES IN SOUTH-WEST NIGERIA**

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Abstract

Small and Medium Enterprises (SMEs) in South-West Nigeria often face performance challenges due to inadequate strategic formulation, ineffective implementation, and insufficient evaluation, leading to resource underutilization and growth obstacles. This study investigated the impact of strategic management controls on SMEs' operational performance in the region. This study adopted a quantitative survey research design and collected primary data from 399 SMEs in South-West, Nigeria, selected through stratified random sampling. Partial Least Squares Structural Equation Modeling was used for data analysis. The findings revealed a significant positive relationship between strategic planning and operational performance ($\beta = 0.233$, $p = 0.010$), indicating the importance of strategic planning in enhancing performance. Additionally, strategic planning had a substantial impact on operational performance ($\beta = 0.373$, $p = 0.000$), demonstrating its effectiveness in driving improvements. Strategic evaluation also had a positive and significant influence on operational performance ($\beta = 0.243$, $p = 0.000$), highlighting its role in performance enhancement. The study concluded that strategic management controls are strong predictors of SMEs' operational performance. The study recommended that SMEs focus on improving their strategic planning processes and invest in robust evaluation processes to assess the effectiveness of implemented strategies and make informed decisions for future endeavors.

Keywords: *Strategic Management Controls, Strategic Planning, Strategic Implementation, Strategic Evaluation, Operational Performance*

JEL Classification Codes: M49, P11, L3, L25

INTRODUCTION

The operational performance of Small and Medium Enterprises (SMEs) is a crucial element worldwide, directly affecting their survival, growth, and competitive edge. It is essential for SMEs to comprehend the factors influencing their operational performance to succeed in ever-changing business environments (Wu et al., 2022). Operational performance is the efficiency and effectiveness with which an organization operates to achieve its strategic objectives, and it is measured on the bases of productivity, quality, customer satisfaction, and financial performance (Badiru, 2024).

In global contexts, SMEs contribute significantly to economic development. According to the World Bank, SMEs account for about 90% of businesses and more than 50% of employment worldwide (Sari, 2023). In developed countries, SMEs are key drivers of innovation and job creation. For example, in the European Union, SMEs represent 99% of all businesses and provide around 85% of new jobs. However, managing operational performance in SMEs requires

sophisticated management practices and strategic oversight to ensure alignment with overall business objectives (Stoika et al., 2023). In Africa, SMEs play a crucial role in economic development, contributing to job creation, poverty reduction, and industrialization. According to the African Development Bank, SMEs account for about 80% of Africa's employment and over 50% of the continent's GDP (Tomorri & Keco, 2023).

In Nigeria, SMEs are vital for economic growth, accounting for about 84% of employment and 48% of the GDP (Raimi & Raimi, 2023). Despite their importance, Nigerian SMEs face challenges such as inadequate access to finance, infrastructure deficiencies, and limited managerial capacity, impacting their performance (Ugwu et al., 2023). SMEs in South-West Nigeria significantly drive the region's economic growth, contributing to job creation, income generation, and poverty reduction (Badiru, 2024). However, they encounter challenges like limited access to finance, inadequate infrastructure, high operating costs, and stiff competition. Nevertheless, they benefit from the region's vibrant business environment, skilled workforce, and strategic location (Binuyo et al., 2023). Effective strategic management controls, including robust planning, efficient implementation, and rigorous evaluation, are essential for enhancing their operational performance and competitiveness (Abalaka et al., 2023; Nilsson, 2020; Mubanga & Lesa, 2024).

Strategic management controls are critical for enhancing the operational performance of SMEs. These controls involve the formulation, implementation, and evaluation of strategies to achieve organizational objectives. Strategic planning helps SMEs set clear goals and priorities, while implementation ensures that these plans are executed effectively. Evaluation allows SMEs to assess the outcomes of their strategies and make necessary adjustments to improve performance (Ojha et al., 2020; Singh, et al., 2021; Sylvia, 2021).

Over the years, organizations have grappled with challenges related to strategic management controls, essential for achieving long-term objectives. One key issue is aligning these controls with the dynamic business environment, where rapid changes in technology and consumer preferences can render strategic plans obsolete (Nilsson et al., 2020). Additionally, relying solely on financial metrics may not capture the strategic nuances of an organization's activities, as they are often lagging indicators (Pageler & Palma, 2022). Moreover, measuring non-financial aspects like customer satisfaction or innovation, crucial for long-term success, is challenging (Dahal, et al., 2023). In Nigeria, SMEs face challenges in strategic planning, including rising production costs, intense international competition, and public policy inconsistencies (Nkambule, 2022; Mayudi, et al., 2022). Inadequate communication and feedback mechanisms can lead to a disconnect between strategy formulation and execution, exacerbated by infrastructural deficits like unreliable power supply. The volatile economic environment requires flexible and adaptive strategies (Abalaka et al., 2023).

SMEs also encounter challenges in strategic implementation, including inadequate infrastructure, complex tax environments, and internal organizational issues such as low goal alignment and ineffective leadership (Ajah, 2021; Khodamipour, et al., 2022; Kindström et al., 2024). Resistance to change and external factors like insecurity further impede strategic implementation. Furthermore, strategic evaluation in Nigerian SMEs is hindered by limited access to accurate data, internal resistance to change, and inconsistent government policies (Harry & Barinua, 2022;

Ibegbulem & Okorie, 2023; Inuwa & Usman, 2022). Addressing these challenges requires a flexible, inclusive, and holistic approach to strategic management controls that considers the multifaceted nature of modern business strategies (Kyriazoglou, 2020).

Several empirical studies (Nilsson, 2020; Namada, 2020; Phina, 2020; Knornelius et al., 2020; Singh et al., 2021; Sylvia, 2021; Mudany et al., 2021; Elif, 2022; Xiao, 2022; Agaba et al., 2023; Monical et al., 2023; Mubanga & Lesa, 2024) have investigated the relationship between strategic management controls and organizational performance, primarily within the context of manufacturing firms. These studies predominantly focused on strategic planning and implementation, spanning both developed and developing countries. However, limited research in Nigeria (Abodunde, 2020; Sensini, 2020; Phina, 2020; Abalaka et al., 2023) has examined the relationship between strategic planning and organizational performance, yielding varying findings. Notably, only one study by Nwachukwu et al. (2019) addressed strategic implementation. Despite the extensive literature, no comprehensive study in Nigeria has holistically considered strategic management controls (strategic planning, strategic implementation, and strategic evaluation) and their impacts on the operational performance of SMEs, which is the primary focus of this research. This gap in the literature indicates a need for further research on this subject in Nigeria.

In view of this the following research hypotheses were developed in null form:

- H₀₁: There is no significant relationship between strategic planning and the operational performance of SMEs in South-West Nigeria.
- H₀₂: There is no significant impact of strategic implementation on the operational performance of SMEs in South-West Nigeria.
- H₀₃: There is no significant influence of strategic evaluation on the operational performance of SMEs in South-West Nigeria.

LITERATURE REVIEW

Conceptual Review

Strategic Management Controls

Strategic management controls are processes, systems, and tools organizations use to monitor and regulate the implementation of their strategic plans and objectives (Yeboah et al., 2020). They ensure effective resource utilization and goal achievement (Yeboah et al., 2020; Falqueto et al., 2020). These controls include setting performance targets, monitoring, evaluation, feedback, corrective action, information systems, and reporting, aligning with strategic objectives (Yeboah et al., 2022; Jibreal, 2022). They stimulate organizational learning, growth, and strategy development (Kyriazoglou, 2020). According to Namazi and Rezaei (2023), strategic management controls include strategic planning, execution processes, performance management systems, risk management, communication, and organizational culture. Atmaja et al. (2022) emphasizes their importance for effective strategy implementation and risk management. Meanwhile, strategic management controls are essential in strategic management accounting, ensuring the use of financial and non-financial information to optimize strategic plan implementation and support informed decision-making (James et al., 2023).

Strategic planning involves defining an organization's purpose, understanding its internal and external environment, and setting specific objectives and strategies for achieving long-term goals (Ojha et al., 2020). Strategic implementation is the phase where the strategic plan is put into action,

aligning resources, processes, and structure to support chosen strategies (Namada, 2020; Agaba et al., 2023). Strategic evaluation and monitoring focus on continuously evaluating and monitoring the progress of the strategic plan, measuring performance against benchmarks, regularly reviewing strategies and outcomes, and adjusting stay aligned with strategic goals (Sylvia, 2021; Laufer et al., 2023).

Operational Performance

Operational performance, on the other hand, is the efficiency and effectiveness with which an organization manages its internal processes to produce and deliver its products or services (Prajogo et al., 2018). Ausat, et all. (2023) opine that operational performance is a critical aspect of overall business performance as it directly impacts the organization's ability to achieve its strategic objectives and compete in the market. For Small and Medium-sized Enterprises (SMEs), operational performance is particularly important due to their resource constraints and competitive environments (Niyi-Anifowose et al., 2022). Efficient operations can help SMEs optimize their resources, reduce costs, improve quality, and enhance customer satisfaction, thereby increasing their competitiveness and sustainability (Schaefer et al., 2023).

According to Shukri and Ismail (2023), operational performance in SMEs is often measured using key performance indicators (KPIs) such as productivity, efficiency, quality, customer satisfaction, innovation and financial performance. These KPIs help SMEs track their performance over time, identify areas for improvement, and make informed decisions to enhance their operations. Meanwhile, factors influencing operational performance in SMEs include strategic planning, implementation, evaluation, process management, technology adoption, human resource management, and supply chain management (Nilsson, 2020; Abodunde, 2020; Mudany et al., 2021; Sylvia, 2021). SMEs that effectively manage these factors can improve their operational performance and achieve better business outcomes (Riofrio et al., 2023).

Theoretical Framework

Fred Fiedler introduced the Contingency Theory in 1967, positing that there is no universal best way to organize and lead an organization; instead, effective management depends on internal and external factors. This theory provides a framework for understanding the relationship between Strategic Management Controls and operational performance in Nigerian SMEs (Nguyen et al., 2023). The effectiveness of strategic planning hinges on factors such as industry dynamics, market conditions, and organizational resources. For instance, companies in volatile markets may need to adapt their plans more frequently than those in stable environments.

The success of strategic implementation is contingent upon factors like organizational structure, culture, and leadership style. Similarly, the effectiveness of strategic evaluation depends on performance metrics, competitive landscape, and long-term goals (Nowar, 2023). Contingency Theory underscores the need for a nuanced management approach, recognizing that different situations require different strategies (Susilawaty & Lubis, 2023). However, its emphasis on numerous contingencies can pose challenges in application, as identifying and addressing all relevant factors may be complex. Moreover, the theory lacks specific managerial guidelines, which may limit its practicality in implementation (Nowar, 2023).

Empirical Review

Nilsson (2020) investigated the role of strategic management control in theory and practice. the study adopted literature review approach to source relevant studies and gathered information from different sources including the 15 authors of the book are all leading experts within their specific field to provide well-grounded and different perspectives on strategic management control and related articles and employed content analysis. The study found that strategic management controls can facilitate the non-managerial positions and improve organizational performance.

A study by Phina (2020) explored the effect of strategic management on organizational performance in South-East Nigeria, surveying 300 employees from selected manufacturing firms. Multiple regression analysis was utilized to conduct data analysis. The study revealed a significant positive impact of strategic processes on organizational performance. On aspect strategic planning, Ojha et al. (2020) explored the relationship between dynamic strategic planning (DSP) and firm competitive performance, using operational capabilities as a mediator. The study, based on a survey of 267 US-based SMEs, found a direct negative association between DSP and financial performance, but a positive indirect effect through operational capabilities.

In a different view, Kornelius et al. (2020) assessed the impact of strategic planning on firm performance, proposing a new approach incorporating strategic flexibility, agility, and responsiveness. While the study highlighted a positive relationship between strategic planning and performance, its theoretical approach may require validation in the Nigerian manufacturing context. In Argentina, Sensini (2020) investigated the effect of strategic planning practices on SMEs and large companies. The study, based on a structured questionnaire, focused on a set of strategic planning tools. The study provided valuable insights, its applicability to the Nigerian context requires careful consideration.

In his own study, Abodunde (2020) examined strategic planning and its effect on SME performance in Lagos State, Nigeria. The study highlighted challenges facing SMEs in adopting strategic planning and emphasized the importance of an effective strategic plan for SME performance. However, the study's focus on Lagos State may limit its generalizability to other regions in Nigeria. Comprehensively, Singh, et al. (2021) evaluated the effect of strategic management practices on the performance of cooperatives in Malaysia. From the findings, three propositions (strategy formulation, strategy implementation, evaluation, and control) based on the strategic management practices were confirmed to be positively affecting the performance of cooperatives in Malaysia.

In the realm of strategy implementation research, Nwachukwu et al. (2019) examined the relationship between strategy implementation drivers and strategic performance. Their study, conducted in Nigeria, employed a census survey method targeting managers responsible for strategy execution in four mobile telecommunication firms. The study's findings revealed statistically significant relationships between strategy implementation drivers such as human resources, financial resources, organizational structure, organizational policy, and employee commitment, and strategic performance. In a view to consider moderating effect, Namada (2020) studied the role of strategy implementation in moderating the relationship between strategic planning systems and performance. Using a descriptive cross-sectional survey, the study found

that strategy implementation moderates the relationship between strategic planning systems and market performance and internal business process performance, but not return-on-investment performance.

Mudany et al. (2021) investigated the moderating effect of the macro environment on the relationship between strategy implementation and performance in Kenya's energy sector institutions. Adopting a positivism philosophy, the study targeted 68 institutions under the energy sector, employing SPSS for data analysis. The study revealed a statistically significant moderating effect of the macro environment on the relationship between strategy implementation and performance, highlighting the importance of considering external factors. Elif (2022) investigated the impact of strategy implementation style and organizational culture on the performance of local government organizations in Turkey. Analyzing survey data using multiple and robust moderated regression models, the study found positive relationships between rational strategy implementation and performance, as well as between hierarchy type of culture and performance.

Xiao (2022) examined the impact of strategic implementation on organizational performance of private schools in Shenzhen, China, utilizing a questionnaire survey. The study found a positive impact of strategic implementation on performance, highlighting the importance of effective strategy execution. In a different institution, Abalaka et al. (2023) delved into the ramifications of strategic management on the operational effectiveness of manufacturing sectors within Nigeria. Data were analyzed using analysis of variance, correlation analysis, and descriptive analysis. While the study found a significant effect of strategic management on performance, the limited sample size and geographical focus may limit the generalizability of the findings to the broader Nigerian context. In the same vein, Agaba et al. (2023) scrutinized the consequences of implementing strategies on the operational performance of Savings and Credit Cooperative Societies (SACCOS) in Uganda, with a specific focus on Lyamujungu SACCO in Kabale District. Employing a case study research design, the study used SPSS for data analysis and found a positive relationship between strategy implementation and organizational performance.

On aspect of strategic evaluation, Sylvia (2021) studied the impact of strategic evaluation and control on the financial performance of SMEs in Juba, South Sudan. Data collection employed structured questionnaires, with research instruments validated for content, construct, and face validity. The findings revealed a significant impact of strategic evaluation practices on SME financial performance. However, the study noted a decrease in effectiveness as government regulations affecting SMEs became more stringent.

In their own perspective, Monica, et al. (2023) investigated the impact of strategic management implementation on employee performance in South Sumatra. The study adopted qualitative research highlights the implementation of strategic management in UPTD BTKP, identifying challenges in its integration into daily practice. The analysis revealed a noteworthy significant influence on employee performance by actively engaging in the process of formulating and executing strategies. In a different institution, Mubanga and Lesa (2024) examined the factors influencing strategy implementation at the Copperbelt University in Zambia. The study used quantitative methods with a sample of 285 respondents and found that: resource allocation, leadership and organizational culture had a significant effect on strategy implementation.

The above prior studies have focused on regions like Lagos, South-East Nigeria, Malaysia, Kenya, and even globally in the US and Argentina, this study specifically targets the South-West region of Nigeria. This geographical specificity adds a new dimension to the literature, as regional differences can significantly impact strategic management control practices and their effects on SME performance. Based on the above prior studies reviewed, the current study on strategic management controls for SMEs in South-West Nigeria appears to be unique and distinct from prior studies in several ways, which makes it a valuable contribution to the literature on strategic management controls and SME performance.

METHODOLOGY

This study employed a survey research design to collect primary data from Small and Medium-sized Enterprises (SMEs) in Nigeria's South-West region, focusing on those registered with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) as of 2021. The South-West zone was selected due to its significant concentration of SMEs, comprising approximately 22.3% of all SMEs in Nigeria. According to Badiru (2024), the South-West zone has a total of 149,317 SMEs. These are distributed by state as follows: Lagos (42,067), Oyo (31,739), Ogun (31,133), Osun (18,969), Ekiti (17,510), and Ondo (7,899). Therefore, the population of this study encompassed 149,317 SMEs in South-West Nigeria, with one owner or manager representing each registered SME.

The sample size for the study was 399, determined using the Taro Yamane formula. Consequently, 399 questionnaires were distributed to SMEs in the South-West region using a multi-stage sampling technique that included stratified, proportionate, and simple random sampling methods to ensure a representative sample. The final stage involved the random distribution of questionnaires to registered SMEs in each state in the South-West zone based on the allocated sample size depicted in Table 3.1. Primary data was collected through structured questionnaires distributed to owners/managers of SMEs during regular working hours. The survey instrument, tailored for this study, comprised three sections with closed-ended inquiries, including demographic information and queries related to strategic management controls and operational performance, using a 5-point Likert-type scale.

Figure 1: computation of sample size:

$$n = N / (1 + Ne^2)$$

where: n = sample size = $149,317 / (1 + 149,317(0.05)^2)$, $n = 399.13 \approx 399$

Table 3.1: Sample Size for SMEs in South-West, Nigeria

S/N	States	Population size of SMEs	Proportion of sample size in relation to sampling frame	Sample size
1	Lagos	42,067	$\frac{42,067 \times 399}{149,317} \approx 112.41$	112
2	Oyo	31,739	$\frac{31,739 \times 399}{149,317} \approx 84.81$	85
3	Ogun	31,133	$\frac{31,133 \times 399}{149,317} \approx 83.19$	83
4	Osun	18,969	$\frac{18,969 \times 399}{149,317} \approx 50.69$	51

5	Ekiti	17,510	$\frac{17,510 \times 399}{149,317} \approx 46.79$	47
6	Ondo	7,899	$\frac{7,899 \times 399}{149,317} \approx 21.11$	21
	Total	149,317		399

Author's Compilation (2024) from SMEDAN database

Table 3.1 above illustrates the total population of SMEs across all states in South-Western Nigeria. The total number of SME owners is 149,317, from which an approximated sample size of 399 was selected. This sample was proportionally allocated to each state and distributed randomly.

Model Specification

Based on the theoretical framework, this study identifies strategic management controls as the independent variable and SMEs' operational performance as the dependent variable. To address the research objectives and hypotheses, a Structural Equation Model (SEM) was employed, adapting the model from Abodunde's (2020) study. Abodunde (2020) investigated the impact of strategic planning on SME performance in Lagos State, Nigeria. The original model used by Abodunde (2020) is as follows:

$$Pf_i = \beta_0 + \beta_1 SPL_i + \mu_i \dots \dots \dots 3.1$$

Where: Pf is performance, SPL is strategic planning, β_0 = intercept term.

However, the model was adopted and adapted in such a way that the performance aspect in the original model 3.1 was replaced with operational performance in this study. This change was necessary to examine how factors such as productivity, efficiency, quality, cost, resources, customer satisfaction, and innovation can be influenced by variations in strategic management control practices among SMEs in Nigeria. Operational performance, in this context, extends beyond the financial aspects to include non-financial aspects as well. The model in this study illustrates the statistical relationship between strategic management controls and the operational performance of SMEs in South-West Nigeria. This model is formulated as:

$$OPEF_i = \beta_0 + \beta_1 SPL_i + \beta_2 SIMPL_i + \beta_3 SEVL_i + \mu_i \dots \dots \dots 3.2$$

Where: OPEF= Operational performance, SPL= Strategic planning, SIMPL = Strategic implementation, and SEVL= Strategic evaluation. β = the constant of the equation, $\beta_1 - \beta_3$ = the coefficient of variables in the equations; μ_i = the stochastic function that accounts for the errors that may arise in the equation.

The research utilized Partial Least Squares Structural Equation Modeling (PLS-SEM) for both descriptive and inferential statistical analyses. PLS-SEM is a robust multivariate analysis method specifically designed to handle multiple regression models simultaneously (Hair et al., 2018).

RESULT AND DISCUSSION

Results of this study contain reports of descriptive statistics of the respondent profile, collinearity tests among the variables, measurement model for construct validity and reliability as well as structural model for testing hypotheses which were depicted in tables 1- 3 below.

Table 1: Descriptive Statistics of the Variables

Name	Mean	Standard deviation	Excess kurtosis	Skewness	Cramér-von Mises p value
SPL-1	4.124	0.542	5.909	-1.102	0.000
SPL-2	4.093	0.519	7.012	-1.223	0.000

SPL-3	4.041	0.731	2.829	-1.352	0.000
SPL-4	3.866	0.782	1.732	-1.337	0.000
SPL-5	3.773	1.070	1.088	-1.329	0.000
SPL-6	3.557	1.347	-0.836	-0.714	0.000
SPL-7	3.990	0.990	2.800	-1.665	0.000
SPL-8	3.814	1.009	2.099	-1.577	0.000
SIMPL-1	3.825	1.075	0.536	-1.110	0.000
SIMPL-2	2.856	1.399	-1.514	-0.036	0.000
SIMPL-3	3.969	0.879	3.273	-1.606	0.000
SIMPL-4	3.546	1.227	-0.443	-0.874	0.000
SIMPL-5	3.722	1.119	0.352	-1.087	0.000
SIMPL-6	3.938	0.982	2.069	-1.464	0.000
SIMPL-7	3.938	0.797	1.683	-1.252	0.000
SIMPL-8	3.557	1.157	-0.596	-0.728	0.000
SEVAL-1	3.866	1.099	1.430	-1.431	0.000
SEVAL-2	3.753	1.193	0.479	-1.209	0.000
SEVAL-3	4.021	0.974	2.058	-1.471	0.000
SEVAL-4	3.876	1.105	1.707	-1.518	0.000
SEVAL-5	3.835	1.109	0.321	-1.093	0.000
SEVAL-6	3.835	1.062	0.738	-1.185	0.000
SEVAL-7	3.474	1.293	-0.677	-0.741	0.000
SEVAL-8	4.000	0.480	-1.114	3.753	0.000
OPEF-1	3.577	0.918	0.061	-0.435	0.000
OPEF-2	3.206	1.064	-0.488	-0.320	0.000
OPEF-3	3.412	1.128	-0.566	-0.347	0.000
OPEF-4	3.299	1.057	-0.139	-0.575	0.000
OPEF-5	3.134	1.163	-0.750	-0.306	0.000
OPEF-6	3.237	1.165	-0.403	-0.278	0.000

Source: Author's computation (2024) using Smartpls4

The descriptive statistics in Table 1 show the mean, standard deviation, excess kurtosis, skewness, and Cramér-von Mises p-values for the variables related to strategic planning (SPL), strategic implementation (SIMPL), strategic evaluation (SEVAL), and operational performance (OPEF). These descriptive statistical variables show mean values ranging from 2.856 to 4.124 and standard deviations between 0.480 and 1.399. Moreover, all variables have skewness and kurtosis values within the -1 to +1 benchmark recommended by Hair et al. (2018), indicating that the data is normally distributed. Although the Cramér-von Mises p-values are all 0.000, indicating statistical significance, the distribution measures suggest that the dataset adheres to the normality assumption. This normal distribution supports the reliability of subsequent statistical analyses performed on this data.

Measurement Model

The table 2 presents the results of the measurement model, focusing on construct reliability and validity, as well as collinearity statistics.

Table 2: Construct Reliability and Validity, Collinearity Statistics (VIF)

Constructs	Cronbach's Alpha	Composite Reliability (rho_c)	Average Variance Extracted (AVE)	VIF	Tolerance
SPLS	0.769	0.780	0.875	1.158	0.864
SIMPL	0.737	0.728	0.785	1.040	0.962
SEVL	0.790	0.761	0.845	1.170	0.854
OPEF	0.773	0.846	0.827		

Source: Author's Computation (2024) using Smartpls4

The measurement model for this study includes four constructs: strategic planning (SPLS), strategic implementation (SIMPL), strategic evaluation (SEVL), and operational performance (OPEF). These constructs show relatively high levels of reliability, as indicated by their Cronbach's Alpha values, which range from 0.737 to 0.790. This suggests that the items within each construct consistently measure the underlying concept. Additionally, the Composite Reliability values (rho_c) are also high, ranging from 0.728 to 0.846, further indicating the internal consistency of the constructs. In terms of validity, the constructs exhibit strong validity as indicated by their Average Variance Extracted (AVE) values, which range from 0.785 to 0.875. These values exceed the recommended threshold of 0.50, suggesting that the constructs explain a substantial amount of the variance in their respective items and are adequately distinct from measurement error.

Collinearity statistics, such as Variance Inflation Factor (VIF) and Tolerance, provide insights into the multicollinearity between constructs. In this case, the VIF values are all below 5, which is the commonly accepted threshold for multicollinearity. This indicates that there is no significant multicollinearity issue among the constructs. However, tolerance values are provided for SPLS, SIMPL, and SEVL, ranging from 0.854 to 0.962. These values are above the threshold of 0.10, further indicating no significant multicollinearity.

Restatement of Hypothesis

In the testing of hypotheses using the structural model through bootstrapping with 5000 resampling, three paths are examined as depicted in the table 3.

Table 3: Path Coefficients

Constructs	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SPL- -> OPEF-	0.233	0.264	0.090	2.579	0.010
SIMPL- -> OPEF-	0.373	0.375	0.072	5.172	0.000
SEVAL- -> OPEF-	0.243	0.257	0.109	2.233	0.026

Source: Author's Computation (2024) using Smartpls4

Table 3 presents the path coefficient of structural model analysis conducted through bootstrapping with 5000 resampling, the original samples (coefficients), t-statistics, and p-values were examined to test hypotheses regarding the relationships between strategic planning (SPL), strategic implementation (SIMPL), strategic evaluation (SEVAL), and operational performance (OPEF) of conglomerate companies.

H01: The original sample coefficient of 0.233 indicates the strength and direction of the relationship between strategic planning and operational performance of SMEs. With a t-statistic of 2.579 and a p-value of 0.010, the null hypothesis, suggesting no significant relationship between strategic planning and operational performance, is rejected. This implies that strategic planning

significantly influences the operational performance of SMEs. The practical implication could be that allocating resources towards effective strategic planning processes can lead to improvements in operational performance, ultimately enhancing the overall success of SMEs.

H02: The original sample coefficient of 0.373 indicates a strong positive relationship between strategic implementation and operational performance. With a high t-statistic of 5.172 and a p-value of 0.000, the null hypothesis is decisively rejected, suggesting a significant relationship. This underscores the critical importance of effective strategic implementation in driving operational performance within SMEs. This implies that companies should focus on translating strategic plans into actionable initiatives to realize tangible improvements in operational performance.

H03: The original sample coefficient of 0.243 suggests a positive relationship between strategic evaluation and operational performance. With a t-statistic of 2.233 and a p-value of 0.026, the null hypothesis is rejected, indicating a significant influence of strategic evaluation on operational performance of SMEs. This highlights the importance of conducting thorough evaluations of strategic initiatives to drive improvements in operational performance within SMEs.

Discussion of Findings

The results of this study emphasize the crucial role of strategic management processes, specifically strategic planning, implementation, and evaluation, in influencing the operational performance of Small and Medium Enterprises (SMEs). Firstly, the significant relationship between strategic planning and operational performance underscores the importance of strategic planning in defining the direction and priorities of the organization. Strategic planning enables SMEs to align their resources and capabilities with market opportunities, thereby enhancing operational performance in South-West Nigeria. This finding is consistent with previous studies by Sensini (2020), Abodunde (2020), and Kornelius et al. (2020). In contrast, Ojha et al. (2020) and Namada (2020) found that strategic planning may not necessarily lead to improved organizational performance.

Secondly, the strong positive and significant impact of strategic implementation on the operational performance of SMEs in South-West Nigeria highlights the critical importance of translating strategic plans into actionable initiatives. Effective strategic implementation ensures that strategies formulated during the planning phase are executed efficiently and effectively. This finding is supported by literature on strategy implementation (Nwachukwu et al., 2019; Mudany et al., 2021; Elif, 2022; Xiao, 2022; and Agaba et al., 2023), which emphasizes the need for alignment between strategy formulation and implementation to achieve desired outcomes. However, Namada (2020) found that strategic implementation might not always improve organizational performance.

Thirdly, the positive and significant influence of strategic evaluation on the operational performance of SMEs in South-West Nigeria highlights the importance of feedback and learning in driving performance improvement. Strategic evaluation enables SMEs to assess the effectiveness of their strategies and make necessary adjustments. This finding is consistent with the studies of Sylvia (2021) and Abalaka et al. (2023).

These findings align with contingency theory, which suggests that effective strategic planning, implementation, and evaluation are critical for organizational success. In summary, this study suggests that strategic planning, implementation, and evaluation are key determinants of operational performance for SMEs in Nigeria. By investing in these strategic management

processes, businesses can enhance their operational performance and achieve sustainable competitive advantage in today's dynamic business environment.

CONCLUSION AND RECOMMENDATIONS

The results of this study underscore the substantial impact of strategic management control processes, specifically strategic planning, implementation, and evaluation, on the operational performance of Small and Medium Enterprises (SMEs). Strategic planning was found to exert a statistically significant influence on operational performance, highlighting the imperative for SMEs to allocate resources to effective strategic planning processes. Similarly, strategic implementation demonstrated a robust positive relationship with operational performance, emphasizing the critical nature of translating strategic plans into actionable initiatives to enhance operational performance. Furthermore, strategic evaluation exhibited a moderate positive relationship with operational performance, emphasizing the significance of evaluating strategic initiatives to drive enhancements in operational performance.

Drawing from the findings and conclusion, the following strategies are recommended for SMEs:

- i. SMEs should maintain a focus on effective strategic planning processes, ensuring alignment with organizational goals and objectives. This entails conducting comprehensive market analyses, establishing clear strategic objectives, and formulating actionable plans.
- ii. SMEs should intensify efforts to convert strategic plans into actionable initiatives by defining clear roles and responsibilities, allocating resources efficiently, and closely monitoring progress. This approach will help ensure effective execution of strategic goals and yield tangible improvements in operational performance.
- iii. SMEs should continue to invest in robust evaluation processes to gauge the effectiveness of implemented strategies. This involves regularly reviewing key performance indicators, soliciting feedback from stakeholders, and making informed decisions based on evaluation findings. Implementation of these recommendations can empower SMEs in Nigeria to enhance their operational performance and achieve sustainable growth in today's dynamic business environment.

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