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# Environmental Analysis of SMEs Gadie Xuxu : Cameroon case

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## Abstract

Its competitive strategy outlines how it will compete in its primary or main market for a small firm with only one line of business or a large corporation that has not expanded into other goods or markets. Although each firm will have its own competitive strategy that identifies its competitive edge for companies with many enterprises. First, this article describes the traits of small and medium-sized businesses in Cameroon, as well as any current problems; The company's internal strengths and weaknesses as well as external opportunities and threats were then examined using the SWOT analysis. In order to maximize the use of internal advantages and external opportunities while simultaneously minimizing the disadvantage of Cameroonian enterprises and the impact of environmental threats, a development strategy that can help Cameroonian SMEs adapt to their own conditions and the environment is proposed. SWOT plays a crucial part in creating a strategic strategy and keeping an organization steady for a while. These tactics are helping and guiding the companies to conduct the best, or at least optimal, solutions with regard to time and place. The outcome demonstrates the significance of correct information that managers are able to get through SWOT analysis and classification.

**Keywords:** SME, Cameroon, SWOT analysis , Gadie Xuxu, Competitive strategy

## I. INTRODUCTION

The important of small and medium-sized businesses in the modern world? For instance, it has a significant impact on jobs and the national economy. As a result of these developments, businesses are being pushed to adapt by using management strategies that suit this new competitive reality in order to maintain their market share or avoid extinction. It has been determined through numerous empirical investigations in numerous nations that the fundamental problem with SMEs is the absence of effective strategic plans, among which the lack of suitable technology for developing strategic plans is a significant factor in the incorrect identification of the environment and the ineffectiveness of the strategy. It indicates the limitations of smes in terms of growth and development [1]. What fatal flaws

exist in small and medium-sized businesses? We can only briefly describe the value of SWOT analysis in this way.

According to Achille Bassilekin III, the minister of SMEs, the report was published to provide customers with trustworthy information about SMEs, which account for a sizable portion of Cameroon's economic structure [2]. The business environment in Cameroon is significantly influenced by the logic community. In Cameroon, the growth of small and medium-sized businesses is predominant in areas where resources may be limited or nonexistent. This sector makes about 70% of Cameroon's GDP. Smes, an essential component of Cameroon's economic growth, are, as was said above, at a disadvantage because of their lack of resources and inaccurate information. As a result, it should be clear from the following that SWOT analysis is a tried-and-true method for assessing the external environment and developing strategies. This method enables SMEs to rapidly and sensitively notice market developments and to formulate timely and precise plans and choices. Environmental analysis therefore improves organizations' ability to adopt/adjust new operational strategies since it provides current knowledge. It is important to note that small and medium-sized businesses in this region must practice strategic management. SWOT analysis is a well-known method for determining the environment and developing strategic plans.

Despite the fact that there is a wealth of research on how the business environment affects the growth and development of SMEs. Therefore, based on the traits and requirements of small and medium-sized businesses, the classic SWOT analysis, used to provide information for enterprise strategic planning, is detrimental to the development of the company. This study will use Gadie Xuxu's analysis of the business environment to show how important it is to analyze a company's strategy because doing so empowers managers to comprehend the company's uncertain environment, identify development opportunities, and make wise decisions while identifying the most suitable model strategy that can be altered to fit local economic conditions.

## **II. OVERVIEWS OF SMES IN CAMEROON**

Small scale, low investment, straightforward organizational structure, and institutional function dilution are the fundamental traits of small and medium-sized firms. Therefore, the economic and social growth of a growing nation like Cameroon is essential [3]. Small and medium-sized businesses make up a significant portion of Cameroon and the surrounding area. They are essential to the economy of developing countries like Cameroon, where issues like ending poverty and unemployment are still seen as serious issues by locals.

In Cameroon, where SMEs are the main economic force, they account for roughly 90% of the economic structure and employ more than 50% of the workforce in the private sector. Cameroon is home to 93,969 enterprises, 99.2% of which are small and medium-sized businesses, according to the most recent assessment of businesses conducted by the National Institute of Statistics.

Additionally, since 2010, 33 000 SMEs have opened in Cameroon. SMEs are believed to have a big influence on the country's GDP. SMEs account for 92% of all businesses in Cameroon and provide 50% of the nation's GDP. When it comes to creating jobs and lowering poverty, small and medium-sized enterprises remain the backbone of the economy. The president of state established the Ministry of Small and Medium-Sized Enterprise, Social Economy, and Handicraft as well as the bank of SMEs in Cameroon, demonstrating the importance of this sector to the country's economy. As a result of their economic importance to the country, SMEs have a crucial role to play in fostering growth, generating

employment, and assisting in the eradication of poverty. The inadequacies of smes in Cameroon should be discussed in detail in the paragraph that follows. Due to these drawbacks, it is critical that businesses in this field do environmental study. The following step is introduced using this.

In Cameroon, no formal definition on SMEs has been established. The MINPMEESA is planning to set standard definitions for SMEs.

Category	Numbers of employees
Medium sized Enterprises	51-100
Small sized Enterprises	6-50
Micro-enterprises	1-5

TABLE  
ICLASSIFICATION

The medium-sized firms are distributors in the contemporary distribution industry, whether they are financed with foreign or local capital, and manufacturers with a focus on domestic and regional markets in Cameroon and its surrounding nations. The manufacturing businesses mentioned above are those that are designed to replace imports in the manufacturing sectors of food, textiles, paper goods, paints, soaps & detergents, medicines, and cosmetics, among others. The category of businesses that has the most entities in it is the small-size business category. They have a wide range of managerial capabilities. There are two different kinds of small-size businesses in the upper level of this category. The first is made up of companies that operate in industries like the production of building materials, textiles, apparel, food, and agro-based products, among others, and have a certain level of internal management organization [4]. Another is the local-capital businesses that have emerged and are currently operating in the fields of ancillary industries supporting major businesses, albeit the number of these businesses is still rather modest. In the lower level of this category, adjacent to the above, there are numerous small-size businesses operating in the same manufacturing industries as those of the above. These businesses are still in their infancy as an enterprise. They process the items manually and have very few facilities, and they are also aiming for clients in the nearby areas of their operational location.

### III. ENVIRONMENTAL ANALYSIS

Technology, product type, customers and rivals, political and economic environment, and everything else outside the corporation are all part of the concept of the business environment. According to some authors, the environment is a collection of natural and man-made elements that can help a business achieve its objectives. Three categories may be used to categorize the description of the environment: the qualities of the environment, the items in the environment, and the perception of the organization's members in the environment. According to some authors in 2017, environmental turbulence is the frequency of unpredictable and highly variable occurrences occurring in a certain business environment [5].

Numerous writers have shown how entrepreneurs try to react to their surroundings once they notice and understand them. The macro-environment, micro-environment, and micro-environment are the three primary layers of the environment, and each has an impact on the choices that the organization must make. A number of external elements that may have an impact on the company and its market are described by the macro-environment. The macro is concerned with the entire state of the environment, which may be broken down into six categories: technology, culture, natural resources, natural resources regulation, economics, and demography [6]. Companies may use the information to pinpoint the biggest dangers and opportunities. The buyer categories that are most closely associated with the firm make up the micro-environment. It serves as a means of action for businesses to implement their strategies. Customers, distribution systems, rival businesses, suppliers, and partners make up this entity. To better comprehend how the company's economic unit adapts to the whole economy, taking into consideration the availability of technologies, economic ties, or organization, the industrial economy gave rise to the notion of the micro-environment.

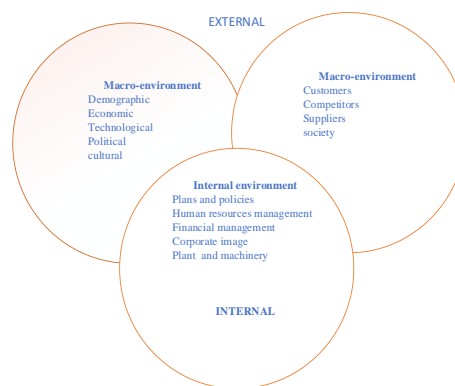


Fig. 1. SMESs Environment component.

The mission statement of the SME will be discussed first since it contains information about the SME's present condition in relation to the current business environment. In 1980, PORTER said that the creation of a competitive strategy should take into account four important factors: the company's strengths and limitations, the primary implementer's personal beliefs, the possibilities and threats facing the industry, and broader societal expectations [7]. A market's attractiveness is determined in part by the competitive competition and environmental context of SMEs. It aids in deciding which markets and what kind of products and services the SMEs will provide. Relationship between the internal and external environments: The SWOT analysis framework is one of the most fundamental and popular ones.

#### IV. SWOT ANALYSIS

Strengths, in the opinion of SWOT proponents, refer to innate capacities for conflict resolution and strength development. The intrinsic flaws that prevent growth and survival are called weaknesses. Most internal strengths and weaknesses exist. Opportunities are the excellent opportunities and window of expansion that are accessible [8]. Threats are difficulties that are posed from without and have the potential to restrict opportunities, exacerbate weaknesses, and diminish innate strengths. Success in every sector requires overcoming weaknesses with strengths and converting threats into opportunities. The four components of a SWOT analysis are used to analyze a project as part of a larger strategic planning. The fact that SWOT analysis is a method of appraisal is one of its benefits but also a drawbacks. The focus placed on the work's appraisal appears to be more practical than theoretical. On the other hand, the "SWOT analysis was utilized merely because it was evident at initial contact with the company that the sales manager lacked the necessary knowledge to organize the complex scenario.

SWOT analysis is a technique for identifying and assessing internal strengths and weaknesses as well as external opportunities and threats that have an impact on current and future operations and aid in the formulation of strategic goals. SWOT evaluations aren't only for businesses. Strengths (S), Weaknesses (W), Opportunities (O), and Threats (T) make up the acronym SWOT (T). It is an analytical approach centred on companies' strategic planning, assessing internal (S and W) and external (O and T) aspects to build appropriate and cogent strategies to reinforce or enhance the market position of the engaged firm. Contrary to external forces, which are exogenous, internal factors are under the organization's control. In order to leverage the strengths to maximize chances while balancing out the weaknesses and addressing threats, it is helpful to choose these elements, combine them, and put them into a matrix using SWOT analysis. The matrix enables these aspects to be brought together to create long-term strategies and goals. The approach was developed by Weihrich in 1982, but in the 1990s it was further expanded upon [9]. The method was first applied for strategic goals and decision-making in the management and marketing domains of businesses by Weihrich and others. Many CEOs have admitted to adopting the SWOT approach in various international polls to assess their organization's market potential and discover potential future trends and plans.

The benefits of Cameroon may be broken down into several categories, such as geographic position, resource availability, industrial development, and so forth. One might examine disadvantages based on a lack of technology, poor management, and other factors. Opportunities may come from the existing strategic possibilities for Cameroon, the encouraging local government initiatives, and so on. In keeping with this idea, a thorough analysis is done of the unique strengths, weaknesses, opportunities, and dangers of SMEs in Cameroon. Instead of generalizing.

## **V. METHODOLOGY AND DATA**

### ***A. METHODOLOGY***

In greater depth, organization stability is a dependent variable while SWOT analysis is an independent variable. The approaches vary depending on the many issues by looking over books and journals as well as finding the data gadie xuxu is a for-profit business providing hair products. Four factors must be taken into account in order to complete this task: strengths, weaknesses, opportunities, and threats. It should be highlighted that while identifying and categorizing pertinent elements, the emphasis is not just on internal issues but also on external factors that may have an impact on the project's performance. The goal of the study is to evaluate the effectiveness of using SWOT analysis as a marketing implementation approach to maintain organizational stability [10].

A firm called Gadie xuxu sells hair products such (extension, wig, weave). Given the position it already holds in the market, Gadie xuxu was selected for its development. Thanks to its aim of "Satisfying its consumers at a lesser cost," it intends to grow to include all of Cameroon's provinces in the years to come. They take part in several social initiatives (donation, orphanage,...)

### ***B. DATA***

COMPANY NAME: Gadie xuxu

LOCATION: DOUALA, CAMEROON

NATURE OF BUSINESS: Retail sale for luxury air extensions and accessories

CAPITAL: 50 million FCFA

DATE OF CREATION OF THE COMPANY: January 2017

ANNUAL REVENUE: 20 million XAF

COMPANY'S OBJECTIVE: The company is specialized in the sale of luxury hair extensions and accessories for hair styling for worldwide sale.

NUMBER OF EMPLOEES: 15employees

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**WHAT MARKETING TOOLS DO YOU EMPLOY:** The company uses social media marketing to attract customers via Facebook, Instagram and YouTube mainly.

**WHAT TAX REGIME IS THE COMPANY REGISTERED:** The company is a partnership registered as a sole proprietorship in Cameroon

**WHAT ARE THE PRODUCTS THE COMPANY SELLS:** we sell hair extensions, lace front, lace closures, wigs, curling irons, straighteners, hot combs and industrial machines for wig making.

**HOW DO YOU SUPPLY YOUR GOODS:** we have partnership with the top companies in China for our products to be customize specifically to our standards. With the help of our onsite quality assure, the products are of quality before they are shipped to customers' location.

#### TABLE IIWOT ANALYSIS

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#### **INTERNAL FACTORS**

##### **Strengths (+)**

Quick adaptation to hair extensions trends and innovation

Positive feedback from customers on the quality of products

The company has a clear refund policy

Excellent customer service

Offers a variety of products

The store provides hair consultation to clients

The store offers shipping worldwide at competitive prices

##### **Weakness (-)**

Increase social media presence for customer reach

Partner with people in different countries for customer reach

Inflation reducing the bargaining power of customers

Negative impact of COVID 19 on the availability of resources

The increase in the price of hair extensions and accessories

Similarity between the hair extensions offered by the store with others in local markets sold at cheaper prices.

#### **EXTERNAL FACTORS**

##### **Opportunities (+)**

Vlogging via social media to increase outreach

Promoting hair band wigs as new trends in the market

The increase in interest of youth in the beauty and fashion industry

The increase in interest of youth in social media that present an opportunity to attract customers

The increase of social media tools enhancing E-commerce such as Facebook business, Instagram, snap chat, tik tok etc...

##### **THREATS (-)**

Low level of social media outreach

Competitors have a wide social media presence.

The company has not been involved in any scandal from its creation

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**VI. DISCUSSION**

SWOT seems to be the best choice with only one participant and a relatively limited time period (for interviews and the number of interviews that might be expected). As previously stated, SWOT analysis was used in multiple meetings, allowing the sales manager to reflect on both the issues and the scenario, as well as the methodical strategy for organizing the problem [11]. The time spent between meetings allowed for a more effective and participatory study. By commencing talks one day, the sales manager became more sensitive to the SWOT considerations addressed, and he could always add on additional pertinent topics at the following meeting. However, it was evident that the analysis could not have been applied without the facilitator's technological understanding. SWOT analysis demands accurate data and a solid knowledge basis to be successful. The facilitator's direct involvement as an expert was necessary in order to complete the analysis because the sales manager lacked appropriate understanding, particularly regarding the external SWOT variables [12]. Based on the results and the produced SWOT analysis, we can see that Gadie's strengths are based on the high quality of the products he sells, his excellent customer service, and the availability of a speedier shipping service that enables her to ship internationally. The company's scale is also one of its vulnerabilities. It will have to spend money on training in order to increase the limited staff's skill set.

To combat this, the company must concentrate its marketing efforts so that it may get the most market share on a limited advertising budget. His notice created a serious danger to some commercial operations and enforced a number of stringent limitations on gatherings. A corporation should utilize its strengths to lessen its susceptibility to the danger and prevent its weaknesses from making the company vulnerable to the threat, according to a two-by-two matrix of SWOT analysis. After a thorough and impartial evaluation of the pros and cons of their personal situation as well as the chances and risks presented by the surroundings [13]. We must fully use the positives, overcome the negatives, take advantage of the chances, and neutralize the dangers in order to design a development strategy that is appropriate for the current position of small and medium-sized businesses in Cameroon.

**VII. CONCLUSION**

SWOT analysis may be used to define Cameroonian SMEs' strategic orientation and main development path by correctly and objectively analyzing internal and external elements. However, because many Cameroonian SMEs operate in various industries and are at various stages of growth, their individual traits and the extent of their environmental effect also vary. According to this article, small and medium-sized businesses should take into account the aforementioned basic elements as well as the current circumstances, take advantage of the chances presented by environmental change, and minimize its negative effects on the business.

A useful tool for planning and decision-making is SWOT Analysis, which has been applied in the field of strategic management for the past 50 years. The method has been used in a wide range of situations requiring strategic analysis for a business, group, individual, project, city, and so on.

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