

Impact of Strategic Management Applications: The Way-Forward for Small and Medium Scale Enterprise in Africa

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Abstract: *The use of strategic management in various businesses has been proved to a significant step worth to be taken. However, there are challenges or difficulties that some businesses find in formulating and implementing strategies. SMEs are very common in African societies and have a lot of contribution to the economic development in most of the nations in Africa. For effective operation and relevance of these businesses, there is need to adopt strategic management in SMEs. In this paper, the importance of strategic management in small and medium-sized enterprises in Africa is discussed. The paper also focuses on the impacts of strategic management in SMEs.*

Keywords: Strategic, strategic management, competitive advantage, application of strategic management.

1. Introduction

There are various definitions for strategic management in businesses. Some consider it as the force behind the performance and the competitive advantage of a certain business. Sustainable competitive advantage is the most significant product of strategic planning in businesses. Jeffrey Harrison and Caron John (2009) defines strategic management as the technique that a business uses to provide framework for examining the impacts of the planned change and for formulating and planning the way forward for moving the business forward. Strategic management is planned in order for businesses to achieve their short term and long term objectives. Strategic management can be applied in a wide range of organizations and businesses. Small and Medium Scale Enterprises are also increasingly employing strategic planning and management to increase their market share, expand existing and explore new market while ensuring customer satisfaction. The application of strategic management in small business enterprises has proven benefits to both the business and their customers. There has been an increasing use of strategic planning by Small and Medium Scale Enterprise in Africa due to the existence of potential and unexploited markets and products. The continent is largely under development process and various nations have put in place strategies for the development of Small and Medium Scale Enterprises as way the best way of improving their economy.

2. Application of Strategic Management in small and medium-size enterprises

As in most cases, small business develops strategic plan due to changes in the external environment but this should not be the case. Strategic management of small business enterprises should address the changes in both internal and external environment and ensure that the planned changes matches the resources they have. Generally, strategies involves coming up with decisions geared at expanding customers base and fulfilling the long term goals. This process have been challenging to most businesses in Africa which can be among the most successful processes for these businesses. There are seven elements that strategic planning involves:

defining mission, objectives and goals of the SME; developing corporate and program strategies; developing action plans for achieving objectives and goals effectively and efficiently; availing necessary resources required for implementation of the plans; developing programs to monitor and report the progress of the implementation; and developing incentives for fulfilling individual and department responsibilities (G. R. Tyndal, J. Cameron & R. C. Taggart,).

The mission, objectives and goals defines the direction that a business takes. Through the missions, SMEs in Africa will effectively address their existing and emerging markets, the services and products they offer. There are challenges that African community faces in their lives and activities. The mission of any SME in Africa should be able to define ways through which the problems the African societies face. Like in any other business, the small and medium-sized enterprises in this developing continent will be able satisfy their market demands effectively. Before formulating the mission, it is recommended that businesses conduct a research on the demands of their market to ensure that their products and services are relevant to their customers and stakeholders (Jeffrey Harrison & Caron John; 2009).

In setting the objectives, SMEs in Africa will be in a position to address both the internal and external environment e.g. the religious, economic, political, social, major improvements necessary and competition. In order to attain a sustainable competitive advantage over their competitors, businesses need to ensure that objectives cover the relevance of their services and products in terms of use and affordability to their customers. A goal of the SMEs ensures that the missions set are fulfilled and thus the market demand is satisfied.

There are strategic programs that are developed towards achieving the goals of businesses. The programs vary greatly with the industry of the business and the type of customers the SME is dealing with. Some of the programs include participating in community initiatives and the programs that bring the SME and their customers together. This will greatly increase the brand and sales of the SME. Recourses

must be availed to such programs for effectiveness. Funds is also necessary in the implementation of the decisions arrived at during strategic management (Jan de Kok; 2003).

3. Impacts of strategic management on SMEs in Africa

The implementation of strategic management and planning is of great us to SMEs in Africa. The analysis of the external environment helps the SMEs know the external factors that may undermine the processes of the business and come up with mitigation of such challenges. Most countries in Africa are not politically and economically stable and the analysis of the business environment helps to ensure that the programs and processes undertaken does not conflict the political, social and economic factors of the society. Generally, strategic planning helps SMEs to run smoothly and profitably while serving their customers to satisfaction.

SMEs strategies will ensure that their products and services are relevant to the customers and should be able to focus on both the needs and wants of the society. Therefore, having this in mind, businesses will not only attain competitive advantage of their competitors but sustainable competitive advantage. The sustainable competitive advantage guarantees fulfillment of long term goals of the business and they will be able to stand out among key competitors (C. Hill, G. Jones & M. Schilling; 2014). Core competence that is defined during formulation of strategies purposely for attaining sustainable competitive advantage.

4. Conclusion

Through proper strategic management and implementation, SMEs in Africa will be able to overcome the prevailing challenges that may have impact to their operations. Strategic planning enables businesses understand their current status and that of their industry so that they can provides action plans to improve their market share, expand their existing market and venture in emerging markets. Businesses gains the insight of the state of the economy of their environment, the profitability of their services and the ways they can improve them to ensure customer satisfaction using the existing resources effectively. The SWOT analysis is one of the benefits of strategic management in SMEs. This addresses the strengths, weaknesses, opportunities and threats that they are likely to face and the remedies. There is enough reasons for SMEs in Africa to adopt this wonderful technique.

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