

## Strategic Management Practices and their Relevance to Making Strategic Decisions: The Aspect of Small and Medium Enterprises in Yemen

ممارسات إدارية وعلاقتها باتخاذ القرار: وجهة نظر من المشروعات الصغيرة والمتوسطة في اليمن

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### Abstract:

The ability to understand modern management practices and techniques and apply them effectively is one of the keys to successful management, and knowledge about past and present models and theories is crucial for managers. This paper attempts to investigate strategic managerial practices with their relevance to making sound strategic decisions among manufacturing SMEs in Yemen. The study is a cross-sectional study that relied on primary data collected conveniently from 400 owners and managers of manufacturing SMEs in Yemen. The findings show low levels of adopting strategic management practices among manufacturing SMEs and a significant role of the scope of operation in differentiating the adoption of such practices. The study recommends increasing the attention towards supporting and encouraging managers and owners of SMEs to further embrace strategic practices while making decisions to march towards development and sustainability.

**Keywords:** Strategic Practices, Management, Decisions; SMEs, Yemen

### المخلص

القدرة على فهم ممارسات وتقنيات الإدارة الحديثة وتطبيقها بفعالية هي واحدة من مفاتيح الإدارة الناجحة، ومعرفة النماذج والنظريات السابقة والحالية ضرورية لمدرء المشروعات والمؤسسات. تهدف هذه الدراسة إلى التحقيق في الممارسات الإدارية الاستراتيجية مع صلتها باتخاذ قرارات استراتيجية سليمة بين مؤسسات الأعمال الصغيرة والمتوسطة في اليمن. استخدمت الدراسة المنهج الوصفي التحليلي حيث اعتمدت على البيانات الأولية التي تم جمعها من عينة عشوائية احتمالية بشكل ملائم من 400 مالك ومدير لمؤسسات الأعمال الصناعية في اليمن. تشير النتائج إلى مستويات منخفضة من تبني ممارسات الإدارة الاستراتيجية بين المشروعات الصغيرة والمتوسطة الإنتاجية، وأيضاً دور كبير لنطاق العمل في تباين واختلافي تبني مثل هذه الممارسات. توصي الدراسة بزيادة الاهتمام بدعم وتشجيع مديري ومالكي المؤسسات الصغيرة والمتوسطة لتبني الممارسات الاستراتيجية أكثر أثناء اتخاذ القرارات للسير نحو التنمية والاستدامة.

## 1. INTRODUCTION

Management is related to all human activities like security, agriculture, trade, education, organization, and achieving the goals of societies. Therefore, the importance of management has

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continuously increased due to its importance in realizing common goals, improving workers and processes' efficiency, contributing towards developing a better society, and bringing harmony and uniformity among employees and their activities (Ali, 2006; Maghribi, 2016).

Managerial practices benefit teams and individuals in organizations to deal with obstacles and challenges which make them crucial/important to organizations (Shebli, 2018).

Management has become challenging as a practice because of concepts and theories that keep evolving continuously facilitating the solution of problems and issues in leadership and other fields. Similarly, the strategic management field has substantially advanced and progressed significantly in the last four decades, from being a business school capstone course to being an applied area to provide executives and practitioners with insights and assessments to key strategic choices (Bowman, et al., 2002).

The ability to understand modern management practices and techniques and apply them effectively is one of the keys to successful management, and knowledge about past and present models and theories is crucial for managers (Pindur, et al., 1995). Management is about effectiveness and efficiency, as it is characterized by continuous activities and processes, reaching organizational goals, and working with or through people (Shinde, 2018; Sharma, 2014). It has evolved due to the Industrial Revolution, technological development, expansion of human activities and the spread of their existence, and increased focus on specialization and diversity in modern society (Heller, 2011).

When Bloom and Van Reenen's (2007) worked on measuring management practices among manufacturing firms, they presented evidence that is considered eye-opening and path-breaking, where their evidence states that better-managed firms end up performing better with respect to business and better in the market as well. However, their focus was limited to formal managerial practices and large manufacturing companies, supporting their claim that the management practices they are measuring are better suitable for large companies (Bloom, et al., 2012). This is typical when it comes to developed countries, but in the aspect of lower-income economies, measuring the same management practices would not be as contributory as evidenced in the case of developed economies.

The role of management changes in order to respond accordingly to such trends and changes in the business environment, which simultaneously means that not responding to such continuous changes requires a managerial change which in-turn results in management developing for better productivity and performance.

Hence, a need is raised with respect to investigating management practices and its relevance to lower-income/underdeveloped economies. While considering the managerial practices and their relevance to decision-making particularly in the context of the Arab world, research is very scant to present evidence with respect to the extent of adopting such practices, this is one of the major reasons the objectives of this study are directed towards investigating the managerial practice with relevance to making strategic decisions and taking Yemen as a study case.

## **2. LITERATURE REVIEW**

The core element that holds the greatest significance in any organizational role is the process of decision-making. This aspect is widely recognized as the most demanding and critical aspect of a job. Proficient decision-making plays a crucial role in enhancing business performance, whereas poor choices can result in a downturn and a negative impact on business results (Hammond, et al., 1998).

In a competitive environment, relying on traditional or outdated decision-making methods is insufficient, especially when considering two key factors: the abundance of information and the limited availability of time. Simply accumulating information differs from truly gaining knowledge. Hence, the conversion of raw data into meaningful insights takes on vital importance in facilitating improved decision-making (Etzioni, 2001). It is essential that the decisions align with both the strategic goals of the decision-maker and the organization. Therefore, it becomes imperative to grasp the following aspects in order to achieve this alignment.

### **2.1 Evaluating current performance (ECP)**

Performance evaluation acts as a managerial tool that helps to show the quality of individual performance in an organization (Grote, 2002). Further, it is a tool for connecting an abstract concept with empirical indicators (Niculescu, 2005, p. 246). This involves a formal review into the performance during a specific period, which becomes the basis for the upcoming plans and performance. Further, it also leads to performance rating which is a critical point of evaluating employees and workers in an organization based on their work (Armstrong & Baron, 2006, p. 19).

Armstrong & Baron, (2006, p. 19) indicate that regardless of the fact that evaluating the current performance (ECP) is a continuous process (throughout the years), it is still recommended to conduct an evaluation of the performance periodically (once or twice per year) so as to ensure the desired development is achieved in the organization, as a focal point to boost the performance and direct efforts towards goal fulfillment.

For an organization to be efficient, it has to improve, and such improvement requires management, management requires control, and this control requires measurement (Albu, N., & Albu, C. (2003, p. 41). This implies the importance of continuous evaluation of the performance of an organization (Armstrong & Baron, 2006, p. 75). In performance evaluation, managers and employees are responsible for assessing the gap between the desired behaviour exhibited in the workplace and the desired output achieved (Aguinis, 2014).

### **2.2 Evaluating Managerial performance (EMP)**

Managerial performance is the totality of any measurable accomplishment in a certain domain (Yucesoy & Barabási, 2016). Therefore, performance conveys the efforts of the individuals towards realizing a conclusion with respect to the achievement of their goals.

Levinson, (1984) argues that evaluating managerial performance (EMP) results in providing appropriate feedback to individuals and businesses based on their performance. It is further argued

that for effective management, evaluating the performance becomes a central point, as it focuses not only on the behaviour of individuals, rather, it focuses on the outcome of such behaviour.

No matter how systems or technology is used to evaluate performance, it is still a stressful and uncomfortable task (Grote & Grote, 2011). Levinson, (1984) has proposed a few steps for easing the performance evaluation such as setting expectations early, laying the groundwork to refresh the memory; setting a tone with respect to the focus, and coaching individuals constructively.

Evaluating managerial performance (EMP) is relevant to all organizations, as this way of working, keeps them updated and changing; so it is still a focal point for the organization to step forward (Di Fiore & Souza, 2021). Even though some companies get rid of the performance evaluation, that does not necessarily mean that the performance is not more evaluated, as the values of an employee or a subordinate are summarized by their contribution to the organization/reported performance (Goler, et al., 2016).

### **2.3 Evaluating managers' performance (EMSP)**

Drucker, (1954) stated that performance measurement is one of the crucial tools for the performance of an organization. Further, research indicates that performance appraisal systems control the behaviour of managers, whether it is at national or international levels (Janssens, 1994). Evaluating the managers' performance (EMSP) in an organization can be based on evaluating their personal qualities, energy and enthusiasm. This facilitates the understanding of the status of the current work as well as the possibility to progress in the future (Ramosaj, 2005, p.176).

There are a few approaches suitable for evaluating and evaluating managers' performance (EMSP); these approaches are the judgmental, the absolute standard, and the result-oriented approaches (Ramosaj, 2016).

### **2.4 Strategic analysis of internal resources (SAIR)**

Resources and capabilities of an organization act as vital tools in the hands of the organization, therefore, measuring and maintaining these resources becomes a source of power for a firm/organization (Carpenter & Sanders, 2014, p. 118-119).

The competencies of the organizational resources are the tools used by organizations to utilize the resources to fulfill their pre-determined goals (Sadler, 2003, p.166). Strategic analysis of internal resources (SAIR) is traditionally important to any organization, to identify the capabilities so as to achieve a competitive advantage (Hitt, et al., 2007, p.75).

The internal analysis is centered around identifying and reviewing the internal capabilities and resources of an organization for identifying their strength and weakness, and being in a position to plan its future (Hill, et al., 2020, p.18). Core competencies can be an important driver for competitive advantage for any organization (Rothaermel, 2015, p. 100). Evaluating the resources and capabilities of the organization becomes mandatory, as it facilitates the strategic leader to decide on what specific opportunities are to be pursued (Thompson & Martin, 2005, p. 194).

## **2.5 Strategic analysis (SWOT) (SASWOT)**

The goal of SWOT analysis is to identify specific strategies to utilize the possible opportunities, face the possible threats and ride out the factors causing weakness in the organization (Hill, et al., 2020 p.20). The strategies adopted by an organization to maintain its competitive advantage are of many types and categories (Hill, et al., 2020, p.20), so having knowledge and insight into the current strategy is mandatory to run this analysis (Dobson, et al., 2004, p. 46-47).

SWOT analysis is considered as one of the strategic planning tools that are widely and commonly used by the managerial aspect to identify the external issues as well as the internal strengths and weaknesses within the organization (Ginter, et al., 2018, p. 377).

SWOT analysis helps managers in the process of evaluating the current performance of an organization as well as its prospective future performance (Rothaermel, 2015, p. 118). The result of applying SWOT is not only relevant for identifying the weaknesses and strengths of an organization but also relevant for identifying further opportunities that were not taken advantage or utilized by the organization (Wheelen, et al., 2015 p. 198).

## **3. METHODOLOGY**

This study is a cross-sectional study, it uses quantitative methods in order to explore the managerial practices with their relevance to decision-making among managers and owners of manufacturing SMEs in Yemen. Previous research (Dean Jr and Sharfman, 1996; Putti, Koontz and Weihrich, 1998; Jarrar and Abu Bahaa, 2014; Aljawhary, 1982; Lunenburg, 2010; Kirkwood, 1997) is reviewed with respect of developing the theoretical background of this research and developing the measurement of the related managerial practices investigated in the study. The study used a self-administered questionnaire to collect data from 400 managers and owners of manufacturing SMEs in Yemen by adopting convenient sampling. The data is analyzed using descriptive analysis and analysis of variance.

Based on this review, the study hypothesizes a moderate level of adopting strategic management practices that are related to making sound decisions. Further, the study hypothesizes that the enterprises' characteristics do not play a significant role in the variance of adopting strategic management practices by managers and owners of SMEs.

## **4. RESULTS AND DISCUSSION**

### **4.1 Demographic characteristics:**

Investigating the size of enterprises through the number of employees (Table 1), 23.5% of enterprises are found employing more than 60 employees, and 25.8% of enterprises employ up to 60 employees. 29% of enterprises employ up to 20 employees, and 12.8% of enterprises have up to 40 employees.

Exploring their period of establishment, the majority of enterprises (45.5%) were established between 2000 and 2010, 29.2% of enterprises were established between 2011 and 2020, and the remaining sampled enterprises (25.3%) were established between 1991 and 2000.

Investigating the scope of operation of the manufacturing SMEs in Yemen, the majority of manufacturing enterprises (88.5%) operate in the domestic marketplace, while 6.5% of the sampled enterprises operate at the national level, and only twenty enterprises (5%) are found operating in the international market.

Investigating the area of operations/manufacturing, 30% of enterprises are into construction, packaging and others, 28.8% of the sampled enterprises are into food processing, 27% of the sampled enterprises are into manufacturing home appliances, and 14.3% of enterprises are into manufacturing of plastic and its allied products (Table 1).

**Table 1: Characteristics of enterprises.**

Variable	Category	Frequenc y	%
Number of Employees	Up to 20 employees	116	29
	Up to 40 employees	51	12.8
	up to 60 employees	103	25.8
	More than 60 employees	130	32.5
	Total	400	100
Establishment year	1991 - 2000	101	25.3
	2001 - 2010	182	45.5
	2011 - 2020	117	29.25
	Total	400	100
Scope of Operation	Domestic	354	88.5
	National	26	6.5
	International	20	5
	Total	400	100
Manufacturing Field	Food processing	115	28.8
	Plastic	57	14.3
	Appliances	108	27
	Construction and others	120	30
	Total	400	100

*Source: primary data*

#### 4.2 Evaluating the current performance (ECP)

Table 2 presents the descriptive analysis of the responses relating to the periodic evaluation of the current performance of manufacturing SMEs in Yemen.

Evaluating the results of the current performance is commonly followed among the majority of manufacturing SMEs in Yemen (17.5% = SWA, 34.4% = A, and 28.3% = SA), the weighted average score of 5.36 unveils that the practice of evaluating the results of the performance is moderately followed by manufacturing SMEs.

Evaluating the extent of mission accomplished is a common practice among the majority of SMEs (22.3% = SWA, 34% = A, and 25.8% = SA), it can be concluded with a weighted average score of 5.41 that the practice of evaluating the extent to which the mission is accomplished is moderately adopted by manufacturing SMEs in Yemen.

Evaluating the success of accomplishing strategic goals is a common practice among SMEs in Yemen (22.8% = SWA, 35% = A, and 27% = SA), it can be concluded with a weighted average score of 5.46 that the practice of evaluating the success of achieving strategic goals is a relatively common practice adopted by manufacturing SMEs in Yemen.

Evaluating the ability of strategies to achieve the planned performance is a relatively common practice among manufacturing SMEs in Yemen (21.8% = SWA, 34.5% = A, and 24% = SA), the weighted average score of 5.39 unveils that it is moderately common practice among manufacturing SMEs in Yemen to practice the evaluation of the ability of their strategies to achieve strategic goals.

It can also be concluded with the overall weighted average score of 5.40 that the practices relating to evaluating the current performance by sampled SMEs receive a moderate appreciation by managers of manufacturing SMEs in Yemen (Table 2).

*Table 2: Descriptive statistics - Evaluating the current performance.*

		SD	D	SWD	N	SWA	A	SA	Mean	S.D.
1-Our company evaluates the results of its current performance	F	32	17	11	20	70	137	113	5.36	1.78
	%	8.0%	4.3%	2.8%	5.0%	17.5%	34.3%	28.3%		
2-Our company evaluates the extent of its success in accomplishing its current mission.	F	15	25	12	20	89	136	103	5.41	1.59
	%	3.8%	6.3%	3.0%	5.0%	22.3%	34.0%	25.8%		
3-Our company evaluates its success in accomplishing its current strategic goals.	F	18	22	12	9	91	140	108	5.46	1.61
	%	4.5%	5.5%	3.0%	2.3%	22.8%	35.0%	27.0%		
4-Our company evaluates the extent of ability within the strategies to accomplish the planned performance.	F	13	20	15	31	87	138	96	5.39	1.53
	%	3.3%	5.0%	3.8%	7.8%	21.8%	34.5%	24.0%		
<b>Overall (ECP)</b>									5.40	1.42

*Source: primary data.*

*Note: SD = Strongly Disagree, D = Disagree, SWD = Somewhat Disagree, N = Neutral, SWA = Somewhat Agree, A = Agree, SA = Strongly Agree, Mean = Weighted average mean, S.D. = Standard deviation.*

### 4.3 Evaluating managerial performance (EMP)

Table 3 presents the descriptive analysis of the responses relating to the regular evaluation of managerial performance among manufacturing SMEs.

The evaluation of managerial performance among SMEs being a priority by the majority of the sampled SMEs (20.5% = SWA, 34% = A, and 28.5% = SA), the weighted average score of 5.55 indicates that, the evaluation of managerial performance is considered a priority by small and medium enterprises in Yemen.

Designing an evaluation form to be used as a tool to evaluate the managerial performance of SMEs is a common practice among the majority of the sampled SMEs (27.3% = SWA, 32.5% = A, and 18% = SA), the weighted average mean score of 5.21 unveils that having a customized form for evaluation of managerial performance is appreciated moderately adopted by manufacturing SMEs in Yemen.

Identifying the role of each manager in the enterprises in the process of promoting their performance is a common practice among manufacturing SMEs (24.3% = SWA, 35.5% = A, and 19.8% = SA), the weighted average score of 5.34 leads to the conclusion that majority of manufacturing SMEs find managers' roles are moderately defined for the purpose of facilitating the performance evaluation in the enterprise.

Utilizing managerial competencies as a measure for evaluating the managerial performance among SMEs is a common practice among the majority of the respondents (22.5% = SWA, 37.5% = A, and 17.5% = SA), the weighted average score of 5.25 indicates that there is a moderate utilization of managerial competency as a tool/measure for evaluating the performance of SMEs in Yemen.

It can also be concluded with the overall weighted average score of 5.33 that the practice of using managerial competencies in an enterprise, as a measure for evaluating their managerial performance is a moderately appreciated practice among manufacturing SMEs in Yemen (Table 3).

*Table 3: Descriptive statistics - Evaluating managerial performance.*

Statements		SD	D	SWD	N	SWA	A	SA	Mean	S.D.
1-Evaluating managerial performance is one of the priorities in our organization.	F	13	12	15	28	82	136	114	5.55	1.48
	%	3.3%	3.0%	3.8%	7.0%	20.5%	34.0%	28.5%		
2-Our organization has an evaluation form for evaluating managerial performance.	F	16	20	15	38	109	130	72	5.21	1.53
	%	4.0%	5.0%	3.8%	9.5%	27.3%	32.5%	18.0%		
3-There is a role defined for each Manager in the organization	F	15	11	15	41	97	142	79	5.34	1.46
	%	3.8%	2.8%	3.8%	10.3%	24.3%	35.5%	19.8%		
4-Our company set managerial competences as a measure to evaluate managerial performance	F	16	16	21	37	90	150	70	5.25	1.52
	%	4.0%	4.0%	5.3%	9.3%	22.5%	37.5%	17.5%		
<b>Overall (EMP)</b>									5.33	1.23

*Source: primary data.*



**4.4 Evaluation of managers’ performance (EMSP)**

Table 4 presents the descriptive analysis of the responses relating to the regular evaluation of managers among manufacturing SMEs.

Evaluating the performance of the board of directors/general managers is a commonly felt need by the majority of manufacturing SMEs (26.5% = SWA, 32% = A, and 18% = SA), the weighted average score of 5.14 reveals that the majority of manufacturing SMEs adopt the practice of evaluating the performance of the board of directors.

Incorporating necessary changes to the board of directors based on their efficiency is a common practice among manufacturing SMEs in Yemen (21.8% = SWA, 33.8% = A, and 16% = SA), the weighted average score of 5.03 indicates that the majority of enterprises adopt and make necessary changes to their board of directors based on their efficiency and the emergent needs.

The regular evaluation of the performance of general executives and administrative staff is commonly found among the majority of the sampled managers (23.8% = SWA, 30.3% = A, and 19.3% = SA), the weighted average score of 5.08 indicates that evaluating the performance of general executives and administrative staff is moderately appreciated by manufacturing SMEs in Yemen.

Aiming to attract executives based on their efficiency is commonly observed among majority of the SMEs (22.3% = SWA, 28.5% = A, and 25.5% = SA), the weighted average score of 5.23 unveils that attracting executives is moderately common practice among manufacturing SMEs in Yemen. The overall weighted average score of 5.12 unveils that the practices of evaluating managers’ performance are moderately appreciated and adopted among manufacturing SMEs in Yemen (Table 4).

*Table 4: Descriptive statistics - Evaluation of managers' performance.*

Statements		SD	D	SWD	N	SWA	A	SA	Mean	S.D.
1-Our organization evaluates the performance of the board of directors	F	17	27	17	33	106	128	72	5.14	1.60
	%	4.3%	6.8%	4.3%	8.3%	26.5%	32.0%	18.0%		
2-Our organization creates the required changes in the membership of board of directors based on efficiency.	F	21	25	24	44	87	135	64	5.03	1.65
	%	5.3%	6.3%	6.0%	11.0%	21.8%	33.8%	16.0%		
3-Our company evaluates the performance of executives (general manager and administrative managers)	F	21	29	14	43	95	121	77	5.08	1.68
	%	5.3%	7.3%	3.5%	10.8%	23.8%	30.3%	19.3%		
4-Our organization works on attracting executives based on efficiency.	F	24	22	14	35	89	114	102	5.23	1.71
	%	6.0%	5.5%	3.5%	8.8%	22.3%	28.5%	25.5%		
<b>Overall (EMSP)</b>									5.12	1.38

*Source: primary data.*

#### 4.5 Strategic analysis (Internal resources) (SAIR)

Table 5 presents the descriptive analysis of the responses relating to the strategic analysis of the internal resources of the manufacturing SMEs.

Regular evaluation of the organizational structure is a commonly adopted practice among manufacturing SMEs (24.3% = SWA, 37% = A, and 18.8% = SA), the weighted average score of 5.30 unveils that the practice of evaluating the organizational structure adopted by enterprises on a regular basis is moderately appreciated by the manufacturing SMEs in Yemen.

Regular evaluation of the financial resources of an enterprise is also a common practice among the majority of manufacturing SMEs (27.5% = SWA, 37.5% = A, and 19% = SA), the weighted average score of 5.41 unveils that the practice of evaluating financial resources on a regular basis is moderately appreciated practice among manufacturing SMEs in Yemen.

Regular evaluation of human resources and their efficiency by the enterprise is commonly practiced by the majority of Yemeni SMEs (24.3% = SWA, 37.8% = A, and 16.8% = SA), it can be concluded with a weighted average score of 5.28 that while carrying out the strategic analysis placing importance to assessing human resources is also moderately appreciated and adopted by manufacturing SMEs in Yemen. It can also be concluded with the overall weighted average score of 5.33 that while performing their strategic analysis evaluating all their internal resources is considered moderately important by manufacturing SMEs in Yemen (Table 5).

*Table 5: Descriptive statistics - Strategic analysis (Internal resources).*

Statements		SD	D	SWD	N	SWA	A	SA	Mean	S.D.
1-Our organization ensures evaluating its organizational structure and culture regularly.	<b>F</b>	18	15	15	32	97	148	75	5.30	1.52
	<b>%</b>	4.5%	3.8%	3.8%	8.0%	24.3%	37.0%	18.8%		
2-Our organization ensures evaluating its financial resources regularly.	<b>F</b>	10	13	19	22	110	150	76	5.41	1.38
	<b>%</b>	2.5%	3.3%	4.8%	5.5%	27.5%	37.5%	19.0%		
3-Our organization ensures evaluating its human resources regularly (skills, knowledge, functional expertise etc.).	<b>F</b>	11	23	11	40	97	151	67	5.28	1.46
	<b>%</b>	2.8%	5.8%	2.8%	10.0%	24.3%	37.8%	16.8%		
<b>Overall (SAIR)</b>									5.33	1.24

*Source: primary data.*

#### 4.6 Strategic analysis (S.W.O.T) (SASWOT)

Table 6 presents the descriptive analysis of the responses relating to the strategic analysis and application of strengths, weaknesses, opportunities and threats (SWOT) among manufacturing SMEs.

Considering the strategic analysis of strengths, weaknesses, threats and opportunities (SWOT analysis) as a priority is well appreciated and followed by manufacturing SMEs in Yemen (27.8% = SWA, 32.5% = A, and 18.5% = SA), the weighted average score of 5.24 indicates that placing

SWOT analysis on priority is moderately appreciated practice among the manufacturing SMEs.

Identification and evaluation of the factors that build the strength of the enterprises is a common practice among manufacturing SMEs in Yemen (28.3% = SWA, 32.5% = A, and 15.8% = SA), it can be concluded with a weighted average score of 5.15 that the practice of identifying and evaluating factors exhibiting the strength of the enterprise is moderately appreciated among manufacturing SMEs.

Identifying and evaluating the factors that unveil the weakness hindering the performance of the enterprises is commonly practiced among manufacturing SMEs in Yemen (31.8% = SWA, 29.5% = A, and 14.8% = SA), it can be stated with a weighted average score of 5.04 that the practice of identifying and evaluating factors unveiling the weakness hindering the performance of the enterprise is a moderately appreciated practice among manufacturing SMEs in Yemen.

Identification and evaluation of the factors that showcase the potential business opportunities and enhance their performance is a commonly observed practice among manufacturing SMEs in Yemen (30.5% = SWA, 32.8% = A, and 14.8% = SA), it can be stated with a weighted average score of 5.15 that the practice of identifying and evaluating factors exhibiting the potential business opportunities for the enterprise is a moderately appreciated practice among manufacturing SMEs.

Identifying and evaluating the factors relating to the threats a business is exposed to is commonly practiced among manufacturing SMEs in Yemen (26.6% = SWA, 32.8% = A, and 17.8% = SA), it can be stated with a weighted average score of 5.17 that the practice of identifying and evaluating factors exhibiting the potential threat an enterprise may be exposed to is a moderately appreciated practice among manufacturing SMEs. It can also be concluded with the overall weighted average score of 5.15 that the practice of adhering to SWOT analysis is moderately appreciated among manufacturing SMEs in any underdeveloped economy like Yemen (Table 6).

*Table 6: Descriptive statistics - strategic analysis (S.W.O.T).*

Statements		SD	D	SWD	N	SWA	A	SA	Mean	S.D.
1-Our organization pays attention to SWOT analysis in a regular basis as a priority of its strategic plans. (Global)	F	10	20	26	29	111	130	74	5.24	1.48
	%	2.5%	5.0%	6.5%	7.3%	27.8%	32.5%	18.5%		
2-Our organization identifies and evaluates the strategic factors relevant to strength in performance and business activities.	F	11	22	27	34	113	130	63	5.15	1.49
	%	2.8%	5.5%	6.8%	8.5%	28.3%	32.5%	15.8%		
3-Our organization identifies and evaluates the strategic factors relevant to weakness in the performance and managerial performance.	F	18	27	18	33	127	118	59	5.04	1.57
	%	4.5%	6.8%	4.5%	8.3%	31.8%	29.5%	14.8%		
4-Our organization identifies and evaluates the strategic factors relevant to opportunities in business.	F	15	18	19	36	122	131	59	5.15	1.48
	%	3.8%	4.5%	4.8%	9.0%	30.5%	32.8%	14.8%		
5-Our organization identifies	F	14	25	19	35	105	131	71	5.17	1.55

and evaluates the strategic factors relevant to threats and challenges facing the business and activities.	%	3.5%	6.3%	4.8%	8.8%	26.3%	32.8%	17.8%
<b>Overall (SASWOT)</b>							5.15	1.24

*Source: primary data.*

#### **4.7 The difference in adopting strategic practices relevant to decision-making according to the characteristics of SMEs.**

The following table (Table 7) exhibits the results pertaining to the significant differences in adopting strategic practices related to decision-making among manufacturing SMEs based on their characteristics. As shown in the table, there is no significant difference detected in adopting strategic practices among enterprises established during each decade of the last three decades ( $p > 0.05$ ). The table also shows that there is a significant difference in adopting strategic practices among manufacturing SMEs when they are classified according to the scope of their operations ( $p < 0.05$ ) and the Post Hoc test indicates that the difference belongs to the domestic scope of operation, which further implies that the enterprises functioning in domestic environment differ from the one functioning in a national environment with respect to nature of strategic practices followed or adopted by them.

Evaluating enterprises based on the manufacturing field, the result shows that there is no significant difference in adopting strategic practices among manufacturing enterprises in all the four classes of business involved in the study ( $p > 0.05$ ), which means that enterprises who are into food processing, plastic, appliances, and construction do not follow any different strategic practices which are conducive to their business, in other words, the nature of the strategic practices is the same.

In the same way, the results also show that the number of employees among enterprises does not play a significant role in adopting strategic practices among manufacturing SMEs, which indicates that manufacturing SMEs in Yemen adopt standardized DMPs irrespective of being a micro, small, or medium enterprise ( $p > 0.05$ ).

**Table 7: Differences in DMPs based on enterprises’ characteristics**

	<b>Variable</b>	<b>N</b>	<b>Mean</b>	<b>F</b>	<b>p</b>
<b>Establishment year</b>	1991 - 2000	101	5.3351	0.668	0.514
	2001 - 2010	182	5.2955		
	2011 - 2020	117	5.1888		
	Total	400	5.2743		
<b>Scope of operation</b>	Domestic	354	5.4009	28.896	0.000
	National	26	4.2360		
	International	20	4.3818		
<b>Manufacturing field</b>	Food processing	115	5.2970	0.764	0.515
	Plastic	57	5.1081		
	Appliances	108	5.3489		

	Variable	N	Mean	F	p
<b>Employees count</b>	Construction and others	120	5.2642	0.316	0.814
	Up to 20 employees	116	5.3223		
	Up to 40 employees	51	5.2224		
	Up to 60 employees	103	5.3133		
	More than 60 employees	130	5.2208		

*Source: primary data.*

**Note:**  $H_0$  is supported when  $p > 0.05$ , and is unsupported when  $P < 0.05$ . Testing hypothesis is at 5% significance level.

It is then concluded, based on the above results, that adopting strategic practices among manufacturing SMEs differs when enterprises are evaluated according to the scope of operation while it is the same when they are evaluated in terms of other demographic characteristics.

The results imply that the first hypothesized statement regarding the moderate level of adopting strategic management practices among owners and managers of manufacturing SMEs in Yemen of the study is supported while the second hypothesized statement regarding the difference of adopting strategic management practices according to the difference in the demographic variables of enterprises is partially supported.

## 5. DISCUSSION

The study findings revealed a low to moderate level of adopting strategic practices related to decision-making among owners and managers of manufacturing SMEs in Yemen. The importance of human resources in an underdeveloped country such as Yemen is still in need of awareness and education to gain insight into the strategic role of employees in the success or failure of the business strategy (Muharram, 2007). The Yemeni raising generation is described by the United Nations as lacking the necessary cognitive skills to engage in entrepreneurial undertakings (UNDP, 2011), and this is a major challenge faced by enterprises (Al-Maqaleh, 2012). Hence, preparing the youth by educational institutions can ensure equipping them with the required skills to enhance their ability to effectively run their business (Saleh & Manjunath, 2020; 2022).

The low extent of adherence to strategic management practices can associated with a lack the knowledge about the importance of adopting sound and effective managerial practices in general and decision-making practices in particular for the purpose of boosting the performance of enterprises leading to their resurgence as major contributors in the economy of Yemen (Saleh & Manjunath, 2020a; Saleh, et al., 2022). Further, boosting the possibility of adopting better and sound decision-making practices among manufacturing enterprises can be contributed through establishing strategies that aim to educate owners and managers of manufacturing SMEs about the competitive advantages that could be achieved when adhering to sound and effective managerial practices (Saleh, et al., 2022). This implies strengthening SMEs to navigate through hurdles and obstacles and succeed in promoting their performance by adhering to sound and effective managerial practices and principles.

## 6. CONCLUSION

Small and medium enterprises still need to pay further attention to adopting managerial practices that facilitate their opportunities to make sound and effective decisions. Comprehensive and regular evaluation of the current performance as well as the managers' performance should be widely adopted among manufacturing SMEs in Yemen to ensure the continuous development of their business performance. Further, the performance of managers should be continuously and regularly evaluated to ensure their remarkable contribution to the business. Internal resources of manufacturing SMEs should be regularly evaluated to ensure the ability to meet internal requirements and commitment. Finally, strategic analysis of the strengths, weaknesses, opportunities, and threats should be adopted to ensure the ability of enterprises to function sustainably in the long run and achieve competitive advantage.

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