

Relevance of Strategic Planning on Performance of Small and Medium Enterprises (A Case Study of Osun State)

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Abstract: *This work examines relevance of strategic planning on performance of small and medium enterprises (a case study of osun state). The specific objectives are to: determine if poor strategic planning is behind the low performance of Small and medium Enterprises in Osun State; examine how strategic planning can help in improving the operations of Small and Medium Enterprises in Osun State; and to investigate the relationship between the process of strategic planning and SMEs performance. This study employed descriptive research design. The sampling techniques employed for this study are stratified and simple random sampling methods. The instrument used for this study was obtained from primary data. The primary data was obtained through properly structured questionnaire. The statistical method used to analyze the data for the purpose of this study includes both the descriptive and inferential statistics. The descriptive statistics of frequency distribution, percentages mean and standard deviation were used to analyze and relate variables which were obtained from the administered questionnaire.. The Regression analysis was used to test hypotheses. The Pearson Product Moment Correlation was used to test the hypotheses two and three. The findings show that there is a significant relationship between poor strategic planning and Low performance of SMEs, Strategic planning has significant relationship in improving the operations of small and medium enterprises in Osun State and , a significant positive relationship is therefore existed between strategic planning and SMEs Performance. The study recommended that SMEs should learn to set long term goals with implementation plans in the management of their businesses. SMEs should vigorously carry out the various strategic planning process activities that is related to their performance*

Keywords: Strategic planning, performance, SMEs, Osun State, Operations

1. INTRODUCTION

A small and medium enterprise is a vehicle for overall development and growth of economy across the globe. They play major role in boosting economy through various ways. They are employer of labour force and through day to day activities; there is stability in economy of nation all over the world. Although small and medium-sized enterprises (SMEs) usually employ majority of the labour force of an economy, there is an insufficient business related knowledge base that SMEs management possess (Maryann, 2016)). Indeed, formal plans or cost controls are often only provided on an irregular basis and planning instruments are usually only used by a small number of individuals and developed rather intuitively (Brinkmann, 2002). These deficiencies point towards the significance of examining the value of strategic management for SMEs in more detail.

Strategic Planning process is an exercise in which all firm owners/managers and staffs should be involved with it. Currently, Strategic experts are interested in understanding why firms make the strategic choices they do, and how these choices and other factors affect firm performance, knowing these may bring about ways and suggestions for performance enhancement (Grover & Segars, 2005). Indeed, the relationship and effects of strategic planning on organizational performance has been a central field of studies for researchers over the past three decades. There are numerous research findings on the relationship between strategic planning and organizational performance, but many of these findings have proved uncertain and ambiguous (Glaister et al., 2008, Rudd et al,2008, O'Regan and Ghobadian, 2002a). These findings include the range from positive relationships between strategic planning and performance to no relationships; to negative relationships (Efendioglu and Karabulut, 2010).

Globally, academicians and practitioners have called for increased use of the strategic planning in SMEs, as the role of strategic planning in large companies and the conception that decisions-making triumphs in enterprises regardless of size have been

advocated for. In this sense, many empirical studies point out a link between strategic planning and performance (Bracker et al., 1988).

According to Gibson and Cassar (2002), large companies are more successful than SMEs because the large companies plan strategically. Strategic management is viewed as the set of decisions and actions that result in the formulation, implementation and control of plans designed to achieve an organisations vision, mission, strategy and strategic objectives within the business environment in which it operates (Pearce & Robinson, 2005). Strategy plan implementation is an integral component of the strategic management process and is viewed as the process that turns the formulated strategy into a series of actions and then results to ensure that the vision, mission, strategy, and strategic objectives of the organisation are successfully achieved as planned (Thompson & Strickland, 2003).

Strategic management can be defined in various ways. According to Wheelen and Hungers' study (2006), strategic management is a set of managerial decisions and actions that determines the long-term performance of a corporation. It involves environmental scanning (both external and internal), strategy formulation (strategic or long range planning), strategy implementation, and evaluation and control. They emphasize the analysing and evaluating of external opportunities and threats in terms of an organization's strengths and weaknesses (Wheelen and Hunger, 2006). From the perspective of Dess and Miller (1993), strategic management is a process that combines three major interrelated activities: strategic analysis, strategy formulation and strategy implementation.

In the other way, Lamb (1984) states that strategic management is an on-going process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment.

Strategic planning as explain by Lamb (1984) indispensable for a company to be more proactive than reactive in mounding its own future; it makes an organization to initiate and affect activities so that it can exert control over its own destiny. At present, the benefits of strategic planning begin to be recognized and realized by more and more people, no matter small business owners, chief executive officers, or presidents and managers of many for-profit and non-profit organizations.

1.1 Statement of Problem

The increase in the failure of SMEs in Nigeria is very alarming because the performance and efficiency of small and medium businesses as a tool for growth and development in Nigeria is not met and realized. Previous works done shown that most small and medium sized enterprises (SMEs) do not engage or practice strategic planning (Auken 1985; Beaver 2003; Gordon and Sussman 1997; Hogarth-Scott and Riding 2000; Orser, Sandberg, Robinson and Pearce 2001; Robinson and Pearce 1984).

SME owner/managers have been accused of being strategically myopic and lacking the long-term vision as to where their company is headed (Mazzarol, 2004). The concern is that by neglecting strategic planning, SMEs may not achieve their full performance and growth potentials, and their survival could be placed at risk (Berry, 1998). Consequently, considerable research effort has been expended on identifying barriers that hinder planning in order that these may be overcome or else mitigated to encourage strategic planning in SMEs.

It is argued that SMEs often do not have the resources to ensure the continued success of the strategic plan implementation. Unlike large companies, SMEs normally maintain a lower level of resources such as human resources and more limited access to financial capital and consumers, and also lack a well-developed administration. Therefore, the application of recognized strategic management tools is often not enough (Karagozoglou and Lindell, 1998).

This intense scrutiny has been against the backdrop of the low performance and inefficiency that characterized SMEs particularly in assessing their role on economic growth and development. Although there are governments institutional and policy supports aimed at enhancing the capacity of SMEs, SMEs have fallen short of expectation because they are not adhering to proper strategic management practices (Orser et al., 2000).

By employing strategic planning methods, SMEs gain meaningful direction and the ability to illustrate its success to key stakeholders and others (Mazzarol, 2004). Strategic planning is also a team building exercise that involves both staff and key stakeholders in the process of determining the growth and future of SMEs. Without a strategic plan, SMEs may lose its direction, unknowingly drift away from its values, and lack the ability to understand whether or not it is successful in delivering its services or products to its clients (Brinkmann, 2002).

While strategic management is widely practiced by firms and other profit oriented organizations in this country, its adoption by Small and Medium Enterprises is less understood. Strategic planning in Nigeria is still insubstantial in SMEs as SMEs are being setup almost every day and also with their collapse overnight. This study is undertaken strategic planning techniques in SMEs and how it affects performance in the quest to contribute to filling the literature gap. It is imperative to study on how strategic management is being adopted by Small and Medium Enterprises (SMEs) as a tool of enhancing their performance.

1.2 Research Objectives

The main objective of this work examines the relevance of strategic planning on performance of SMEs in Osun State; this research seeks the following specific objectives:

- i. To determine if poor strategic planning is behind the low performance of Small and medium Enterprises in Osun State;
- ii. To examine how strategic planning can help in improving the operations of Small and Medium Enterprises in Osun State.
- iii. To investigate the relationship between the process of strategic planning and SMEs performance

1.3 Research Questions

In other to achieve the objectives of this research, the work is guided by the following questions.

- i. To what extent does poor strategic planning affect low performance of Small and medium Enterprises in Osun State?
- ii. To what extent does strategic planning can help in improving the operations of Small and medium enterprises in Osun State?
- iii. What is the relationship between the process of strategic planning and SMEs performance?

1.4 Research Hypothesis

The following hypotheses were also tested.

H₀₁: Poor strategic planning has no significant relationship with low performance of small and medium Enterprises in Osun State

H₀₂: Strategic planning has no significant relationship in improving the operations of small and medium enterprises in Osun State.

H₀₃: There is no positive relationship between strategic planning and SMEs Performance

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Strategic planning and management of SMEs

In the SME sector, the role of management is always derived from the size of the organization and the role of the owner. Primary importance of management function is not by Zich (2010) determined so much by the fact that management has unquestioned responsibility for the formulation and implementation of strategy as the assumption that competitiveness is created or at least affected by all management activities in terms of features and functions of management with a focus on resources, competencies and processes. Size of organization however, does not necessarily reduce the level of strategic management importance. In large enterprises responsibility for strategic management takes the entire department of analysts and competent managers, but in small businesses the primarily strategic manager role takes usually the owner.

According to Volberda et al. (2010) strategic management based on long-term forecasts, helps the company to anticipate future challenges and opportunities. The term strategy is closely linked with the objectives that it tracks. According to Kotler and Keller (2007) strategy should express the basic idea of which way the company goals will be achieved. The importance of strategy for innovation development and competitiveness of firms emphasized many authors in the last years, e.g. Skokan (2010), David (2013).

2.1.2 Benefits of Strategic Planning in Small and Medium Enterprises

Benefits of the introduction of strategic management in small and medium-sized enterprises are describe Analoui and Karami (2003). They

- i. help to understand the current situation in which the company is located,
- ii. give a clear view of the vision, mission of the company,
- iii. determine the strengths and weaknesses,
- iv. emphasizing those that are strategically important for the company's activities,
- v. contribute to setting the right goals of the company, allow the company to be more active,
- vi. prepare the organization to be able to deal with expected and unexpected problems,
- vii. create a background for communication management in the organization
- viii. evaluate environmental issues and its changes,

2.2 Theoretical Review

2.2.1 Survival Base Theory

The survival-base theory is the strategy that firm uses to avoid being exterminated by competitors. One process- sensing, intuition, feeling, thinking- must be developed by a business manager in order to succeed in innovativeness and high intellectual and practical capacity to run his company with bold jump and should be ready to accept the uncertainty (Gibcus, 2003). Basically, the underpinning of survival strategy is that organization needs to continuously adapt to its competitive environment in order to survive. Each decade seems to bring a new way of thinking about the business environment (a paradigm) and new ways of acting (corporate strategies) Brian (1996).

2.2.2 Ownership Theory

The ownership theory explains that the ownership structure whether concentrated or diffused ought to be influenced by the profit-maximizing interests. At the level of small and medium scale enterprises, the skills of the owner manager are critical to the long-term success and survival of the firm while the role of the capitalist is usually diffused at the corporate level for large companies. Owner's manager is the enterprise main strategist and decision maker, developing the vision, mission and strategies, and also implementing them. However, the role of the owner-manager and his attitude towards strategic issues are therefore often critical for implementation of strategy. Likewise, the personal goals, traits and strategic orientation will have significant impact on enterprise strategy.

2.3 Empirical Review

Kutlovci, Shala & Troni (2012) examined the relationship between strategic management and small and medium enterprises (SME) growth in Kosovo in terms of empirical analyses that include various strategic planning elements. It was however concluded that SMEs in Kosovo are using strategic plan as an orientation document for long-term development of their businesses, which means that they had a clear vision and mission of where they wanted to reach in a forthcoming period that usually includes parameters 3-5 coming years.

Tiemo (2012) examined the existing strategies of small and medium sized enterprises in Nigeria in order to know if they adopt more of unconscious action or deliberately planned patterned behaviour among 72 SMEs in Delta state, Nigeria. The author used chi-square to study the relationships. Empirical findings noted that the SME sector is the main driving force behind job creation, poverty reduction, wealth creation, income distribution and reduction in income disparities. Also, most of the government interventions failed to create a much needed transformation due to poor coordination and monitoring and policy inconsistencies.

Kee-Luen, Hiam-Yong & Seng-Fook (2013) examines whether by practicing strategic planning, the business performances of these SMEs can be resilient and sustainable over the long term. The results indicated that manufacturing companies that had some form of strategic planning were more likely to perform better from the four perspectives of the balanced scorecard (BSC), namely, learning and innovation, financial, customer, and internal business processes perspectives. They also reported that SMEs are particularly concerned over their financial performances as well as customers' satisfaction of their products.

Manurung & Kosasih (2013) carried out a study on SMEs and strategic management accounting in Indonesia where statistics revealed that 9 out of 10 Indonesia's business is Small, Medium Enterprise sector (SMEs), and that the biggest foundation of Indonesia's Gross Domestic Product (GDP) came from SMEs sector. The study submitted that through the use of strategic management accounting (SMA), in which the pricing, cost, sales volume, and market share of the competitor became the benchmark for the enterprises to gain competitive advantages in both the local and global market.

3. METHODOLOGY

3.1 Research Design

This study employed descriptive research to determine the relevance of strategic planning on performance of small and medium enterprises with a case study of selected SMEs in Osun State. The data used in this study was obtained through questionnaire from primary source.

3.2 Area of the study

This study was carried out in Osun State in Nigeria. Osun State is commercial hub for both agricultural and industrial goods from different parts of the country. The area is amalgamation of urban and rural structures characterized by various Small and Medium Enterprises (SMEs). Osun State shares boundary with kwara State, Ekiti State, Ondo State, and Oyo State respectively.

3.3 Population of the Study

The population of the study is thirty seven (37) registered Small and Medium Enterprises (SMEs) by Osun State Ministry of Commerce, Co-operative and Industry. The List of SMEs as contains in the official record of ministry are stated below: Crown king Metal and Aluminium, Ikirun Road Osogbo; Top Stay International Nig.Ltd, Osogbo; Murphy Gate Nig. Ltd, Ikirun Road Osogbo; Padickay Printing and Publishing Company, Ogo Oluwa Osogbo; Rabol Unique Company, Osogbo; Dipson Plastioc and Recycling Plant, Osogbo; Alhaji Muritala Oyetunji and Sons Nig.,Ltd, Osogbo; Harbins Agro Milled Ltd, Egbedi-Erin Osun; Lawood Metals Nig.Ltd, Okinni; Lagbjigan Nig. Enterprise, Osogbo; Sam Ace Limited, Ede; Ergo Muti Ventures Limited, Ede; Laddans Contracts and Supplies Limited, Osogbo; Time Building and Construction Company, Osogbo; Muda Folorunso Steel Construction Nigeria, Osogbo; Demlat Ventures Nigeria Limited, Osogbo; Moshua Integrated Services Limited, Osogbo; Sunboh Oil and Agro Allied, Osogbo; Ife Iron and Steel Nigeria Ltd, Ife; Imo HillsFarms, Ilesha; Atman Limited, Osogbo; Ladsol Ventures Limited, Osogbo; Agwu Odumegwu International Ltd, Osogbo; Irepodun & Sons Nig.Ltd, Iwo; Ollan Holdings Nig.Ltd, Iwo; Hammed Raji & Sons Limited, Osogbo; Linhab Plastics Industries, Osogbo; Honesty Multi Dynamic Ventures Ltd, Ede; G-Rehoboth Aluminum Factory, Osogbo; Amporit Int.Ltd, Ede; Davemake Chemical Nig.Ltd, Osogbo; Omsat Global Resources Ltd, Ile Ife; Latborn General Merchant Ltd, Ile Ife, Al-Bareel Daglobal Investment Ltd, Ile Ife; Abiola Electrical Machinery Company, Osogbo; West-Stone and Marble Processing Coy.Ltd, Osogbo ; and West-stone Paint Ltd [Source: Osun State Ministry of Commerce, Co-operative and Industry, 2020].

3.4 Sample Size and Sampling Technique

This work used stratified and simple random sampling methods for sampling techniques. In this study, out of the population of 780 (Table 1), sample of 264 was selected using stratified random sampling technique since the population was not homogeneous and could be subdivided into groups or strata to obtain a representative sample (Table 2). Stratified random sampling involves dividing the population into homogeneous subgroups and then taking a simple random sample in each subgroup making it possible to make reliable estimates for each stratum as well as for the population as a whole (Cooper and Schindler, 2003). For this purpose, the selected ten SMEs sample were stratified into ten to represent the SMEs under study after which questionnaires were administered using simple random sampling to each of the strata according to their percentages indicated in Table 2 below. In determining the sample size of the population for the study, Yamane's formula was used thus:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size

N = Total Population

e = Level of significance (95%)

Therefore,

$$n = 780 / 1 + 780(0.05)^2$$

$$= 780 / 1 + 780(0.0025)$$

$$= 780 / 1 + 1.95$$

$$= 780 / 2.95$$

$$= 264.406$$

Approximately **264** respondents were given questionnaire instrument,

Table 1: Estimated Total Population of the Selected Small and Medium Enterprises (SMEs) in Osun State

S/N	Small and Medium Enterprises (SMEs)	Population
1	Linhab Plastics Industries, Osogbo	85
2	Sunboh Oil and Agro Allied, Osogbo	73
3	Honesty Multi Dynamic Ventures Ltd, Ede	98
4	Imo HillsFarms, Ilesha	89
5	Omsat Global Resources Ltd, Ile Ife	64
6	Laddans Contracts and Supplies Limited, Osogbo	57
7	Al-Bareel Daglobal Investment Ltd, Ile Ife	80
8	West-Stone and Marble Processing Coy.Ltd, Osogbo	105
9	Ollan Holdings Nig.Ltd, Iwo	46
10	Irepodun & Sons Nig.Ltd, Iwo	83
TOTAL		780

Source: Researcher's Survey, 2020

Table 2: Staff Population and Sample Size of Selected Small and Medium Enterprises (SMEs) in Osun State

S/N	Small and Medium Enterprises (SMEs)	Total Population	Percentage	Number of Respondents
1	Linhab Plastics Industries, Osogbo	85	10.89	28
2	Sunboh Oil and Agro Allied, Osogbo	73	9.36	25
3	Honesty Multi Dynamic Ventures Ltd, Ede	98	12.56	33
4	Imo Hills Farms, Ilesha	89	11.41	30
5	Omsat Global Resources Ltd, Ile Ife	64	8.21	22
6	Laddans Contracts and Supplies Limited, Osogbo	57	7.31	19
7	Al-Bareel Daglobal Investment Ltd, Ile Ife	80	10.26	27
8	West-Stone and Marble Processing Coy.Ltd, Osogbo	105	13.46	36
9	Ollan Holdings Nig.Ltd, Iwo	46	5.90	16
10	Irepodun & Sons Nig.Ltd, Iwo	83	10.64	28
TOTAL		780	100	264

Source: Researcher's Survey, 2020

3.5 Research Instrument

The research instrument for the study is the questionnaire. This was designed to elicit vital information in line with objectives of this work. The questionnaires were distributed to two hundred and sixty four (264) respondents in seven selected Small and Medium enterprises (SMEs) in Osun State (Table 2). The completed (filled) questionnaires were retrieved back after some days they were giving to the respondents to answer the questions. All the distributed questionnaires were retrieved back from respondents.

3.6 Validity and reliability of research Instrument

The constructed questionnaire was submitted to the experts for critical, analytical and logical appraisal and assessment of contents and statements in the instruments and this then made the instrument valid for the study. To ensure proper reliability of the instrument, the questions were not ambiguous to respondents in order to avoid the impression of different interpretation or constructed in a way that give different meaning that could generate inaccurate and inconsistent responses when instrument is repeatedly objectivity with no leading question as to answer desired.

3.7 Method of data collection

The primary data was obtained using properly structured questionnaire administered to the respondents from both firms. The questionnaire contained multi-choice question so that the respondents can answer and fill it without much problem, and to know the opinions, ideas and experiences of the respondents.

3.8 Method of data analysis

The statistical method used to analyze the data for the purpose of this study includes both the descriptive and inferential statistics. The descriptive statistics of frequency distribution, percentages mean and standard deviation were used to analyze and relate variables which were obtained from the administered questionnaire. The Regression analysis was used to test hypotheses. The Pearson Product Moment Correlation was used to test the hypotheses two and three

4. RESULT AND DISCUSSION

4.1 Socio Demographics of Respondent

Table 3: Socio Demographics of the Respondent

S/N	CLASSIFICATIONS	ITEMS	FREQUENCY	PERCENTAGE	TOTAL
1	Gender	Male	166	62.88	100
		Female	98	37.12	
2	Age	Below 30 years	69	26.14	

		30-40	108	40.91	
		41-50	52	19.70	
		Above 50	35	13.26	
3	Marital Status	Single	88	33.33	100
		Married	176	66.67	
4	Education Qualification	O-Level	73	27.65	100
		OND/NCE	79	29.92	
		B.Sc	100	37.88	
		M.Sc	12	4.55	
5	Years in Business Operation	0-5 years	158	59.85	100
		6-10 years	68	25.76	
		11 and above	38	14.39	
6	Type of Business	Sole proprietorship	190	71.97	100
		Family	31	11.74	
		Partnership	43	16.29	

Source: Researcher's Survey, 2020

The above table (3) shows the demographic of the respondents. The gender of respondent was clearly revealed in the above table (3). 166 out of 264 respondents are males which make up 62.88% of the entire respondent, but 98 respondents are female which makes up the remaining 37.12% of the total respondent. This showed that respondents in selected SMEs (Osun State) are more of the male than female. This implies that the SMEs in Osun State employed more of male than female while percentages of the people involved in the business are also male.

The Table 3 shows that 69 (26.14%) of the respondent reported age below 30 years, 108 (40.91%) aged between 30-40 years, 52 (19.70%) were between age 41-50 years, and only 21 (26.92%) aged 51 years and above. This means that most of the respondents whose opinions were sampled in this study were averagely aged. The implication of this result is that the participants are best averagely aged to carry out business activities more effectively. Out of the 264 respondents, 88 respondents were single being 33.33% of the total respondents, 176 respondents were married being 66.67% of the total respondent. This implies that there are more married respondent and as such responses will be reasonable free from bias and items treated maturely. Education qualification of the respondent (Table 3) shows that those with B.Sc. Degrees had the highest frequency being 100 respondents with 37.88% of the total respondent, followed by OND/NCE holders which were 79 respondents with 29.92% of the total respondent, followed by O-Level holders which were 73 respondents with 27.65% of the total respondent, and M.Sc. holders which were 12 respondents with 4.55% of the total respondent. The numbers of years used in the business operation by the respondent in the company showed that that 158 (59.85%) of respondents are in business for period of 0-5 years, 68 (25.76%) of respondents have been in the business for 6-10 years while 11 and above years has 38 respondents each with 14.39% of the total respondent. This reveals that information provided by respondents was in line with the effect of sustainability. The type of business of selected SMEs shows that 190 out of 264 respondents were sole proprietors which makes up 71.97% of the entire respondent, 31 (11.74%) respondents agreed that the business are family business and 43 respondents were operating under partnership which makes up the remaining 16.29% of the total respondent. This revealed that more of the respondent own their businesses privately which would help provide adequate information from respondent.

4.2 Strategic planning of small and medium enterprises

Table 4: Small and Medium Enterprises and strategic planning

Responses	Frequency	Percentage
Agreed	87	32.95
Strongly Agreed	145	54.92
Disagreed	32	12.12
Strongly Disagreed	-	-
Total	264	100

Source: Researcher's Survey, 2020

Table 4 shows that 87 respondents representing 32.95% agreed that small business enterprises need strategic planning, 145 respondents representing 32.95% strongly agreed, no respondent strongly disagreed, while 32 respondents representing 12.12% disagreed that small business enterprise does not need strategic planning. The percentage difference between those who agreed that small business enterprises need strategic planning and those who disagreed is 75.75% in favour of those who agreed. Thus this justify that strategic planning has significant effect on the success of small and medium enterprises in Osun State.

4.3 Strategic Planning and Performance of Small and Medium Enterprises

Table 5: Strategic Planning and Performance

Responses	Frequency	Percentage
Agreed	110	41.67
Strongly Agreed	132	50
Disagreed	22	8.33
Strongly Disagreed	-	-
Total	264	100

Source: Researcher's Survey, 2020

Table 5 above shows that 110 respondents representing 41.67% agreed that strategic planning will improve the performance of small and medium enterprises, 132 respondents representing 50% strongly agreed, no respondent strongly disagreed, while 22 respondents representing 8.33% disagreed that strategic planning will not improve the performance of small business enterprises. The percentage difference between those who agreed that strategic planning will improve the performance of small and medium enterprises and those who disagreed is 83.34% in favour of those who agreed. Thus this justify that strategic will improve the performance of small and medium enterprises in Osun State.

4.4 Strategic Planning and organizational decision of Small and Medium Enterprises

Table 6: Strategic Planning and organizational decision

Responses	Frequency	Percentage
Agreed	116	43.94
Strongly Agreed	129	48.86
Disagreed	19	7.20
Strongly Disagreed	-	-
Total	264	100

Source: Researcher's Survey, 2020

Table 6 shows that 116 respondents representing 43.94% agreed that their organization use strategic planning when taking decision, 129 respondents representing 48.86% strongly agreed, no respondent strongly disagreed, while 19 respondents representing 7.20% disagreed that their organization does not use strategic planning when taking decision. The percentage difference between those who agreed that their organization use strategic planning when taking decision and those who disagreed is 85.6% in favour of those who agreed. Thus this justify that most organizations use strategic planning when taking decision.

4.5 Strategic Planning and the operations of Small and medium Enterprises

Table 7: Strategic Planning and the operations

Responses	Frequency	Percentage
Agreed	119	45.08
Strongly Agreed	145	54.92
Disagreed	-	-
Strongly Disagreed	-	-
Total	264	100

Source: Researcher's Survey, 2020

Table 7 shows that 119 respondents representing 45.08% agreed that the use of strategic planning help to improve the operations of small and medium enterprises, 145 respondents representing 54.92% strongly agreed no respondent strongly disagreed and no respondents disagreed that the use of strategic planning does not improve the operations of small business enterprises. The

percentage difference between those who agreed that strategic planning helps to improve the operations of small business enterprises and those who disagreed is 100% in favour of those who agreed. Thus this justify that strategic planning will help to improve the operations of small and medium enterprises in Osun State.

H₀₁: Poor strategic planning has no significant relationship with low performance of small and medium Enterprises in Osun State

H₀₂: Strategic planning has no significant relationship in improving the operations of small and medium enterprises in Benue State.

H₀₃: There is no positive relationship between strategic planning and SMEs Performance

4.6 Testing for Research hypotheses

4.6.1 Hypothesis 1

H1: Poor strategic planning has no significant relationship with low performance of small and medium Enterprises in Osun State

The hypothesis was tested with both dependent and independent variables

Dependent variable Y= Low performance of SMEs.

Independent variables are: Poor Strategic Planning

Table 8.1 Reveals R square which is called coefficient of multiple determination and lies between 0 and 1. This tells how much of the variance in the dependent (Low performance of SMEs) is explained by the model. In this study, the value of R for table 1 is 0.65 expressed as percentage multiply by 100 by shifting the decimal point two places to the right. This means the model explains 65% of the variance in Low performance of SMEs.

Table 8.2 Present the statistical significance of the result. This tests the null hypothesis that multiple R in the population equals 0. The model in this study reaches statistical significance of 0.02, this really means $p < 0.005$. Thus if $P < 0.005$, we reject both the null hypothesis and accept the alternate hypothesis. We therefore reject the hypothesis H_i: Poor strategic planning has no significant relationship with low performance of small and medium enterprises in Osun State. Therefore, there is a significant relationship between poor strategic planning and Low performance of SMEs

TABLE 8.1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.067 ^a	.650	-.038	.69037

Source: SPSS output 2020

a. Predictors: (Constant), a. Dependent Variable: Low performance of SMEs to poor strategic planning.

TABLE 8.2

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.099	2	.049	.104	.0002 ^b
	Residual	22.401	47	.477		
	Total	22.500	49			

Source: SPSS output 2020

a. Dependent Variable: : Low performance of SMEs

b. Predictors: (Constant), a. Dependent Variable: poor strategic planning.

4.6.2 Hypothesis 2

H₂: Strategic planning has no significant relationship in improving the operations of small and medium enterprises in Osun State

The hypothesis 2 is analyzed in table below.

Table 9: Pearson product moment correlation

Variables	N	Mean	SD	Cal r-value	Crit. R-value	Decision
Strategic planning (Independent Variable)	264	23.9	8.7	0.657	0.178	HO Rejected
Improving Operations of SMEs (Dependent Variable)	264	38.4	16.9			

Table 9 reveals that the calculated r-value of the Pearson product moment correlation is 0.657 which shows it is greater than what is observed for the tabulated 0.178 at 0.05 level of significance, Therefore, Strategic planning has significant relationship in improving the operations of small and medium enterprises in Osun State

4.6.3 Hypothesis 3

H₀₃: There is no positive relationship between strategic planning and SMEs Performance

Table 10: Pearson product moment correlation

Variables	N	Mean	SD	Cal r-value	Crit. R-value	Decision
Strategic planning (Independent Variable)	264	32.9	8.7	0.281	0.119	HO Rejected
SMES Performance (Dependent Variable)	264	39.1	16.9			

The r-value obtained in table 4.7 of the Pearson product moment correlation is 0.281 which shows it is greater than what is observed for the tabulated 0.119 at 0.05 level of significance, from these result, a significant positive relationship is therefore existed between strategic planning and SMEs Performance.

4.7 Findings and Conclusion

To enlighten the ambiguous and inconsistent strategic planning aspects and SMEs' performance, in this study, strategic planning characteristics was proposed to be related to performance Result of analyses showed that there is a positive relationship between strategic planning and performance and was consistent with studies in strategic planning and performance relationship (Mazzarol et al, 2009, Siu et al, 2004, Ogunmokun and HsinTang, 2012).

Based on the result of this study there is a significant relationship between strategic planning and performance. The relationship between strategic planning and non-financial performance is stronger than the relationship between strategic planning and financial performance. It means that the SMEs that used higher level of strategic planning, had higher level of non-financial performance (rather than financial performance) in terms of customer satisfaction, quality of products and increase in market share during the last three years of their activities. These findings to great extent are consistent with Ogunmokun and Tang (2012) which states that the extent to which the strategic planning activities performed by SMEs is related to the level of performance. Indeed the extent to which firms carried out the various strategic planning process activities is related to the performance of the SMEs (Ogunmokun and HsinTang, 2012).

5. CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The study examined the relevance of strategic planning on performance of SMEs in Osun State. During the course of this work, it was discovered that the key factors affecting low performance of small business enterprises in Osun State are poor planning and lack of strategic planning. These key factors may also lead to poor management performance, financial capacity, level of technology, lack of skilled workers, lack of environmental scanning and lack of infrastructure, poor price fixing, poor product or service, absence of an enabling environment, security concern, multiple taxation and over-dependence on certain individuals which equally affect low performance of small business enterprises in Osun State.

5.2 Recommendation

In order to enhance optimal performance and productivity that will bring about result oriented for benefits of all stakeholders involved in SMEs in Osun State, proper implementation of strategic planning should put in place through the following recommendations:

- i. SMEs should learn to set long term goals with implementation plans in the management of their businesses;
- ii. SMEs should learn to make wise use of both human and material resources with a clear vision to achieve a purposeful end;
- iii. Focus planning will help SMEs to discover the customer segments, market condition, product, service offering that can help a firm to achieve its set targets.
- iv. SMEs should vigorously carry out the various strategic planning process activities that is related to their performance.
- v. SMEs owners/managers should encourage the use of strategic planning formality which will ultimately lead to higher level of performance for financial and non-financial.
- vi. Small business follows a much less complex process both in terms of steps followed and methods used in making strategic decisions; therefore, SMEs should apply higher level of comprehensiveness in order to achieve a higher level of performance for financial and non-financial variables.
- vii. SMEs owners/managers should communicate the priorities resulting from planning process to different managerial levels and this will help SMEs to have a higher level of participation in strategic planning and at the same time will ultimately improve the level of financial performance

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