

Strategic Management Processes and Performance of Agro Processing of Small and Medium-Term Enterprises in Uganda

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Abstract

This study sought to establish the contribution of strategic management practices on performance of Agro processing firms in Lira City. Specifically, the study focused on establishing the effect of strategic formulation on the performance of Agro processing firms in Lira City, assessing the effect of implementation on the performance of Agro processing firms in Lira City and examining the effect of evaluation on the performance of Agro processing firms in Lira City. The study targeted all Agro processing SMEs in Lira City approximately 620 in number and it focused on the key stakeholders; the general manager, the accountant and the production manager of which 234 owners and managers were sampled using simple random sampling from the construction firms. The study employed multiple regression analysis to analyze contribution of strategic management practices on performance of Agro processing firms in Lira City. The finding of the study revealed that that evaluation and control ($p < 0.001$, $\beta = 0.369$), and strategic implementation ($p < 0.001$, $\beta = 0.428$) are significant predictors of SME performance. However, jointly evaluation and control, strategic implementation and strategic formulation explain 37.8% variation of all the possible factors that are likely to account for SME performance in Lira City (Adjusted $R^2 = 0.378$). The study recommends that the management of all SMEs to ensure that their organizations adopt strategic management process by carrying out accurate situation analysis, involvement of all level employees in strategy formulation, implementation, and evaluation.

Keywords: Strategic planning, Innovation, Networking opportunities, Youth-owned enterprises, Growth, Market competitiveness

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1. Background of the Study

At the beginning of the 1960s, the concept of strategy management emerged from the outcry over the need to help managers (particularly general managers) translate the chaos of events and decisions they faced on a daily basis in an orderly way to evaluate the position of the firm within its environment (Narikae & Lewa, 2017). Around the mid-1960s, Andrews (1965) and Ansoff (1965) were some of the pioneer authors to give the discipline of strategic management a standalone field of study, though they now can hardly be regarded as the founders of strategic management as a field of study. In the decade from 1960 to 1970 these elements led to the beginning of a process of theoretical construction around the term “strategy” in the business field (Narikae & Lewa, 2017). Herrmann (2005) considers this to be the first era of ferment in strategic management as a discipline. This stage was characterized by the appearance of diverse definitions that tried to approximate what should be understood by “strategy”. Many authors devoted a section in their papers to analyzing the term and proposing their own definitions, which favored an increase in the number of meanings of the term “strategy” in nascent strategic management and generated the assortment of definitions that remain with us today (Narikae & Lewa, 2017).

Strategic management is the strategic use of a business's resources to reach company goals and objectives (Anichebe, 2019). Strategic management requires reflection on the processes and procedures within the organization as well as external factors that may impact how the company functions. How strategic management is implemented in a SME organization define that firm's strategic management Practices as developing strategies in advance of a firm's business. This can be achieved through strategic management process. Strategic management process includes setting objectives for the company, analyzing the actions of competitors, reviewing the organization's internal structure, evaluating current strategies and confirming that strategies are implemented company-wide (Narikae & Lewa, 2017).

“Strategic Management practices” deals with how enterprises develop sustainable competitive advantages resulting in the creation of value (Narikae & Lewa, 2017). Strategic management is a continuous process and it involves formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and

external environments in which the organization competes. There are three stages in this process: strategy formulation, strategy implementation, and evaluation and control (Palladan & Adamu, 2018). Strategic management and strategic thinking involve a series of decisions that companies could make strategically in the process of developing an effective and long-lasting business strategy to succeed and compete well at the internal levels (Ali & Qun, 2019).

This study used the terminology of strategic management practices which is defined as a method of formulating and implementing long-term plans widely and flexibly to achieve organizational goals (Omsa, Ridwan, & Jayadi, 2018). The key components of strategic management practice require answers to the question of where the future business direction is, where the current business will be, what business will be in the future, and what changes will occur in the business environment. According to David, Fred & David, Forest (2016), key aspects of strategic management include environmental analysis, corporate mission setting, strategy formulation, strategy execution, strategy evaluation and control.

Organizational performance is the ability of an organization to produce output or results measured against its intended targets. According to Cicea & Popa, (2019), organizational performance encompasses three specific areas of firm outcomes: financial performance; product market performance; and shareholder return (Cicea & Popa, 2019). Accordingly, SMEs' performance can be understood from a quantitative perspective: efficiency, financial results, level of production, number of customers, market share, profitability, productivity, dynamics of revenues, costs and liquidity and also from a qualitative perspective: goals achievement, leadership style, employee behavior customer satisfaction product and process innovation, organizational and marketing innovation (Cicea & Popa, 2019). Marri (2017), in their work, considered a series of 14 indicators to describe SMEs performance: reputation, productivity, employee satisfaction, profits, sales, prompt order delivery, sufficient working capital, effectiveness in operations of production, product quality, achievement of targets, number of clients, easiness in supervision, reduction in product cost and product diversification (Cicea & Popa, 2019).

It is therefore recognized globally that economic development depends heavily on the small and medium sized enterprises (SMEs) and Uganda is no exception to this. SMEs are the most important source of new jobs and they play a critical role in income generation as well as the industrialization processes (Mayende & Owino, 2020). However, most small businesses fail within their early stages of operation mainly due to under-capitalization and/or lack of proper management and business skills, which is the key role for strategic management (Ali & Qun, 2019). Strategic management has been cited as one of the effective management tools in strengthening organizational performance through effective decision making and systematic strategy formulation and implementation.

In business environment, establishing and maintaining an edge over competitors is one of the fundamental concerns for each organization. Focusing on success as a central phenomenon, strategic management studies have been trying to determine organizational performance factors for decades. Strategic management research has produced a vast literature on maximizing organizational success since its emergence as an academic field in the 1960s (Köseoglu, Altin, & Chan, 2020). Therefore, the survival and success of the firm is influenced significantly by superior strategies to face stiff competition arisen by globalization. To compete successfully in this present competitive business environment, firms continually need to make some strategies and take some actions by improving product quality and productivity, reducing product cost, promoting product and process innovations, and improving product speed to the market and customers' goodwill (Fuertes, Alfaro, & Sabattin, 2020).

For Australia, management practices appear to explain a particularly large share around 50 per cent largely due to Australian firms reporting less structured management practices. Indeed, Australian manufacturing firms interviewed in the World Management Survey received an average management score below many comparable countries, including Germany, Canada, the United Kingdom France, and Italy (Moran, Balaguer, & Majeed, 2018).

Bharti Airtel limited is a leading global telecommunications company with operations in 19 countries across Asia and Africa has managed to capture over 200 million customers across its operations because it has always made it a point to focus on the needs of customers and provide solutions to customers according to their requirements (Essays, UK, 2019).

Studies indicate that in both advanced economies and developing countries SMEs contribute to an average 60 percent of total formal employment in the manufacturing sector (Fuertes, Alfaro, & Sabattin, 2020). For African economies, the contribution of the SME sector to job opportunities is even more important. However, to succeed in Africa, businesses must understand the dynamics of strategic leadership, the cultural context of the operating environment, stakeholder management and include the social dimension of business in their business strategy (Ogbechie, 2018). Strategic planning provides operational network to business which allow and organization to gain competitive advantages and to improve business performance (Ali & Qun, 2019).

In Uganda, SMEs are officially defined based on both the number of people employed and annual turnover

of the enterprise (Eton, 2019). They are small enterprises employing a minimum of 5 people and a maximum of 50 people, with an annual sale/revenue turnover of more than UGX 360 million and total assets of more than UGX 360 million. The contribution of SMEs to Uganda's economy is well over ninety percent (90%) of the total non-farm private sector employment, approximately 2% of the national Gross Domestic Product (GDP), and over 20% of incomes of the labor force (Nyanzi, 2015).

Agro-processing and Marketing-strategies has helped to improve market access through expanding the road network, growing the means of transport, improving market infrastructure, providing access to market information, providing access to the international market and investing in storage facilities. Agro-processing activities, improving access and quality of agricultural inputs has been the main concern of the government. However, ninety percent of small and micro enterprise collapse in their first year of startup, due to lack of access to credit (Arinaitwe & Mwesigwa, 2015). The role of SMEs in economic development is very critical and it is with perspective that the study investigates the contribution strategic management practices in Agro processing SMEs in Uganda taking Agro processing SMEs in Lira City as a case study, particularly in the face of the current economic down turn.

1.1 Statement of the Problem

The business environment in which industries operate is dynamic and turbulent with constant and fast paced changes that often render traditional strategies irrelevant (Mufudza, 2018). He asserted that industries need to adopt strategic management practices that support plans, choices and decisions that will lead to competitive advantage and to archive profitability, success and wealth creation. Strategic management practices address the question of why some organizations succeed, others fail.

Despite the favorable government policy of providing opportunities that promote investment in the manufacturing sector, for instance tax exemptions, the growth of the manufacturing sectors including SMEs has slowed down in the past three decades (Arinaitwe & Mwesigwa, 2015). Much as using strategic management yield positive results, some SMEs still fail to succeed. Besides, ninety percent of SMEs collapse in their first year (Arinaitwe & Mwesigwa, 2015). Agro processing SMEs in Lira city is not an exception to this. Before its city status, for the last two to three years, Lira has been characterized by increasing number of SMEs with no expansion and some of them ended up collapsing. Besides numerous studies have been carried globally, regionally and locally on the influence of strategic management practices on organizational performance. Accordingly, in Argentina between 1990–1999, average annual growth was 13.2%, whereas in 2000–2009 it's slowed down to 6.6% and in 2010–2018 it declined to 3.4% (Calabrese & Mendez-Parra, 2019). For instance, Köseoğlu, Altın, & Chan, (2020), analyzed the effect of strategic management practices and organizational performance and concluded that organizations prioritize competition analysis and macro environmental characteristics such as teamwork in strategy formulation in order to succeed.

Many studies have been carried out on strategic management practices and performance, however there is barely any study documented that investigated the influence of strategic management practices on performance of Agro processing industry in Lira City. To this effect, this study attempts to empirically analyze how strategic management practices can be used by Agro processing industries to effectively derive plans for growth and development.

1.2 General Objective

To establish the contribution of strategic management practices on performance of Agro processing SMEs in Lira City

1.2.1 Specific Objectives

The general objective of the study was to:

1. To establish the effect of strategic formulation on the performance of Agro processing firms in Lira City.
2. To assess the effect of implementation on the performance of Agro processing firms in Lira City.
3. To examine the effect of evaluation on the performance of Agro processing firms in Lira City.

1.2.2 Research Questions

1. What is the effect of strategic formulation on performance of Agro processing firms in Lira City?
2. How does strategic implementation influence performance of Agro processing firms in Lira City?
3. What is the effect of evaluation on performance of Agro processing firms in Lira City?

1.3 Theoretical Underpinning

The theory discussed is the resource-based theory as discussed below:

In the Resource Based View (RBV) theory, to develop a competitive advantage the firm must have resources and capabilities that are superior to those of its competitors. Without this superiority, the competitors simply could replicate what the firm was doing and any advantage quickly would disappear (Hansson, 2015). Resources are

the firm-specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily. Examples of competitive advantage include; Brand popularity, Strategic assets, corporate reputation, Low pricing, and Superior database management and data processing capabilities among others (Hansson, 2015). The significance of the resource perspective as a new direction in the field of strategic management was broadly recognized by Wernerfelt (1984) who suggested that evaluating firms in terms of their resources could lead to insights that differ from traditional perspectives (Hansson, 2015).

2. Literature Review: An Overview

2.1 Strategic Formulation and Performance

Strategy formulation is the process of deciding best course of action for achieving organizational objectives (Köseoglu, Altin, & Chan, 2020). According to Köseoglu, Altin, & Chan (2020), after conducting environment scanning process, managers formulate corporate, business and functional strategies. Strategy evaluation which is the final step of strategy management process involves- appraising internal and external factors, measuring performance, and taking remedial/corrective actions. Evaluation assures the management that the organizational strategy as well as its implementation meets the organizational objectives.

Nwachukwu (2018), asserts that strategy formulation process connects an organization's internal resources and skills to the opportunities and risks resulting from its external environment. Strategy formulation topics deal with, as the name implies, articulation of a strategy or how a strategy is formed. Many studies show that strategy formulation plays an essential role in how organizations identify the major problems, find alternative solutions to those problems, and choose appropriate strategies as a result. Strategy formulation has also been shown as an effective instrument for coordinating organizational effort and decentralizing decision making when managers follow a bottom- to- top approach (rather than a top- to- bottom approach) in the formulation. Some studies, for example, Köseoglu, Altin & Chan (2020), found out that participation of mid-level managers in strategy formulation is shown to improve implementation performance.

Nwachukwu (2018), in a study to propose recommendations to managers of MNCs operating in the mobile telecommunication sector in Nigeria on how to enhance and sustain strategic performance base on the evaluation of strategy formulation drivers found that strategy formulation drivers jointly influence strategic performance of mobile telecommunication firms in Nigeria. The study recommended that Attention to company vision and long-term objectives has significant and positive impact on strategic performance. Furthermore, attention to company mission had a negative and significant impact on strategic performance.

Rahman & Rahman (2020), in their study to explore the relationship between strategic formulation and manufacturing performance found that strategic formulation is directly linked to firm's performance. While Emeka (2015), examined the effect of strategy formulation on workers behaviours at Innoson Manufacturing Company Ltd Emene, Enugu and the study revealed that a well-conceived and formulated strategy matched with appropriate structure increases productivity in the organization. Similarly, Anichebe, (2019), investigated the "Effects of strategy Formulation and Implementation in Business Organizations in Enugu State and the finding indicated that strategy formulation had a significant effect on business performance.

The effect of strategy formulation on organizational performance was explored by Emeka, Ejim, and Amaka (2015). The study found that a well-thought-out and defined strategy coupled with proper structure boosts organizational productivity, and that behavioural and systematic opposition to strategic changes renders formulation useless.

In the current dynamic business climate, Kornelius & Hendrawan (2021) investigated the links between strategic planning, strategic mobility, and firm performance. Both strategic planning and strategic adaptability have a favorable link with company performance, according to the findings. Furthermore, through the mediating role of strategic maneuverability, there is a positive association between strategic planning and business performance. The findings imply that strategic maneuverability, which includes organizational agility, flexibility, and responsiveness, has a favorable direct and indirect impact on firm performance, including financial performance, customer performance, internal process performance, and learning and growth. By offering empirical data on the relationship between strategic planning, strategic maneuverability, and company performance, this study adds to the strategic management literature and theory of maneuvers.

The influence of strategic formulation on organizational performance of enterprises listed on the Nairobi Securities Exchange was investigated by Owich, Katuse, and Ngari (2018). (NSE). The real estate investment trust, telecommunication and technology, manufacturing and allied, investment services, investment, insurance, energy and petroleum, construction and allied, commercial and services, banking, automobiles and accessories, and agricultural sectors formed the strata of the stratified sampling technique. For data gathering, 179 senior managers were chosen as a sample size. A systematic questionnaire was used to obtain data from the sample. After the data was collected, descriptive and inferential analysis were performed. Means, standard deviations, and frequencies were used in descriptive analysis, whereas correlation analysis, One-way Analysis of Variance (ANOVA), factor analysis, and regression analysis were used in inferential analysis. Organizational performance

was favorably and strongly connected with strategy formation, and there was a large mean difference between organizational performance and strategy formulation, according to the data. The findings revealed that organizational performance was positively and significantly correlated with strategy formulation and that there was a significant mean difference between organizational performance and strategy formulation. Simple linear regression showed that strategy formulation significantly affects organizational performance. The paper recommends that in order to achieve the organizational vision and consequently enhance their performance, companies listed at the NSE should create conducive environment for effective strategy formulation such as ensuring all stakeholders are involved in formulation of strategies.

Izadi (2012) investigates the relationship between strategy formulation and business performance in high-tech SMEs in the United Kingdom, adding to the body of knowledge in the subject of strategic management. The data collection tool was a self-administered questionnaire aimed towards SMEs' management. A total of 357 questionnaires were returned, all of which were complete and valid. Both descriptive and statistical analysis were used to assess the data and answer the study objectives. The use of environmental scanning tools, the development and monitoring of the content of a mission statement, the development of an appropriate competitive strategy, and a SMEs individual approach to strategy formation are all demonstrated in this study to be effective strategy formulation models. This study concludes that the factors associated with effective strategy formulation affect the performance of high-tech SMEs and that by using the findings in this study managers will be able to increase the performance level of their high-tech SMEs by the creation of an effective strategy.

Nkemchor & Ezeanolue, (2021) examine the effect of environmental scanning, strategy formulation, Strategy implementations and strategic evaluation on organizational performance. The study is anchored on resource-based theory and contingency theory. Descriptive statistics and multiple regression analysis were employed to analyze the data generated. It was discovered that strategy formulation has significant positive effect on organizational performance of tertiary institutions in Delta state, Nigeria. The study concludes strategic management has significant positive effect on organizational performance.

Odhambo & Njuguna, (2021) examine how strategic management practices influence health NGOs' performance in Nairobi City, Kenya. The study targeted the senior managers of the 98 health NGOs operating in Nairobi County. Stratified random sampling was used in the selection of the desired respondents. The sample participants for the research were 131 employees from health NGOs. The study relied on frequencies, means and standard deviation in presenting descriptive results. The inferential statistics used were correlation analysis, regression analysis and analysis of variance. The study results showed a positive and significant correlation between strategic formulation and health non-governmental organizations' performance.

Aziz & Abdul (2019) tested the impact of strategic planning on enhancing the strategic performance of Bahraini banks. The sample of the study consists of the employees of 10 of all the 12 commercial banks in Bahrain. A questionnaire was developed to gather the data. Five questionnaires were distributed to each bank totaling 50 questionnaires. The results showed that the strategic planning has a good statistically significant impact on financial, customer, and learning and growth. The results also showed a medium statistically significant impact of strategic planning on internal business process. The research recommended focusing on all aspects of the strategic performance in the banks under study, specifically the internal business process perspective.

2.2 Strategic Implementation and Performance

Strategy is all about developing action plans that enables an organization to deploy its enterprising strength within its sphere of business operations. For strategy to achieve its purpose there is the need for a deep thinking. To outsmart competitors is not an ordinary task. When an organization strives to maintain a superior edge over competitors, the thought pattern of one helmsman should be different (Muendo & Ogutu, 2020).

According to Odhambo (2006), Strategy implementation entails identification of measurable, mutually determined annual objectives which convert long-term objectives into specific, short-term goals. It also includes the development of specific functional strategies which translate grand strategies at business level into current action plans for sub units of the company. Thus, execution must be controlled and evaluated if the strategy is to be successfully implemented and adjusted to changing conditions. However, during implementation, various challenges are encountered and need to be addressed if the strategy is to be realized (Mayende & Owino, 2020).

Muendo & Ogutu (2020), determined the strategies applied by KMTC and the performance of the organization. Secondary data was collected through desk review of the strategic plans' implementation and financial reports. The nature of data collected was qualitative and was therefore analyzed using content analysis technique. The empirical findings and analysis conducted in KMTC shows that strategic Implementation directly contributes to organizational performance. Accordingly, the study concludes that strategy implementation and organization performance in KMTC involves drawing from national context and global plans and priorities to shape and ensure strategy alignment and relevance.

Samad (2018), unraveled the effects of strategic management and organizational culture on organizational

performance. It also determined the most triggering predictor of organizational performance. It focused particularly on the formulation and implementation strategy. Self-administered questionnaire was employed for the data collection. The analysis revealed that the performance of government organizations was impacted by organizational culture, dimensions of formulation and implementation strategy. Accordingly, Organizational culture emerged as the most triggering predictor on organizational performance. The study concludes with some implications for practice and theory.

Mayende & Owino (2020) carried out a study to determine the influence of strategy implementation on the performance of factory companies in Kenya. The study found out that strategic implementation had significant influence on strategy on performance.

Njagi & Kombo (2017), determined the effect of strategy implementation on performance of commercial banks in Kenya. The results reveal that there is a moderately strong relationship between strategy implementation and organizational performance. Accordingly, the researcher therefore recommends that for institutions to thrive and compete they must implement strategies effectively.

Maro (2015), investigated the influence of strategic management practices on the performance of Floriculture Firms in Kenya, and this formed the general objective of this study which was carried in Kiambu County in central Kenya. A descriptive survey design was used with a target population of 21 floricultural firms out of which 10 firms were selected by simple random sampling, and 5 respondents from each of the 10 firms purposively chosen. The findings established that majority of the firms had a strategic plan, implemented their strategic plans as planned, conduct strategy evaluation and control on their strategic management practices. Further, that strategy formulation, implementation, evaluation and control had significant influence on the performance of flower firms to a moderate extent. The researcher recommended that top-level managers should seek more input from the lower-level managers and supervisors when formulating strategy so that the formulated plans are effective and in line with both long- and short-term objectives of the organization.

Nkemchor & Ezeanolue, (2021) examine the effect of Strategy implementations and strategic evaluation on organizational performance. The study is anchored on resource-based theory and contingency theory. Descriptive statistics and multiple regression analysis were employed to analyze the data generated. It was discovered that strategy implementations and strategic evaluation has significant positive effect on organizational performance of tertiary institutions in Delta state, Nigeria. The study concludes strategic management has significant positive effect on organizational performance.

Keya (2019) investigates the link between strategy implementation techniques and performance in Kenyan international non-governmental organizations. To obtain data, the researcher used a semi-structured questionnaire. A pilot test was used to assess the instrument's face and content validity. The operationalization of terms ensured construct validity. The instrument's reliability was assessed using Cronbach's Alpha Reliability Test. Inferential and descriptive statistics were used to analyze quantitative data, which was then displayed in tables and figures. The relationship, nature, and amount of the relationship between dependent and independent variables were determined using multiple regression. Content analysis was used to examine qualitative data, which was then organized into themes and narratives. Strategy implementation procedures were found to be a significant predictor of strategy implementation using one-way analysis of variance (ANOVA) and multiple regression analysis. Pearson's correlation analysis confirmed this link, revealing that strategy implementation procedures have a substantial positive relationship with strategy implementation. According to the study, INGOs should strive for valuable, uncommon, inimitable, and well-organized plan implementation abilities in order to gain a competitive edge and thereby increase organizational performance. Managers of non-governmental organizations (NGOs) who want to increase performance should embrace strategy implementation approaches that improve staff abilities and provide opportunities for them to apply their skills in the workplace.

Timbomei and Bett (2019) look at how strategy implementation strategies affect the success of a few evangelical congregations in Nairobi County. The study's specific goals were to look into how organizational structure affects performance, investigate the impact of resource allocation on overall performance, determine the extent to which top management commitment affects performance, and evaluate the impact of organizational culture on the performance of a few evangelical churches in Nairobi City County. Organizational structure, resource allocation, top management commitment, and organizational culture were the variables evaluated in plan execution. According to the findings, organizational structure, resource allocation, top management commitment, and organizational culture all have a substantial impact on evangelical church effectiveness. Churches should build organizational structures that facilitate strategy implementation, according to the report. It was also suggested that the available resources be concentrated on the most important activities in order to achieve the best results. In order to achieve organizational performance, management should also have a supportive and dedicated attitude toward strategy implementation. It was also suggested that churches cultivate and maintain a positive institutional culture that promotes high performance and effective strategy implementation.

There is limited study on the moderating influence of strategy execution, according to Namada (2020), who

investigated the relationship between strategic planning and performance. According to the findings, strategy implementation moderates the association between strategic planning systems and market performance, as well as internal business process performance, but not return-on-investment performance. Finally, the configuration of planning systems, as well as its theoretical backing as resource bundles, explains differences in company performance. The study's practical implications include that corporate firms should emphasize strategic planning systems as a configuration rather than by their areas.

Hantiro & Maina, (2020), determined the influence of strategy implementation practices and performance of county government in Kenya: A case of Tana River County, Kenya. The instrument that was used to collect data was questionnaires for all the respondents. Qualitative data from the open-ended questions was analyzed thematically in line with study objectives and presented in narrative form. Quantitative data was analyzed using descriptive statistics. Regression analysis was used to test association between dependent variable and against dependent variables. The study established that a positive and significant influence was established between organizational structure, organizational culture, resource allocation, communication and organizational performance. The study concluded that organizational structure allows for the chain of command.

2.3 Strategic Evaluation and Performance

Strategic evaluation is an important tool for assessing how well your business has performed, relative to its goals. It's an important way to reflect on achievements and shortcomings, and is also useful for reexamining the goals themselves, which may have been set at a different time, under different circumstances. Strategy Evaluation is as significant as strategy formulation because it throws light on the efficiency and effectiveness of the comprehensive plans in achieving the desired results. The managers can also assess the appropriateness of the current strategy in today's dynamic world with socio-economic, political and technological innovations. Strategic Evaluation is the final phase of strategic management. Strategic Evaluation is significant because of various factors such as - developing inputs for new strategic planning, the urge for feedback, appraisal and reward, development of the strategic management process, judging the validity of strategic choice (Essays, 2019).

Oswago & Namusonge (2017), investigated the influence of capability to monitoring and evaluation on the performance of commercial banks in Kenya. The study adopted a descriptive cross-sectional design where both quantitative and qualitative data were collected. Multi-stage sampling procedure were used in the selection of representative sample involving stratified random sampling, random purpose sampling. The findings of the study show that management capabilities to monitor and evaluate significantly influences the performance of commercial banks in Kenya. The study recommended that commercial banks in Kenya should consider promoting the aspects of monitoring and evaluation in their operation so as to enhance their performance.

Hieu (2019), examined strategy evaluation process and strategic performance of mobile telecommunication firms operating in Nigeria. The study provides new insights into the effect of strategy evaluation process on strategic performance of large firms in an emerging market such as Nigeria. The authors used theoretical insights from strategic management literature to better understand how a firm process of strategy evaluation affects strategic performance. The research has been done in a single industry, using quantitative methods and survey to obtain information from employees of four mobile telecommunication MNCs operating in Nigeria. The findings suggest that a mobile telecommunication firm adopts a systematic approach to strategy evaluation which has a significant and positive impact on their strategic performance.

Qarashay (2018), investigated the impact of the strategic management on the performance of Al Khalidi Hospital and Medical Center (KHMC), based on the using of the Balanced Scorecard as a measuring tool, regression analysis results Indicates the existence of a strong positive impact of strategic management on performance.

Nkemchor & Ezeanolue, (2021) examine the effect of strategic evaluation on organizational performance. The study is anchored on resource-based theory and contingency theory. Descriptive statistics and multiple regression analysis were employed to analyze the data generated. It was discovered that strategic evaluation has significant positive effect on organizational performance of tertiary institutions in Delta state, Nigeria. The study concludes strategic management has significant positive effect on organizational performance.

Odhiambo & Njuguna, (2021) examine how strategic management practices influence health NGOs' performance in Nairobi City, Kenya. The study targeted the senior managers of the 98 health NGOs operating in Nairobi County. Stratified random sampling was used in the selection of the desired respondents. The sample participants for the research were 131 employees from health NGOs. The study relied on frequencies, means and standard deviation in presenting descriptive results. The inferential statistics used were correlation analysis, regression analysis and analysis of variance. The study results showed a positive and significant correlation between strategy evaluation and monitoring, and health non-governmental organizations' performance.

Abdalla, (2015) determined the effects of strategy evaluation on organizational performance. The study found that; There is effective organizational capacity in designing, implementing and managing strategy evaluation process; there is capacity in accessing, building and using evaluative knowledge; continuous learning,

improvement and accountability; awareness and support for strategy evaluation; knowledge and evaluative thinking; integrating evaluation into practice; and capability towards positive change. Third, there is sufficient organizational support for strategy evaluation at CSC. This was demonstrated by sufficient finances, time, technological support, top management's commitment, supportive organizational incentives, and built-in learning systems for strategy evaluation. Lastly, there are appropriate strategy evaluation methods at CSC which supports the strategy evaluating efforts. The organization uses a mix of financial ratios, systematic analysis, shareholder value and customer/process learning and growth.

2.4 The Gaps in Literature

The literature above indicates that most studies have been conducted in manufacturing firm. This therefore provides a basis for the study gap in relation to the effect of strategic management practices on performance of Agro processing industries as key area for further research.

3. Method

3.1 Study Design

A Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). The study adopted a cross-sectional design with purely quantitative research approach in order to assess how strategic management practices influence performance of Agro processing SMEs in Lira City. Cross sectional design according to Amin (2005) helps the researcher attain systematic data on different respondents at the same time. Since this study aims at the influence of strategic management practices and performance of Agro processing industries at a snapshot, the design appropriately fits in the time allowed to undertake the study that is academic in nature. The quantitative method helped the researcher obtain systematic and empirical results through the use of statistical, mathematical and computational techniques. This approach was used because of its suitability in addressing the research questions.

3.2 Study Area

This study was conducted in Lira City which is located in former Lira District in northern Uganda. Lira City has two divisions: Lira city east and west. It is the only city in Lango sub-region. Lira City approximately is 342 kilometers (213 miles), by road, north of the city of Kampala, the capital and largest city in Uganda, 125 kilometers (78 miles) northwest of Soroti, the nearest large town. The coordinates of Lira City are 2°14'50.0"N 32°54'00.0"E (Latitude:02.2472; Longitude:32.9000). Lira City was chosen because of the numerous SMEs There are numerous larger and smaller Agro processing industries that deal in a diversity of crops, oilseeds being important among these in the Lira hub (Volley, 2017).

3.3 Study Population

The study targeted all Agro processing SMEs in Lira City which is approximately 620 (Lira city Commercial Department, 2021) and it focused on the owners/managers of SMEs engaged in Agro-processing in Lira City.

3.4 Sample Size Determination

The study used the formula developed by Krejcie and Morgan (1970) in order to determine the sample size, s of respondents. This formula is given as;

$$s = \frac{X^2 NP(1-P)}{d^2 (N-1) + X^2 P(1-P)}$$

(1) Where,

s =the required sample size;

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841);

N =the population size;

P =the population proportion (assumed to be 0.50 since this would provide the maximum sample size);

d =the degree of accuracy expressed as a proportion (.05).

Based on the Krejcie and Morgan's formula, the minimum sample size for a population of 620 is 234 respondents.

3.5 Sampling Techniques

Agro processing industries were stratified into micro, small and medium Agro processing industries. The respondents were then sampled proportionally by simple random sampling using lottery method. The rationale

for the use of simple random sampling is to grant every participant in (micro, small, and medium) enterprises equal chance of taking part in the study. This method was used as it reduces probabilities of bias and all elements have the same percentage of being selected.

3.6 Data Collection and Analysis

The study used self-administered questionnaire. The questionnaire was developed to capture the background information of the respondents, dimensions of strategic management practices and performance of Agro processing SMEs. The instruments for strategic management practices and performance were developed using established measures from previous studies and was measured using the five-point Likert type scale, ranging from strongly disagree, disagree, neutral, agree and strongly agree. This study measured performance in terms of; Market shares, Profitability, Return on Assets and Growth of sales.

Data was analyzed with the help of Statistical packages for social scientist (SPSS Version 23). Both descriptive and inferential analyses were employed in the study. The study used descriptive analysis that included mean and standard deviation. The mean was used as a measure of central tendency while standard deviation was used as a measure of dispersion to inform how the responses were dispersed from the mean. Inferential statistics were also done. More so, inferential statistics including Pearson's correlation coefficient, and multiple regression were used to determine the contribution of strategic management practices on performance of Agro processing SMEs. The statistical significance was tested at 95% confidence level, that is, 0.05 probability (p) value.

3.7 Ethical Considerations

The researcher sought permission to conduct the current study from the Dean of Faculty of Management Sciences of Lira University upon submitting an approved research proposal. Similarly, the researcher further sought permission from the authorities such as, Town Clerk of Lira City, and the CEOs/Managers of the selected Agro processing SMEs from which data are to be collected. The purpose of the study was explained to all respondents and their written consent to participate in the study was sought. Confidentiality and anonymity were upheld throughout the conduction of the study and writing of the research report. Respondents were allowed to withdraw from the study anytime they so wish.

4. Findings and Discussion

4.1 The effect of Strategic Formulation on SME Performance

The first objective of the study was to determine the influence of strategic formulation on SME performance in Lira City. The result of the robust regression revealed that strategic formulation had no significant effect on SME performance in Lira city. Altin & Chan (2020), found out that participation of mid-level managers in strategy formulation is shown to improve implementation performance. Nwachukwu (2018), in a study to propose recommendations to managers of MNCs operating in the mobile telecommunication sector in Nigeria on how to enhance and sustain strategic performance base on the evaluation of strategy formulation drivers found that strategy formulation drivers jointly influence strategic performance of mobile telecommunication firms in Nigeria. The study recommended that Attention to company vision and long-term objectives has significant and positive impact on strategic performance. Rahman & Rahman (2020), explored the relationship between strategic formulation and manufacturing performance found that strategic formulation is directly linked to firm's performance. While Emeka (2015), examined the effect of strategy formulation on workers behaviors at Innoson Manufacturing Company Ltd Emene, Enugu and the study revealed that a well-conceived and formulated strategy matched with appropriate structure increases productivity in the organization. Similarly, Anichebe (2019), investigated the "Effects of strategy Formulation and Implementation in Business Organizations in Enugu State and the finding indicated that strategy formulation had a significant effect on business performance. Omsa, Ridwan, & Jayadi (2018), to measure how strong the effect of the implementation of strategic management practices on the performance of SMEs in Makassar, Indonesia especially the performance associated with sales turnover, breakeven point (BEP), and profit. The results show that the strategic management practices such as strategic planning, strategic execution, and strategic evaluation have a positive and significant impact on sales volume, BEP achievement, and profits of SMEs, especially in medium-sized of enterprises. But the level of education does not serve as an important factor in moderating these strategic management practices against sales volume, BEP and profits. The study also shows that the determination of mission and strategic formulation (part of strategic management practices) have no significant effect on sales volume, BEP and profit. The results of this research are expected to contribute both to the academic community and to business actors, especially managers and/or owners of SME in Makassar. Another practical contribution is to provide inputs to policy makers such as Department of Cooperative and SME in Makassar, in order to develop the quality of SME to remain competitive and still exist in an increasingly dynamic and more competitive market. Generally, the findings conclude that it is important at formulation stage to have clear vision, mission and goals

as they provide directions for the organizations to pursue and provide the required changes to enhance their future position and prospects.

4.2 The effect of Strategic Implementation on SME Performance

The second objective of the study was to determine the influence of strategic implementation SME performance in Lira City. The result of the robust regression revealed that strategic implementation had significant effect on SME performance in Lira city. Literature by Muendo & Ogutu (2020); Samad (2018); Njagi & Kombo (2017); Mayende & Owino (2020); and Maro (2015) have documented that SME performance are influenced significantly by strategic implementation. Muendo & Ogutu (2020), determined the strategies applied by KMTC and their effects on the performance of the organization and the empirical findings and analysis conducted in KMTC shows that strategic Implementation directly contributes to organizational performance. Samad (2018), unraveled the effects of strategic management and organizational culture on organizational performance. It also determined the most triggering predictor of organizational performance. It focused particularly on the formulation and implementation strategy. Self-administered questionnaire was employed for the data collection. The analysis revealed that the performance of government organizations was impacted by organizational culture, dimensions of formulation and implementation strategy. Accordingly, Organizational culture emerged as the most triggering predictor on organizational performance. The study concludes with some implications for practice and theory. Mayende & Owino (2020), carried out a study to determine the influence of strategy implementation on the performance of factory companies in Kenya and the study found out that strategic implementation had significant influence on strategy on performance. In another instance, Njagi & Kombo (2017), determined the effect of strategy implementation on performance of commercial banks in Kenya. The results reveal that there is a moderately strong relationship between strategy implementation and organizational performance. Accordingly, the researcher therefore recommends that for institutions to thrive and compete they must implement strategies effectively. Further, Maro (2015), investigated the influence of strategic management practices on the performance of Floriculture Firms in Kenya, and this formed the general objective of this study which was carried in Kiambu County in central Kenya and the findings established that majority of the firms had a strategic plan, implemented their strategic plans as planned, conduct strategy evaluation and control on their strategic management practices. Further, that strategy formulation, implementation, evaluation and control had significant influence on the performance of flower firms to a moderate extent. The researcher recommended that top-level managers should seek more input from the lower-level managers and supervisors when formulating strategy so that the formulated plans are effective and in line with both long- and short-term objectives of the organization. Accordingly, the study concludes that strategy implementation and organization performance in Lira city involves drawing from national context and global plans and priorities to shape and ensure strategy alignment and relevance.

4.3 The effect of Evaluation and control on SME performance

The third objective of the study was to determine the influence of evaluation and control on SME performance in Lira City. The result of the robust regression revealed that evaluation and control had significant effect on SME performance in Lira city. This finding is consistent with previous studies by Oswago & Namusonge (2017); Hieu (2019), and Qarashay (2018). Oswago & Namusonge (2017), investigated the influence of capability to monitoring and evaluation on the performance of commercial banks in Kenya and the findings of the study show that management capabilities to monitor and evaluate significantly influences the performance of commercial banks in Kenya. The study recommended that commercial banks in Kenya should consider promoting the aspects of monitoring and evaluation in their operation so as to enhance their performance. Similarly, Hieu (2019), examined strategy evaluation process and strategic performance of mobile telecommunication firms operating in Nigeria and the findings suggest that a mobile telecommunication firm adopts a systematic approach to strategy evaluation which has a significant and positive impact on their strategic performance. This is supported by Qarashay (2018), who investigated the impact of the strategic management on the performance of Al Khalidi Hospital and Medical Center (KHMC), based on the using of the Balanced Scorecard as a measuring tool, and regression analysis results indicates the existence of a strong positive impact of strategic management on performance.

4.4 Conclusion

Based on the findings and the research discussion, it can be concluded that the role of strategic formulation, strategy implementation, and evaluation, especially in the medium-sized enterprises are essential in achieving sales volume, and achieving targeted profit. While evaluation and control and strategic implementation significantly affect SME performance in Lira City, strategic formulation does not significantly affect the employees' performance in Lira City. Accordingly, the study concludes that adoption of strategic management practices influences the SME performance. Superior strategy formulation, implementation, evaluation, and

overall strategic management practices have a very strong positive relationship with SMEs performance. Adoption of effective strategic management practices provide small and medium size firms with new tools for survival and growth as well as sustainable competitive advantages. Strategic management practices applicable for big organizations only, it can be very effective for SMEs performance as well and our study has confirmed it.

4.5 Recommendations

The following recommendations were made basing on the findings;

First, the management of SME should ensure that a well-conceived and formulated strategy matched with appropriate structure increases productivity in the organization.

Second, the management of SMEs in Lira to adopt a systematic approach to strategy evaluation which has a significant and positive impact on business performance.

Third, the researcher therefore recommends that for SMEs to thrive and compete they must implement strategies effectively.

Finally, this study also recommends the management of all SMEs to ensure that their organizations adopt strategic management process by carrying out accurate situation analysis, involvement of all level employees in strategy formulation, implementation, and evaluation.

4.6 Further Research

The study recommends that a further study should be carried out to determine the effect of strategic management practices in other sectors other than agro processing industries.

4.7 Limitations of the Study

There is intense amount of empirical and theoretical literature on strategic management however not enough empirical literature found on the topic strategic management practices and performance of the SMEs in Uganda. The 232 SMEs in Lira city were randomly selected, so the findings may not represent the whole population. The study is based on correlation and regression analysis, and it has some natural limitation. The analysis only includes given variable and doesn't consider the effect of other variables. The hypotheses comprised in this research focus on individual cognition, perception and attitudes. The study is conducted on the 232 SMEs of Lira City and future study could re-examine the expressed relationship between strategic management practices and performance of SMEs with bigger sample.

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