

## STRATEGIC PLANNING AND THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES

Zekeri Abu<sup>1</sup>, Kowo Solomon Akpoviroro<sup>2</sup>, Olumuyiwa Oladapo Fasanmi<sup>3</sup>

Received: 10.10.2024, Accepted: 28.11.2024

### Abstract

*Strategic planning has attracted the minds of many scholars over the decades and is widely recognized as important ingredient that influences the attainment of high organizational performance. The objectives of the study were to determine the influences of the organization structure on customer's satisfaction of small and medium scale enterprises and also to examine the effects of budgetary allocations on profitability of small medium enterprises. The population of this study comprised all 1,663 SMEs in Abeokuta South Local government Ogun State. A sample size of 100 SMEs in Abeokuta South Local government Ogun State was randomly selected to represent the population for this study. A questionnaire was used to elicit information from the respondents. The ex-post facto method and Yamane formula were employed. Analysis of variance (ANOVA) and correlation efficient were adopted. The responses acquired from the questionnaire were sorted, coded and the statistical Packages for Social Sciences (SPSS) version 20.0 was employed. The empirical findings revealed show that there is significant relationship between the organization structure and customer satisfaction of small medium enterprises in Ogun state. The findings of hypothesis two show  $R^2 = .036$  which proves that budgetary allocations affect profitability of small medium enterprises. Budgetary allocation enable the business to set targets which are met since every item is budgeted for, budgetary allocation influences growth in the business. The study recommends that Small and Medium Enterprises should embrace the use of strategic planning as a tool and concept to be used in achieving the organizational performance.*

**Keywords:** Strategic planning, performance, Small Medium and Enterprises(SMEs)

<sup>1</sup> Associate Professor, Department of Business Administration, School of Management Sciences, Kwara State University Malete Nigeria, Email: Zekeri.abu@kwasu.edu.ng, ORCID: 0009-0001-1246-991X.

<sup>2</sup> Professor of Business Administration, Faculty of Management Sciences, Department of Business Administration, Global Humanistic University Curacao South America, Email: solomonakpovirorokowophd@ghu.edu.ai, kowosolomon@gmail.com, ORCID: 0000-0002-0504-2248.

<sup>3</sup> Lecturer, Faculty of Management Sciences, Department of Entrepreneurial Studies, Bamidele Olumilua University of Education, Science and Technology Ikere Ekiti, Nigeria, Email: olatoyosim@gmail.com, ORCID: 0000-0003-0602-2364.

## **Introduction**

Strategic planning is a continuous and systematic process where decisions on intended future outcomes, their accomplishment, measurement and evaluations are made. It includes goal setting and resource allocations that stimulate pro-activity, performance improvement, long-term thinking, communication, strategic issues, gaps, priorities and choices (Muogbo, 2021; Fiberesima & Abdul, 2021). Hunt (2018) elucidates that strategic planning provides a mechanism for enhancing communication between various units of an organization on its strengths and weaknesses in the pursuit of a common set of objectives. This would enhance the organization's ability to prevent problems (Armstrong, 2016; Poister, 2017; Okwachi et al, 2021).

The word Strategic planning was first used before the concept strategic management. The first institution to use the word strategic planning before being used in business management during World War II was a military institution (Akanke et. al, 2017; Larsen et al, 2017). Fehnel (2017) emphasized that strategic planning can be regarded as management by plans, a process or procedures which focused on making effective and optimal decisions. Dauda et al. (2017) opined that strategic planning as the procedure and process of making a match between a technology and a firm for market efficiency and performance. Strategic Planning helps in fundamental decision-makings, which enhance organization functions, actions, guidance and procedure (ORegan et al, 2017).

In fact, Arasa & Obonyo (2020) aptly note that strategic planning is a systematic process in which an organization assesses its basic reason for being (that is, its purpose or mission), what its strengths and weaknesses are, and what opportunities and threats it might face in the immediate and foreseeable future. It has been confirmed by researchers of entrepreneurship studies that strategic planning is seen by policy makers as tools for promoting performance (Alaka et al, 2017; FCAR, 2001). Strategic planning is an avenue for SMEs development tools in most countries (Grant, 2017). Moreover, setting clear objectives and organizational structure is being categorized as a panacea for the business and economic challenges.

Luen, Yong and Fook (2021) mentioned that strategic planning is characterized by formation of processes, people and services rather than by a physical structure. This research seeks to answer the following research questions (i) What are the influences of organization structure on customer's satisfaction of small and medium scale businesses? (ii) How does a budgetary allocation affect the profitability of small and medium enterprises?

## **Literature Review**

### *The Concept of Strategic Planning*

Strategic planning involves setting clear sales objectives with a clear direction and purpose. Objectives serve as a source of motivation for sales teams and provide benchmarks against which sales performance can be measured and evaluated. Objectives help in prioritizing resource allocation within the organization, setting sales objectives encourages SMEs to engage in strategic planning. The findings of Glaister et al. (2019) proves that strategic planning has significant relationship with high performance.

Furthermore, Robert and Peter (2020) investigate the correlation that exists between strategic planning and control processes at different stages of growth in a sample of manufacturing enterprise. As a result, in order there to be a mature growth there must be formal planning system, which is an important element in the management. It is being said today that strategic planning is in fact the management itself (World Bank, 2017). In the SMEs, strategic planning has been regarded as a critical source of SMEs (Shrander et al, 2019).

Kowo and Akinbola (2019) describe Strategic planning as the most important tool for SMEs, setting goals and clear objectives, organizational structure and budgetary allocation are the optimum key for enterprise development. In the path of this evolutionary trend and business world, strategic planning in enterprise is the solution which assists in globalization world of today. For societies to expand and move from traditional to industrial, technology driven enterprise is the course of evolutionary development (Glaister et al, 2009; Akingunola, 2011; Dogan et al, 2019).

## **Literature Review**

### *Concept of Strategic Factors*

Strategic factors are critical to firm and organizational performance. However, this can only be possible in a situation whereby those selected strategic factors are well implemented. Strategic factors are often considered as a possibility for large enterprises especially multinational organizations rather than small businesses because of variations in size and ability to overcome challenges in the business environment. Well-implemented strategic factors are an essential part of firm performance. (O'Regan & Ghobadian, 2017) Strategic Factors are those things that your organization or business unit need to get right in order to succeed with your key stakeholders, that is, your customers, suppliers, employees, owners and any other organization, business unit or individual that you depend on for success. The stakeholders use these criteria to evaluate you. Ojo et al. (2006) point out that strategic factor includes the size of a Firm, New

Entrants, Technological and knowledge contribution, Location of the firm, Speed of growth, Investment sector, Equity Base, Working Capital, Tariff Policy and Organizational Structure (Ojo, 2006; Ongeti, 2014, Kowo, Akinbola & Akinriola, 2019; Abbasi & Malik, 2015).

### **The Concept of Small Medium Enterprises (SMEs).**

Al-Quatamin and Al-Quatamin (2020) defined the main factors of small and medium-sized enterprises by determining an enterprise as SMEs based on the following features and conditions: (i) staff headcount and (ii) either turnover or balance sheet total. A small-sized enterprise is a company that comprises of less than 50 employees and a medium-sized enterprise as one that has below 250 employees (Gibbons & Oconnor, 2005; Chahninez & Meriem, 2023). SMEs can be observed as heterogeneous in terms of population whose performance in terms of international competitiveness, productivity, performance, growth and wages differs considerably across different regions, areas, firms and sectors. (Bilal, & Mousa, 2024).

This can be explained by several factors and differences, such as the business environment, the size of the economy, market structures, institutions, business conducts and resource endowment (Aldehayyat & Twaissi, 2011; Amurle et. al, 2021). In Australia, micro-firms are over-represented; it was revealed that Japan and the United States have relatively larger firms (Falshaw, Glaister & Tatoghue, 2016). However, SMEs can perform more than large enterprises in the area of services sectors, many new start-up ventures and job creation occur in sectors that have below average productivity levels (Brachouche, Maamri & Belgoum, 2024).

Moreover, new established firms often start smaller, with increased productivity gaps differences between small and large firms at the aggregate business level. This lower productivity has been as a result of lower-paid jobs. SMEs and larger ones were seen paying employees around 20% less than large firms (Akinyele & Fasogbon, 2007). Considering the current business dynamics rate on personal income and material well-being, these developments have raised concerns and agitation about education and training of the workforce environment (Abereiyo & Fayomi, 2005).

### **Strategic Planning and SMEs Performance**

SMEs performance has been studied for the past decades. Research on business performance has shown that strategic planning has enhanced SMEs performance (Kraus, Harms & Schwarz, 2016). There is a need for strategic planning to enhance SMEs growth. SMEs development with the aid of effective goals and clear objectives is one of the most important determinants in the management and entrepreneurship research

(Gibbons & Connor, 2015). Continuous growth with the aid of strategic planning is the main goal of any enterprise because only through growth, organizations are able to progress. Attaining the SMEs goals and objectives depends upon the extent to which its growth is reached (Garrett, 2008).

There has been issues on the concept of SMEs performance in the academic literature which has been a subject of debate, as over the decades there has not been a universally accepted definition of this concept. SMEs performance can be recognized and pointed at by effectiveness (whether an enterprise can achieve its goals and objectives), efficiency is regarded (whether an enterprise makes use of available resources efficiently and properly), customer innovativeness and satisfaction, profitability, employee's satisfaction, ability of enterprise to maintain human pool and quality of products or services (Grant, 2017; Yepwi, 2017).

Different scholars have revealed that strategic planning is an important element for enhancing SMEs performance, it also helps in the creation of enterprises, entrepreneur sustainability, business survival and continuity (Poister, 2017). The major primary aim of strategic planning is setting clear goals and objectives which help to eradicate business failure and enhance SMEs performance (Hunt, 2018). Effective Strategic planning has gained popularity in different countries, most especially in Nigeria in recent years, it has been observed as major tools for increasing successful local companies' survival (Alaka et al, 2017; Akande et. al, 2017). It was discovered that SMEs performance can be judged by financial availability and stability. Setting objectives, organizational structure and budgetary allocation is the possibility of efficiency in SMEs. Other factors cannot be left out such as motivation, satisfaction of employees, trust and effectiveness (Muogbo, 2021).

*Figure no. 1 Michael Porter's five forces analysis adapted from the Harvard Business Review*



Source: Michael Porter (2018, p. 4)

## **Theoretical Framework**

### *Richard Cantillium*

Richard Cantillium (1685-1734) appeared to be the first to view the entrepreneur as a specialist in risk taking. Richard Cantillium further maintained that all entrepreneurs including the merchants, financiers, fanners and artisans operate their enterprises at a risk by buying at a certain price and selling at an uncertain price. From his point of view, he made the distinction between the entrepreneur who is bearing risk and the capitalist who is providing finance (FCAR, 2001).

According to him, the entrepreneur plays a prominent role in the development of market economy of the three classes of people that make up an economy (entrepreneur, landowners and workers), the entrepreneur is the only class that provide a commercial role in the stages of production, so the entrepreneurial role is central to the development of any economy. RichardCantillium (1685- 1734): Economic Production Development (EPD) = F(Risk taking Ability of Entrepreneur + Risk taking Ability of landowner + Risk taking ability of workers)EPD = f (RTAE + RTAL + RTAW).

### *Jean Baptiste Say's Psysiocratic Thoughts.*

Jean Baptiste Say (1767- 1832): In furtherance of the above-said, he differentiated between the entrepreneur and the provider of capital. He asserted that while profit comes to the entrepreneur for bearing risks, interest accrues to the person providing the capital. He described the entrepreneurship process as consisting of coordinating business resources, taking risks and managing the business. According to him, the entrepreneur shifts the economic resources from area of lower productivity to areas of higher productivity and greater yield.

The two physiocrats over-emphasized the national development of economy at the expense of entrepreneurial interest. They lack the idea of social progress and how to achieve it. They also formulated only general laws. Richard Cantillium and Jean Baptiste Say were 18th century French economists; they belong to the economic school of thought known as physiocrats (FCAR, 2001).

## **Methodology**

The population of this study comprised all 1,663 SMEs in Abeokuta South Local government Ogun State, according Small and Medium Enterprises Development Agency of Nigeria (SMENDAN), 2023. The sample size was selected from the random sampled population using Taro Yamane's formula.

$$n = / N$$

$$1 + N(e)^2$$

Where  $n$  = required sample size

$N$  = whole population

$e$  = sampling error (usually 0.10 or 0.05 or 0.01)

If

$N$  = whole population = 1,663

$e$  = error margin at 0.05

$$n = 1,663$$

$$1 + 1,663(0.10 \times 0.10)$$

$$n = 1,663$$

$$1 + 1,663(0.01)$$

$$n = 1,663$$

$$16.6$$

$$n = 100$$

A sample size of 100 SMEs in Abeokuta South Local government Ogun State was randomly selected to represent the population for this study. A questionnaire was used to elicit information from the respondents. The criterion for decision making therefore is that when the mean is 2.5 or > (greater than 2.5) for five items rating scale, and 1.5 or > (greater than 1.5) for yes or no items, the statement in the questionnaire will be accepted, but if otherwise, the statement in the questionnaire will be rejected. Split-half method (measure of internal consistency) was adopted because it is widely used in determining reliability.

Moreover, it is simple to apply. Also, it is an indication of the items being internally stable. Data were analyzed with the aid of frequency distribution, percentages and table presentation. Regression statistical analysis from the SPSS version 20 was employed to test all the hypotheses at 0.05 level of significance.

## Results and Discussion

Table no. 1 - Effects of organization structure on performance of small medium enterprises

S/N	Items	SA (%)	A (%)	D (%)	SD (%)
1	The organization structure shapes the culture of the company, influencing how employees prioritize customer satisfaction.	35 35.0	35 35.0	15 15.0	15 15.0
2	The effectiveness of communication and coordination within the organization directly impacts on the quality of customer service.	43 43.0	30 30.0	9 9.0	18 18.0
3	Organizations that empower their employees to make decisions and take ownership of customer interactions tend	49 49.0	25 25.0	17 17.0	9 9.0

	to have higher levels of customer satisfaction				
4	In SMEs with a matrix or cross-functional organizational structure, employees from different departments or functions collaborate closely to serve customers.	49 49.0	21 21.0	15 15.0	15 15.0
5	SMEs with flexible and adaptable organizational structures are better positioned to innovate and introduce new products or services in response to changing customer preferences.	42 42.0	32 32.0	7 7.0	19 19.0

Source: Field Survey, 2024

Table 1 shows the respondents' response to influences of budgetary allocations on performance of small medium enterprises. Specifically, it shows that 70% of the respondents were in agreement with the organization structure, which shapes the culture of the company, influencing how employees prioritize customer satisfaction; while 30% of the respondents were in total disagreement. 73% of the respondents were in agreement with the effectiveness of communication and coordination within the organization, which directly impacts on the quality of customer service, while 27% of the respondents disagreed. 74% of the respondents agreed with organizations that empower their employees to make decisions and take ownership of customer interactions, which tend to have higher levels of customer satisfaction, while 26% of the respondents disagreed. 70% of the respondents agreed that SMEs with a matrix or cross-functional organizational structure, whose employees from different departments or functions collaborate closely to serve customers, but 30% of the respondents disagreed with that. 74% of the respondents were in agreement that SMEs with flexible and adaptable organizational structures are better positioned to innovate and introduce new products or services in response to changing customer preferences, while 26% were not in agreement with that.

*Table no. 2 - Influences of budgetary allocations on performance of small medium enterprises*

S/N	Items	SA (%)	A (%)	D (%)	SD (%)
6	Effective budgetary allocations ensure that resources such as funds, manpower, and materials are allocated optimally to activities that directly contribute to profitability.	48 48.0	34 34.0	12 12.0	6 6.0
7	Budgetary allocations help SMEs identify areas of excessive spending or inefficiency, allowing them to implement cost-saving measures.	29 29.0	48 48.0	15 15.0	8 8.0
8	Budgetary allocations enable SMEs to allocate funds for strategic investments that drive growth and expansion.	35 35.0	42 42.0	17 17.0	6 6.0
9	Budgetary allocations provide a framework for monitoring and evaluating performance against financial targets.	42 42.0	49 49.0	7 7.0	2 2.0
10	Effective budgetary allocations contribute to the financial stability of SMEs by ensuring that adequate funds are set aside for operating expenses, debt servicing, and contingencies.	41 41.0	39 39.0	12 12.0	8 8.0



11	Budgetary allocations for customer-related activities such as marketing, sales, and customer service can directly impact on customer satisfaction and retention.	39 39.0	40 40.0	18 18.0	3 3.0
12	Budgetary allocations for employee-related expenses such as salaries, training, and incentives can impact on the employee motivation and productivity.	46 46.0	29 29.0	14 14.0	11 11.0
13	Budgetary allocation encourages further growth by realizing places that requires more funds for further productivity	42 42.0	33 33.0	13 13.0	10 10.0
14	Budgetary allocation enables the business set targets which are met since every item is budgeted for	40 40.0	47 47.0	8 8.0	5 5.0
15	Budgetary allocation influences the growth in the business	54 54.0	40 40.0	3 3.0	3 3.0

*Source:* Field Survey, 2024

Table 2 shows the respondents' response on Influences of budgetary allocations on performance of small medium enterprises. Specifically, it shows that 82% of the respondents agreed that effective budgetary allocations ensure that resources such as funds, manpower, and materials are allocated optimally to activities that directly contribute to profitability, but 18% respondents disagreed. 76% of the respondents agreed that budgetary allocations help SMEs identify areas of excessive spending or inefficiency, allowing them to implement cost-saving measures, while 23% of the respondents disagreed. 77% of the respondents were in agreement that Budgetary allocations enable SMEs to allocate funds for strategic investments that drive growth and expansion, while 23% of the respondents disagreed. 91% of the respondents were in agreement that budgetary allocations provide a framework for monitoring and evaluating performance against financial targets, but 9% of the respondents disagreed. 81% of the respondents agreed that that Effective budgetary allocations contribute to the financial stability of SMEs by ensuring that adequate funds are set aside for operating expenses, debt servicing, and contingencies, while 19% of the respondents were in disagreement. 79% of the respondents were in agreement that budgetary allocations for customer-related activities such as marketing, sales, and customer service can directly impact customer satisfaction and retention, while 21% of the respondents were in total disagreement. 75% of the respondents were in agreement that budgetary allocations for employee-related expenses such as salaries, training, and incentives can impact employee motivation and productivity, while 25% of the respondents disagreed. 77% of the respondents agreed that budgetary allocation encourages further growth by realizing places that requires more funds for further productivity, while 23% of the respondents disagreed. 87% of the respondents agreed that budgetary allocation enables the business set targets which are met since every item is budgeted for, but 13% of the respondents disagreed with that.

94% of the respondents were in agreement that budgetary allocation influences the growth in the business while 6% were not in agreement with that.

### Test of Hypotheses

**H0<sub>1</sub>:** There is no significant relationship between the influences of organization structure and customer satisfaction of small medium enterprises in Ogun state.

*Table no.3 - Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.008 <sup>a</sup>	.041	.041	.99758
a. Predictors: (Constant), Employees from different departments or functions collaborate closely to serve customers				

Source: Computer Computation, SPSS v20.

According to the results indicated in table 3, the organization structure shapes the culture of the company, influencing how employees prioritize customer satisfaction, effectiveness of the communication and coordination within the organization, which directly impacts on the quality of customer service. Organizations that empower their employees to make decisions and take ownership of customer interactions tend to have higher levels of customer satisfaction.

SMEs with a matrix or cross-functional organizational structure and employees from different departments or functions collaborate closely to serve customers. SMEs with flexible and adaptable organizational structures are better positioned to innovate and introduce new products or services in response to changing customer preferences which shows  $R^2 = .041$  of variance as an effect of the organization structure on performance of small medium enterprises. This shows that there is a significant relationship between the influences of the organization structure on customer satisfaction of small medium enterprises in Ogun state.

*Table no. 4 - ANOVA<sup>a</sup>*

Model	Sum of Squares	Df	Mean Square	F	Sig.
1					
Regression	.002	1	.002	.036	.941 <sup>b</sup>
Residual	27.915	198	.995		
Total	27.875	199			

Source: Computer Computation, SPSS v20.

The predictors on the criterion were significant ( $F = .036$ ;  $P > 0.05$ )

Table no.5-Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	The organization structure shapes the culture of the company	4.238	.676		6.271	.000
	Employees from different departments or functions collaborate closely to serve customers	.007	.164	.008	.044	.965
a. Dependent Variable: The organization structure shapes the culture of the company						

Source: Computer Computation, SPSS v20.

## Hypothesis Two

**H0<sub>2</sub>:** There is no significant relationship between the effect of budgetary allocations and profitability of small medium enterprises

Table no. 6-Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.008 <sup>a</sup>	.036	.052	.92321
a. Predictors: (Constant), Budgetary allocations enable SMEs to allocate funds for strategic investments that drive growth and expansion				

Source: Computer Computation, SPSS v20.

According to the results indicated in table 6, effective budgetary allocations ensure that resources such as funds, manpower, and materials are allocated optimally to activities that directly contribute to profitability. Budgetary allocations help SMEs identify areas of excessive spending or inefficiency, allowing them to implement cost-saving measures. Budgetary allocations enable SMEs to allocate funds for strategic investments that drive growth and expansion.

Budgetary allocations provide a framework for monitoring and evaluating performance against financial targets, effective budgetary allocations contribute to the financial stability of SMEs by ensuring that adequate funds are set aside for operating expenses, debt servicing, and contingencies. Budgetary allocations for customer-related activities such as marketing, sales, and customer service can directly impact on the customer satisfaction and retention. Budgetary allocations for employee-related expenses such as salaries, training, and incentives can impact on the employee motivation and productivity. Budgetary allocation encourages further growth by realizing places that require more funds for further productivity. Budgetary allocation enablesthe business set

targets which are met since every item is budgeted for. Budgetary allocation influences the growth in the business, this shows  $R^2 = .036$  of variance as effects of budgetary allocations on profitability of small medium enterprises. This shows that there is a significant relationship between the effects of budgetary allocations on profitability of small medium enterprises.

*Table no. 7 - ANOVA<sup>a</sup>*

	<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	.002	1	.002	.002	.965 <sup>b</sup>
	Residual	23.865	198	.852		
	Total	23.867	199			
a. Dependent Variable: Budgetary allocations enable SMEs to allocate funds for strategic investments that drive growth and expansion						
b. Predictors: (Constant), Budgetary allocation encourages further growth by realizing places that require more funds for further productivity						

*Source:* Computer Computation, SPSS v20.

## **Discussion of Findings**

It was revealed that the organization structure shapes the culture of the company, influencing how employees prioritize customer satisfaction, effectiveness of communication and coordination within the organization, which directly impacts on the quality of customer service. Organizations that empower their employees to make decisions and take ownership of customer interactions tend to have higher levels of customer satisfaction. SMEs with a matrix or cross-functional organizational structure and employees from different departments or functions collaborate closely to serve customers.

SMEs with flexible and adaptable organizational structures are better positioned to innovate and introduce new products or services in response to changing customer preferences which shows  $R^2 = .041$  of variance as an effects of organization structure on performance of small medium enterprises. This shows that there is significant relationship between the influences of the organization structure on customer satisfaction of small medium enterprises in Ogun state.

Finally, this research has proved that effective budgetary allocations ensure that resources such as funds, manpower, and materials are allocated optimally to activities that directly contribute to profitability. Budgetary allocations help SMEs identify areas of excessive spending or inefficiency, allowing them to implement cost-saving measures. Budgetary allocations enable SMES to allocate funds for strategic investments that drive growth and expansion.

Budgetary allocations provide a framework for monitoring and evaluating performance against financial targets, effective budgetary allocations contribute to the financial stability of SMEs by ensuring that adequate funds are set aside for operating expenses, debt servicing, and contingencies. Budgetary allocations for customer-related activities such as marketing, sales, and customer service can directly impact on the customer satisfaction and retention.

Budgetary allocations for employee-related expenses such as salaries, training, and incentives can impact on the employee motivation and productivity. Budgetary allocation encourages further growth by realizing places that requires more funds for further productivity. Budgetary allocation enables the business set targets which are met since every item is budgeted for. Budgetary allocation influences the growth in the business, this shows  $R^2 = .036$  of variance as effects of budgetary allocations on profitability of small medium enterprises.

### **Conclusion and Recommendations**

The study examined the impact of strategic planning in small medium enterprises performance in Ogun state. Two research questions and null hypotheses were formulated for the study. Pearson Product Moment Correlation was used to test the hypotheses at 0.05 level of significance. All the two null hypotheses were rejected. The study adopted a descriptive survey research design. The population of this study comprised all 1,663 SMEs in Abeokuta South Local government Ogun State, according Small and Medium Enterprises Development Agency of Nigeria. The sample for the study comprised 100 SMEs in Abeokuta South Local government Ogun State.

The frequency counts and simple percentage were used to analyse the demographic data of the participants, while the Pearson Product Moment Correlation (PPMC) statistical tool was used to test all the hypotheses at 0.5 level of significance. The research concludes that there was a significant relationship between the influences of organization structure on customer satisfaction of small medium enterprises in Ogun state and also there was significant relationship between the effects of budgetary allocations on profitability of small medium enterprises in Ogun state.

It was established that strategic planning variables have positive and significant effect on SME performance. This means that if the small and medium enterprises adopt the use of strategic planning, the performance level will improve. The SME sector in Nigeria should be of concern since the performance of the sector as at now is not showing any significant indicator for the economic development of the nation. The use of strategic planning should be considered as a very useful aspect to ensure improved performance and thereby improving the GDP of the nation.

The successful running of a business could be very challenging especially considering the external challenges that business operations encounter in Nigeria but with the adoption of strategic planning and the consideration of the moderating variables adopted for this study, the SME sector in Nigeria can be greatly improved.

As a result, it is recommended that the organizational strategy should be all-inclusive and preferably a bottom up approach be adopted and although it might be expensive, its cost benefit analysis will suggest the approach.

Secondly, the study found out that the innovation process in a firm is time and resource consuming. The process should not hurry much and beverage firms should adopt the most economical procedure which offers less waiting time and a higher spatial convenience than traditional process and thus be attractive to a large and quickly growing segment of customers.

Thirdly, firm clustering should be more encouraged by the government in order to bring about unity among competitive products.

## REFERENCES

- Akande, O. O., Adewoye, J. O., Oladejo, M. O. & Ademola, A. O. (2017). Performance analysis of the Strategic Effect of Age, Size and Sources of Funds on Micro Enterprises in Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*(JETEMS) 2(6), 483-489. Available at: <https://www.scholarlinkinstitute.org/jetems/articles/Performance%20Analysis%20of%20the%20Strategic%20Effect%20of%20Age,%20Size%20and%20Sources%20of%20Funds%20on%20Micro%20Enterprises%20in%20Nigeria.pdf>
- Akingunola, R. O. (2011). Small and medium scale enterprises and economic growth in Nigeria: An assessment of financing options. *Pakistan Journal of Business and Economic Review*. 2(1), 78 – 97. Available at: <https://www.semanticscholar.org/paper/Small-and-Medium-Scale-Enterprises-and-Economic-in-Akingunola-Oreoluwa/f1eeeb4f015eeb3dca48e895cd48c4815871cd2>
- Abereijo, I. O. & Fayomi, A. O. (2005). Innovative approach to SME financing in Nigeria: a review of small and medium industries equity investment scheme (SMIEIS). *Journal of Social Science*, 11(3), 219 – 227. DOI: 10.31901/24566756.2005/11.03.08, Available at: <http://krepublishers.com/02-Journals/JSS/JSS-11-0-000-000-2005-Web/JSS-11-3-173-258-2005-Abst-PDF/JSS-11-3-219-227-2005-265-Abereijo-I-O/JSS-11-3-219-227-2005-265-Abereijo-I-O-Full-Text.pdf>
- Alaka, N. S., Tajani, A. A. & Abass, O. A. (2017). Impact of strategic planning on the performance of insurance companies in Nigeria. *European Journal of Humanities and Social*

- Sciences*, 5(1), 136-143. Available at:  
<https://scholar.google.com/citations?user=5nZT68EAAAJ&hl=en>
- Aldehayyat, J. S., & Twaissi, N. (2011). Strategic planning and corporate performance relationship in small business firms: evidence from a middle east country context. *International Journal of Business and Management*, 6(8): 255-263. DOI: 10.5539/ijbm.v6n8p255, [https://www.researchgate.net/publication/266909084\\_Strategic\\_Planning\\_and\\_Corporate\\_Performance\\_Relationship\\_in\\_Small\\_Business\\_Firms\\_Evidence\\_from\\_a\\_Middle\\_East\\_Country\\_Context](https://www.researchgate.net/publication/266909084_Strategic_Planning_and_Corporate_Performance_Relationship_in_Small_Business_Firms_Evidence_from_a_Middle_East_Country_Context)
- Akinyele, S. T. & Fasogbon, O. I. (2007). Impact of strategic planning on organizational performance and survival. *Research Journal of Business Management*, 1, 62-71. DOI: 10.3923/rjbm.2007.62.71, Available at:  
[https://www.researchgate.net/publication/270024243\\_Impact\\_of\\_Strategic\\_Planning\\_on\\_Organizational\\_Performance\\_and\\_Survival](https://www.researchgate.net/publication/270024243_Impact_of_Strategic_Planning_on_Organizational_Performance_and_Survival)
- Amurle, G., Gakure, R., & Waititu, A. (2021). Does strategic planning influence the performance of ICT SMEs in Kenya? *Prime Journal of Social Science (PJSS)*, 2(6), 350-359. Available at: [www.primejournal.org/PJSS](http://www.primejournal.org/PJSS).
- Arasa, R., & K'Obonyo, P. (2020). The relationship between strategic planning and firm performance. *International Journal of Humanities and Social Science*, 2(22), 201- 213. Available at:  
[https://www.ijhssnet.com/journals/Vol\\_2\\_No\\_22\\_Special\\_Issue\\_November\\_2012/24.pdf](https://www.ijhssnet.com/journals/Vol_2_No_22_Special_Issue_November_2012/24.pdf)
- Armstrong, J. S. (2016). The value of formal planning for strategic decisions. Review of empirical research. *Strategic Management Journal*, 3(3); pp.197-211. DOI: 10.1002/smj.4250030303, Available at:  
[https://www.researchgate.net/publication/2439362\\_The\\_Value\\_of\\_Formal\\_Planning\\_for\\_Strategic\\_Decisions\\_Review\\_of\\_Empirical\\_Research](https://www.researchgate.net/publication/2439362_The_Value_of_Formal_Planning_for_Strategic_Decisions_Review_of_Empirical_Research)
- Al-Quatamin, A.A. & Al-Quatamin, A.A. (2020). An Evaluation of Corporation Strategic Performance: An Evidence from Jordan. *Australian Journal of Business and Management Research*, 2(1): 09-15.
- Bilal, B. M. & Mousa, B. F. (2024). Dynamics and challenges of family businesses in Algeria: A multidisciplinary analysis of the literature. *Economics and Management*, 21(1), 55-75, DOI: 10.37708/em.sw.v21i1.5.
- Dauda, A.Y., Akingbade, A.W., & Akinlabi, B.H. (2017). Strategic management practice and corporate performance of selected small business enterprises in Lagos metropolis. *International Journal of Business and Management*, 5(11), 97-105, DOI:10.5539/ijbm.v5n11p97, Available at:  
<https://www.ccsenet.org/journal/index.php/ijbm/article/view/8059>

- Dogan, T., Alpkın, L., Elci, M. & Aren, S. (2019). Strategic planning activities of the manufacturing firms in Kocaeli, Turkey. *Journal of Strategic Management*, 5(1), 45-59. DOI: 10.20460/JGSM.2009318478, Available at: [https://www.researchgate.net/publication/263931667\\_Strategic\\_Planning\\_Activities\\_of\\_the\\_Manufacturing\\_Firms\\_in\\_Kocaeli\\_Turkey](https://www.researchgate.net/publication/263931667_Strategic_Planning_Activities_of_the_Manufacturing_Firms_in_Kocaeli_Turkey)
- Falshaw, J., Glaister, K., & Tatoglu, E. (2016). Evidence on formal strategic planning and company performance. *Management Decision*, 44 (1), 9-30. DOI: 10.1108/00251740610641436, Available at: [https://www.researchgate.net/publication/235312515\\_Evidence\\_on\\_formal\\_strategic\\_planning\\_and\\_company\\_performance](https://www.researchgate.net/publication/235312515_Evidence_on_formal_strategic_planning_and_company_performance)
- Fehnel, R. (2017). *Strategic planning and the Nigerian university system innovation project*. Retrieved from: [www.askfreearticle/education](http://www.askfreearticle/education).
- Fiberesima, D. D. & Abdul- Rani, N. S. (2021). Strategy management and business success. *Proceedings of the 2020 International Conference on Industrial Engineering and Operations Management, Istanbul, Turkey. July 3 - 6*, pp. 26-33. Available at: [https://www.researchgate.net/publication/280147480\\_Strategy\\_Management\\_and\\_Business\\_Success](https://www.researchgate.net/publication/280147480_Strategy_Management_and_Business_Success)
- Foundation for Community Association Research (FCAR). (2001). *Best Practices: Report Strategic Planning*. Foundation for Community Association Research: Alexandria. Available at: <https://foundation.caionline.org/wp-content/uploads/2017/06/bpstrategic.pdf>
- Gibbons, P. T. & O'Connor, T. (2005). Influences on strategic planning processes among Irish SMEs. *Journal of Small Business Management*, 43(2), 170-186. DOI: 10.1111/j.1540-627x.2005.00132.x, Available at: [https://www.researchgate.net/publication/228314347\\_Influences\\_on\\_Strategic\\_Planning\\_Processes\\_among\\_Irish\\_SMEs](https://www.researchgate.net/publication/228314347_Influences_on_Strategic_Planning_Processes_among_Irish_SMEs)
- Gibbons, P.T. & O'Connor, T. (2015). Influences on Strategic Planning Processes Among Irish SMEs. *Journal of Small Business Management*, 43(2),170-186. DOI: 10.1111/j.1540-627x.2005.00132.x, Available at: [https://econpapers.repec.org/article/tafujbmxx/v\\_3a43\\_3ay\\_3a2005\\_3ai\\_3a2\\_3ap\\_3a170-186.htm](https://econpapers.repec.org/article/tafujbmxx/v_3a43_3ay_3a2005_3ai_3a2_3ap_3a170-186.htm)
- Glaister, K., Dincer, O., Tatoglu, E., & Demirbag, M. (2009). A comparison of strategic planning practices in companies from the UK and Turkey. *Journal of Management Development*, 28(4), 361–379. Available at: <https://pureportal.strath.ac.uk/en/publications/a-comparison-of-strategic-planning-practices-in-companies-from-th>
- Glaister, K., Dincer, O., Tatoglu, E., & Demirbag, M. (2019). A comparison of strategic planning practices in companies from the UK and Turkey. *Journal of Management Development* 28(4), 361–379. Available at:



[https://www.researchgate.net/publication/228703054\\_A\\_comparison\\_of\\_strategic\\_planning\\_practices\\_in\\_companies\\_from\\_the\\_UK\\_and\\_Turkey](https://www.researchgate.net/publication/228703054_A_comparison_of_strategic_planning_practices_in_companies_from_the_UK_and_Turkey)

Grant, R. M. (2017). Strategic planning in a turbulent environment: evidence from the oil majors. *Strategic Management Journal* 24(6), pp. 491-517, DOI: 10.1002/smj.314, [https://www.creaciondeestrategia.com/wp-content/uploads/2022/02/Grant\\_2003.pdf](https://www.creaciondeestrategia.com/wp-content/uploads/2022/02/Grant_2003.pdf)

Hunt, J.W. (2018). *Managing people at work*. New York: McGraw Hill.

Kowo, S. A., Akinbola, O.A. (2019). Strategic leadership and sustainability performance of small and medium enterprises. *Ekonomicko-manazerske spektrum, Published by University of Zilina Slovakia Europe* 13(1), 38-50. DOI.org/10.26552/ems.2019.1.38-50, Available at: [https://ems.uniza.sk/wp-content/uploads/2019/06/EMS\\_1\\_2019\\_04\\_Kowo\\_Akinbola.pdf](https://ems.uniza.sk/wp-content/uploads/2019/06/EMS_1_2019_04_Kowo_Akinbola.pdf)

Kraus, S., Harms, R., & Schwarz, E. (2016). Strategic planning in smaller enterprises-new empirical findings. *Management Research News*, 29(6), 334-344. Available at: <https://research.utwente.nl/en/publications/strategic-planning-in-smaller-enterprises-new-empirical-findings>

Larsen, P, Tonge, R. & Ito, M. (2017). Managing the strategic planning process: a comparative analysis between high-growth medium-sized enterprises and the general business population. *Journal of Applied Management Studies*. 9(2), pp. 275-282. DOI: 10.1080/713674369, Available at: [https://www.researchgate.net/publication/232848016\\_Managing\\_the\\_Strategic\\_Planning\\_Process\\_A\\_comparative\\_analysis\\_between\\_high-growth\\_medium-sized\\_enterprises\\_and\\_the\\_general\\_business\\_population](https://www.researchgate.net/publication/232848016_Managing_the_Strategic_Planning_Process_A_comparative_analysis_between_high-growth_medium-sized_enterprises_and_the_general_business_population)

Luen, W. K., Yong, K.T. & Fook, O.S. (2021). Strategic planning and business performance: a study of smes in Malaysia. *Proceedings of 3rd Asia-Pacific Business Research Conference*, 25 - 26 February 2021. Kuala Lumpur, Malaysia.

Muogbo, U. S. (2021). The impact of strategic management on organisational growth and development (a study of selected manufacturing firms in anambra State. *Journal of Business and Management (IOSR-JBM)*, 7(1), 24-32. Available at: <https://iosrjournals.org/iosr-jbm/papers/Vol7-issue1/D0712432.pdf>

Okwachi, S. Gakure, R & Ragui, M. (2021). Effect of managerial practices on the implementation of strategic plans by SMEs in Nairobi, Kenya. *European Journal of Business and Management*. 5(13), 212-224.

O'Regan, N. & Ghobadian, A. (2017) Formal strategic planning. *Annual Raindance or Wheel of Success?*, Strategic Change, 16(1) pp. 11-22, DOI: 10.1002/jsc.777, Available at: [https://www.researchgate.net/publication/229943920\\_Formal\\_strategic\\_planning\\_annual\\_raindance\\_or\\_wheel\\_of\\_success](https://www.researchgate.net/publication/229943920_Formal_strategic_planning_annual_raindance_or_wheel_of_success)

- Poister, H. T. (2017). The future of strategic planning in the public sector: *Linking Strategic Management and Performance*. Georgia State University
- Robert, N.C., & Peter, L. (2020). The dilemma of planning in large-scale public organizations: The case of the United States Navy. *The Journal of Public Administration Research and Theory*, 4(4), 469-491. Available at: <https://citeseerx.ist.psu.edu/document?repid=rep1&type=pdf&doi=4a11a347505bcc8169fe380fab71672ec31c6bd5>
- Shrader, C., Mulford, C., & Blackburn, V. (2019). Strategic and operational planning, uncertainty, and performance in small firms. *Journal of Small Business Management*, 27 (4), 45-60. Available at: <https://www.econbiz.de/Record/strategic-and-operational-planning-uncertainty-and-performance-in-small-firms-shrader-charles/10001081952>
- Chahninez, T. S., & Meriem, Gh. (2023). The importance of entrepreneurial education in developing entrepreneurial spirit for the student. *Economics and management*, 20 (1), 1-15. DOI: 10.37708/em.swu.v20i1.1, Available at: [https://em.swu.bg/images/SpisanieIkonomikaupload/SpisanieIkonomika2023/1-1.%20Yes\\_29.12.2022%20-%20THE-IMPORTANCE-OF-ENTREPRENEURIAL-EDUCATION-IN-DEVELOPING-ENTREPRENEURIAL-SPIRIT-FOR-THE-STUDENT-2\\_compressed.pdf](https://em.swu.bg/images/SpisanieIkonomikaupload/SpisanieIkonomika2023/1-1.%20Yes_29.12.2022%20-%20THE-IMPORTANCE-OF-ENTREPRENEURIAL-EDUCATION-IN-DEVELOPING-ENTREPRENEURIAL-SPIRIT-FOR-THE-STUDENT-2_compressed.pdf)
- Yepwi, B. A. (2017). *Strategic planning procedure in the content of quality assurance at the school levels*. Ibadan: NAEAP publication.