

Effects of Planning on Performance of Small-Scale Business Enterprises in Okene Local Government Area, Kogi State

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Abstract

Despite the seemingly increased interest in the running of small-scale business enterprises in Nigeria, performance appears to be below expectations. This can be attributed to poor planning which is key to the success of any organization. This study explored the effect of planning in performance of small-scale business enterprises in Okene Local Government Area, Kogi State. The researchers made use of one research objective, research question and one null hypothesis respectively. The population of the study comprised of 110 small-scale business owners, and employed survey research design. The instrument for data collection was questionnaire and percentage was used for data analysis. It was discovered that effective planning impacts positively on the performance of small-scale business enterprises. The researchers concluded that effective planning is a vital element to the success and growth of small-scale business enterprises. It was recommended that effective planning is essential for long term success and should be embraced by small-scale business owners/managers.

Keywords: *Business enterprises, Performance, Planning, Small-scale*

Introduction

Small-scale business enterprises have played a key role in the economies of both developed and developing countries in terms of turnover, level of employment and serve as a mechanism to fight against poverty. Small-scale businesses in Nigeria are used to denote an enterprise employing about 10 to 49 people with issues of between four to 50 million naira excluding land and building (NRS 2013). They face a lot of competition not only from the large firms within the country but also international companies to ensure their survival and growth. They must therefore embrace the practice of planning which will help to define their competitive advantage to enhance performance.

Planning is a blueprint for action. It provides direction to both business owner and the employees to take appropriate strategy on what to do and how to do it, to obtain their objectives. Steven (2012) defined planning as a process of preparing a set of decisions for future actions directed at achieving goals in an attempt to effect changes in our business enterprises by optimal means. It is deciding in advance what the organisation ought to do to

attain its objectives, as such, planning is future-oriented. Planning is very crucial to business success especially in Nigeria where many small-scale business owners are inexperienced. Planning, according to Umugbro (2005), is a process of deciding what objectives will be pursued within a future time frame and what will be done in order to achieve those objectives. Planning is the conscious and systematic process of making decisions about goals and activities that an individual, group, work unit or organisation will pursue in future (Ugwoke, Odei & Salihu, 2008). Planning is thus an organisation-wide process deciding in advance, the objectives to be pursued, how to pursue these objectives and the resource implication.

Performance in small-scale business enterprises typically refers to how well the business is achieving its objectives and goals. It can be measured in various ways, including financial practices like revenue, profit margin, and cash flow as well as non-financial indicators, like customer satisfaction, employee productivity and the business is effectively utilizing its resources and delivery value to its stakeholders or consumers. Regan and Chukwuemeka (2013) defined performance as the ability of an object to produce results as a determined dimension by priority and in relation to target. It is also defined by Wu (2009) in terms of how well an organisation is managed, and the value the organisation delivers to customers and stakeholders.

Statement of Problem

Small-scale business enterprises play a crucial role toward the development of many nations. The developed nations of the world are private driven economies. Small-scale enterprises remain the catalyst of growth and development of developing nations' economies (Ayanda and Laraba, 2011). They serve as a tool for job creation and employment and as a result, this sector has become the high flier for economic survival for many countries including Nigeria. Many overworked business owners and managers neglect planning functions for lack of time. Ihekwoaba (2011) stated that they are pre-occupied by day-to-day operations of their business with the result that they have no time set aside to reflect on the future of their enterprises. Some of them have narrow concept of business and consider it a waste of time to plan believing that they cannot control most of the variables and therefore planning is not a necessity. Resultantly, most of the small-scale business enterprises have dismal performance.

Despite the seemingly increased interest in the running of small-scale business enterprises in Nigeria, especially with the greater institutional support by the Nigeria government to sustain this sector, performance appears to be below expectation. Thus, the above scenario has accentuated the interest of the researchers to question why this is so. Is it lack of proper planning on the part of small-scale business owners and managers that has caused this? It is against this backdrop that the researchers investigate into the effect of planning on performance of small-scale business enterprises in Okene LGA, Kogi State.

Purpose of the Study

The major purpose of this study is to investigate into the effects of planning on performance of small-scale business enterprises in Okene LGA. The specific purpose is to:

1. ascertain the impact of effective planning on the performance of small-scale business enterprises in Okene LGA.

Research Question

1. Does effective planning impact on the performance of small-scale business enterprises in Okene LGA?

Research Hypothesis

Ho₁ There is no significant relationship between effective planning and the performance of small-scale business enterprises in Okene LGA.

Review of Related Literature

Conceptual Clarifications

Small-scale business enterprises:

Small-scale business enterprises are business ventures on a small-scale based on the volume of capital base and the number of employees of the organisation. John (2012) described small-scale business as an enterprise with a small number of employees, a relatively low sales volume, and is usually privately owned with most of the profits going to the owner. These businesses also typically serve a small community with low rate turnover of labour. According to Wikipedia (2019), small-scale businesses are privately owned corporations, partnership, or sole proprietorship which have fewer employees and/or less annual revenue than a regular-sized business or corporation. Businesses are defined as 'small' in terms of being able to apply for government support and qualify for preferential tax policy variance depending on the country and industry.

According to Salihu and Abubakar (2011), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) highlighted the following features of small-scale business:

- i. The manager is often the owner.
- ii. Capital is furnished by an individual owner or a small group.
- iii. The area of operation is local, though markets served need not be local.
- iv. Size within the industry is relatively small, that is the business is small when compared with the biggest units in its field.

Putting the above features together, it can be said that a small-scale business is self-initiated, self-financed, closely self-managed and is of relatively small size when considered as part of the industry.

Role of small-scale business enterprises in the advancement of economic growth:

The existence of small-scale business is so important to the economy and that is why they are sometimes described as the growth engine of most economies of the world. Salihu and Abubakar (2011) identified among others the following contributions of small-scale business enterprise to economy:

- i. Small-scale business enterprises serve as vanguard for poverty reduction, job creation, rural industrialization and enhanced sustainable livelihood.
- ii. Small-scale business enterprises provide goods and services that are essential to the functioning of the economy such as food and healthcare.
- iii. Small-scale enterprises provide inputs for the use of medium and large scale industries.
- iv. Small-scale business enterprises broaden the source of revenue generation for the government.

Planning in an organisation:

Planning is a systematic process organisation use to define their long-term goals and objectives and determine the best course of action to achieve them. It involves assessing the current situation, identifying strengths, weaknesses, opportunities and threats; developing strategies to effectively allocate resources and guide decision-making towards the desired future outcomes.

The importance of planning in small-scale business enterprises:

The success or failure of any business depends largely on effective planning. The following are the importance of planning in the operation of small-scale business enterprises (Helen, 2007):

- i. Planning can help small-scale businesses to set specific, measurable, achievable, relevant and time-bound goals which can be used to track progress and measure success.
- ii. Planning can help small-scale businesses to stay focused and motivated, and to stay on track even when things get tough, that is create longevity.
- iii. Planning can help small-scale businesses to anticipate and manage risks and to adapt to changing market conditions.
- iv. Planning can help small-scale businesses to clear goals and objectives, and to create a roadmap for achieving established/realistic goals set for effective decision-making.
- v. Planning helps business to make good decisions when there is a clear vision and good mission (purpose) for doing it. With a clear vision of what to achieve, and mission and purpose for doing it, everything seems like a good idea (Ijir and Gbegi, 2015).

Performance in an organisation:

Performance is a measurement of financial ability and productivity in a business which includes the level of profit and investment with both growth in sales and profit. The determination of business performance varies greatly. Some of the determinants include management of employees, the larger markets, and competitors, sources of raw materials, legal structures and even globalization (Blahova, 2010). Kamyabi and Devi (2011) also defined performance as a measurement of financial ability in a firm which includes the level of profit, investment level with both growth in sales and profit.

Steps to improve performance:

The following steps should be taken to improve performance in small-scale business enterprises (Perry, 2022):

- i. Limit distraction at work place and give full concentration.
- ii. Set milestones by breaking down work into simple task.
- iii. Set clear and achievable goals rather than ambiguous or unachievable goals.
- iv. Avoid multi-tasking by picking one task at a time to work on instead of juggling tasks.
- v. Improve your time management by not wasting too much time on a task.
- vi. Do important task first by prioritizing your task.
- vii. Delegate task wherever possible to accomplish more within a given period of time.
- viii. Clear your work space to avoid distraction.
- ix. Stay health. A healthy mind in a healthy body produces the best result.
- x. Communicate clearly to achieve a greater team work.
- xi. Take a short break to refresh your mind and body.
- xii. Prioritize self-improvement.
- xiii. Maintain work-life balance.

Research Methodology

The study adopted a survey research design. The total population of the study comprised of 110 owners/managers of small-scale business enterprises. There was no sample size since the population was manageable. The instrument for data collection was questionnaire designed by the researcher. The instrument was validated by expert from Business Education Department, Federal College of Education, Okene, Kogi State. The

internal reliability of the instrument was measured using Croabach Alpha which yielded a correlation coefficient of 0.68 sharing a high reliability index. The questionnaires were administered by the researchers. The data collected were analysed using percentage for the research question and chi-square to test the hypotheses.

Analysis of Results

The data collected were analysed with the help of the table below.

Table 1

S/N	Yes	%Yes	No	% No
1.	52	40	78	60
2.	26	20	104	80
3.	98	75.38	32	24.62
4.	91	70	39	30
5.	30	23.08	100	76.92
6.	75	57.69	55	42.31
7.	78	60	52	40
8.	117	90	13	10
9.	60	40.13	70	53.85
10.	85	65.38	45	34.62

From table above, item 1 showed that 52 (40%) respondents agreed that effective planning has positive impact on performance, while 78 (60%) respondents disagreed. Item 2 showed that 26 (20%) respondents agreed that effective planning helps to identify and pursue opportunities, while 104 (80%) disagreed. Item 3 revealed that 98 (78.38%) respondents agreed that effective planning is essential to avoid and maximize risks, while 32 (24.62%) respondents disagreed. Item 4 indicated that 91 (70%) respondents agreed that effective planning helps to achieve their organisational goals, while 39 (30%) disagreed. Item 5 showed that 30 (23.08%) respondents agreed that effective planning helps to allocate resources effectively, while 100 (76.92%) disagreed. Item 6 revealed that 75 (57.69%) respondents agreed that effective planning helps to stay organized and focused, while 55 (42.31%) disagreed. Item 7 indicated that 78 (60%) respondents agreed that effective planning helps to measure their progress and success, while 52 (40%) disagreed. Item 8 showed that 117 (90%) respondents agreed that effective planning helps to adapt to changing circumstances, while 13 (10%) disagreed. Item 9 revealed that 60 (46.15%) of respondents agreed that effective planning is essential for the long-term success, while 70 (53.85%) disagreed. Item 10 indicated that 85 (65.38%) respondents agreed that effective planning helps small-scale business enterprise to make informed decisions, while 45 (34.62%) disagreed.

Discussion of Findings

The analysis above revealed that respondents disagreed on 4 items as follows: Effective planning has no positive impact on performance; it does not help to identify and pursue opportunities; it does not help to allocate resources effectively and is not essential for the long-term success. The respondents agreed on 6 items that effective planning has positive impact on the performance of small-scale business enterprises by helping to avoid or minimize risks; it helps to achieve their goals; it helps to stay organise and focus; it helps to measure their progress and success; it helps to adapt to changing circumstances and it helps to make informed decisions. From these findings it implies that effective planning impacts positively on the performance of small-scale business enterprises.

Conclusion

Effective planning is a vital element to the success and growth of small-scale business enterprises. There is no gainsaying the fact that any business enterprise that fails to plan has planned to fail. Therefore, expecting high performance in any business enterprise without effective planning is an exercise in futility.

Recommendations

The following recommendations are prefunded for the purpose of improvement.

1. Small-scale business owners/managers should be able to identify and pursue opportunities through effective planning.
2. Small-scale business owners/managers should be able to allocate resources through effective planning.
3. Effective planning is essential for long-term success and should be embraced by small-scale business owners/managers.

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