
IMPACT OF STRATEGIC PLANNING AND IMPLEMENTATION ON ORGANIZATIONAL PERFORMANCE OF SELECTED SMALL MEDIUM SCALE ENTERPRISE (SMES) IN ABIA STATE

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Abstract

This study focused on the impact of strategic planning and implementation on organizational performance of Selected Small Medium Scale enterprise (SMEs) in Abia State. The study sought to determine the effect of strategy execution/setting objectives on effectiveness of Selected Small Medium Scale enterprise (SMEs) in Abia State. The study employed a survey design. The researcher adopted primary data to collect information from the respondents in the study areas. The study targeted five (5) SMEs in Abia State. The study adopted simple random sampling technique. The study adopted regression model to test the hypothesis of the study. The study concluded that strategy execution/setting objectives have a significant effect on effectiveness of Selected Small Medium Scale enterprise (SMEs) in Abia State. The study recommended that SMEs should have a tight strategy structure fit to facilitate execution of strategy and setting objectives, provides clear guidance on roles that is in line with the organization commitments.

Keywords: Strategic Planning, Strategic Implementation, Strategy Execution, Setting Objectives and Effectiveness

INTRODUCTION

Most organizations across the globe sees planning and implementation as the most important management tool for performance and for organizations to perform well, resources must be well employed and customers well served. To achieve this, human and materials resources must be well employed in the right way as well as developing high quality products at lowest possible cost. Strategic planning is the set of decisions and actions that leads to formation and implementation of plans designed to achieve an organizational objective which comprises of formulation, implementation and control (Pearce & Robinson, 2005). Still, strategy implementation is one of the stages or alternate stage in strategic planning and is done through action plans detailing the tactics and conduct that will be taken in each functional activity. However, strategic planning on the other hand, is regarded as the most introductory of all the planning functions. It involves the selecting from among alternative future course of action for the organization as a whole and every department or section within it. Furthermore, it requires selecting organizational objectives and departmental goals, determines and provides a rational approach to pre-

selected objectives. It strongly implies managerial innovation and the ability to create something (Mahdi, 2016).

Successful strategy implementation and planning in this epidemic period depends upon skills of working through others (delegation), organizations, motivation, culture, structure and creating strong fits between strategy and how the SMEs does things (Pearce & Robinson, 2003). Strategic implementation and planning towards achieving a competitive advantage position and enhancing organizational performance relative to their competitors are the main objectives that SMEs should strive to attain. The whole point of a strategy is that it will be planned and enforced successfully towards attainment goals and objectives of the organization. It is also grounded on how the company operations will be run efficiently with the end of achieving the set targets and objectives (Roberts, 2005).

It is a known fact that SMEs across the globe finds it very difficult to plan and implement strategies, this period is considered the most difficult and tough times for SMEs most especially in Nigeria, some managers lack the managerial skills towards setting of objectives and putting strategy into effect and getting the organization moving in the desired direction. As the ground rules evolved in unprecedented ways, some businesses collapsed and others fought to survive due to poor planning and implementation. Changes in these strategies have the potential to reverberate throughout the market and cannot be prevented (Wagner, 2006). It is against this backdrop that this study examined the impact of strategic planning and implementation on organizational performance of Selected Small Medium Scale enterprise (SMEs) in Abia State.

Objectives of the Study

The main objective of this study is to examine the impact of strategic planning and implementation on organizational performance of Selected Small Medium Scale enterprise (SMEs) in Abia State. The specific objectives are to:

- i. Determine the effect of strategy execution/setting objectives on effectiveness of Selected Small Medium Scale enterprise (SMEs) in Abia State.

Research Question

- i. What is the effect of strategy execution/setting objectives on effectiveness of Selected Small Medium Scale enterprise (SMEs) in Abia State?

Hypotheses

H₀₁: Strategy execution/setting objectives have no significant effect on effectiveness of Selected Small Medium Scale enterprise (SMEs) in Abia State.

LITERATURE REVIEW

Adetowubo-King (2018) carried out a research on the impact of strategic planning on organizational performance: a study of Unilever Nigeria Plc. and May and Baker Nigeria Plc. The study examined the impact of strategic planning on organizational performance using a study of selected manufacturing organizations in Lagos, Nigeria. The study appraised the effect of the concepts on the Nigerian manufacturing industry, using Unilever Nigeria Plc. and May and Baker Nigeria Plc. as case studies. A sample size of one hundred and seventy-one (171) respondents was used in this study, which was determined using Yards formula. The objectives of the study are to; examine how external orientation influences the market share of an organization, ascertain that internal orientation leads to improved market share of an organization, determine how functional areas coverage in planning affects sales volume, investigate if resources provided for the strategic planning affect sales volume and

determine the role of organizational culture in moderating the correlation between strategic planning and organizational performance. Research questions were set alongside five (5) hypotheses that were formulated and tested, descriptive statistics comprising the simple percentage and tables for a detailed presentation were used. The correlation and regression analysis were adapted for this study. The findings revealed that there is a positive relationship between the use of strategic planning and organizational performance in today's corporate environment. The researcher concluded by recommending that top management should be more active in the strategic planning process for attainment of set organizational objectives which will in turn facilitate the growth and development of organizations in Nigeria. It was also recommended that it is necessary for organizations to pay close attention to the environment in which they operate in and take it into full consideration when formulating and implementing strategic plans.

Kurendi (2013) carried out a study on factors that influence Strategy Implementation among flower firms in Naivasha, Kenya. This study was carried out using structured questionnaires to collect data from the respondents. These questionnaires were constructed using descriptive statements from reviewed literature, and were hand delivered to the firms. Major findings from this study were that both internal and external factors influence strategy implementation to a large extent. This study revealed that whilst flower firms do document their strategies, effective implementation is a big hurdle, highlighting factors such as top management commitment, clear identification of activities to be carried out to effectively implement strategy, existing legal requirements, existence of budgetary allocation and internal control mechanisms, as those that must be adhered to if successful implementation of strategy is to take place. Critical discussion of these challenges suggests areas for further studies, considering the fact that this study was limited to only in Naivasha and not any other part of the country, and that it laid focus only on the challenges mitigating strategy implementation in flower firms, with no linkage to their performance.

Mahdi (2016) conducted a study on the effect of strategic planning on organizational performance in industrial estate companies of Gachsaran. In this research, a relevant conceptual model of the strategic planning process for small businesses were developed and by surveying 102 business owners. The applicability of the model was evaluated. This study was conducted among small industrial companies located in the industrial area of Gachsaran. Top level management of the companies that were really involved in the formulation of strategic planning of organization formed the study population. Since this study seeks to measure the effect of strategic planning on the performance of the organization as well as to evaluate the concept model, in order to analyze the data structural equation model and SPSS and Lisrel software were used. One of the most interesting findings of the study was that unlike previous studies, no significant linear correlation was found between the intensity of strategic planning environmental change. The findings show that 70 percent of organizations surveyed have concrete plans and no significant relationship was found between the intensity of strategic planning and the number of staff in the organization. The study recommended that the firms should be proactive on issues of planning in their organization.

Olusanya, Awotungase and Ohadebere (2014) carried out a study on Effective Planning and organizational Productivity, a Study of Sterling Bank Nigeria Plc. The research study examined at the impact of effective Planning on Organizational Productivity using Sterling bank Nigeria Plc. as a case study. However, the research study makes use of primary data with the use of a questionnaire and the estimation technique adopted in the study is

spearman's rank correlation coefficient and the objectives of the study is to determine the relationship between effective planning and organizational productivity and to also to examine whether effective planning leads to employee's performance in an organization. Moreover, two hypotheses were tested using the spearman's rank correlation coefficient and the results found out that effective planning has a relationship with organizational productivity and that effective planning lead to employee's performance in an organization. Therefore, the study concludes and recommends that business owners time and attention is that of improving productivity in Sterling bank is very significant for both survival and maintenance of profit margins in the bank, therefore the bank should measure productivity on how well resources are combined and used to accomplish specific desirable outcomes to be able to achieve its objectives on organizational need, articulate its strategies and carefully pursue them.

THEORETICAL FRAMEWORK

Resource Base View Theory

The resource-based theory (RBT) by Peteraf and Barney (2003) underlines the organization's assets as the critical determinants of competitive advantage and performance.

As indicated by Barney (1991), a firm resource must, in addition, be valuable, rare, and imperfectly imitable and substitutable in order to be source of a sustained competitive advantage. In her 1993's paper, Peteraf presents four conditions underlying sustained competitive advantage: superior resources (heterogeneity within an industry), ex post limit to competition, imperfect resource mobility and ex ante limits to competition. The RBT has developed very interesting contributions, among others, with regard to imitation with the concepts of isolating mechanisms time compression diseconomies, asset mass efficiencies, and causal ambiguity.

An approach to strategy with this view then seeks to find or develop distinctive competencies and resources, applying them to produce superior value. To the degree that these capabilities can be kept extraordinary, to the firm, they can be utilized to build up an upper hand. The resources and capabilities of a firm are the central considerations in formulating its strategy: they are the primary constants upon which a firm can establish its identity and frame its strategy, and they are the primary source of the organization's profitability. The key to a resource based approach to strategy formulation is an understanding of the mechanisms through which competitive advantage can be sustained over time. This requires the design of strategies which exploit to maximum effect the firm's unique characteristics. This theory is of significance for the study to understand whether there exists unique resources and capabilities in the bank gives it an edge when implementing strategies in a manner that influences the performance positively (Grant, 1991).

Gap in Literature

A little empirical work has been done to investigate the impact of strategic planning and implementation on organizational performance in covid-19 pandemic in Nigeria. However, some of the work was done outside the shores of Nigeria and only few were able to study small scale businesses in their respective study areas, such research include; Kurendi (2013) study factors that influence Strategy Implementation among flower firms in Naivasha, Kenya. Therefore, the study tends to fill the loop holes that other researchers left on touch by studying the effect of strategy execution/setting objectives on effectiveness,

examine the impact of products integration strategy/operational design on efficiency, assess the influence of strategic responsiveness/business intelligence on market share, examine the relationship between strategy goal setting/defining vision on performance in Nigeria.

METHODOLOGY

The study employed a survey design. Survey research design was designed to portray accurately the features of every person, events, or groups. It is the program that aided the researcher in the process of collecting, analyzing and interpreting an observation on strategic implementation and planning. The researcher adopted primary data to collect information from the respondents in the study areas. The study targeted five (5) SMEs in Abia State. The study adopted simple random sampling technique. The probability sample gave every respondents and equal chance to participate in the study. Data sourced were analyzed with both descriptive and inferential statistics. The study adopted regression model to test the dependent and independent variables of the study.

Testing of Hypothesis

H₀₁: Strategy execution/setting objectives have no significant effect on effectiveness of Selected Small Medium Scale enterprise (SMEs) in Abia State.

Table 1: Regression model on Strategy execution/setting objectives on effectiveness

Variable	Parameters	Coefficient	Std error	t – value	P-value
Constant	β_0	0.054	0.041	1.317	.000
SESO (X ₁)	β_1	0.072	0.051	1.412**	.005
R-Square		0.624			
Adjusted R – Square		0.540			
F – statistics		7.644***			

Source: Field Data, 2023

Table above shows the coefficients of Strategy execution/setting objectives on effectiveness. The coefficient of multiple determination (R²) was 0.624 which implies that 62.4% of the variations in dependents were explained by changes in the independent variable while 37.6% were unexplained by the stochastic variable indicating a goodness of fit of the regression model adopted in this study which is statistically significant at 1% probability level.

The coefficient of Strategy execution/setting objectives was statistically significant and positively related to effectiveness at .005% significant level (1.412**). This implies that strategy execution/setting objectives have a significant effect on effectiveness of Selected Small Medium Scale enterprise (SMEs) in Abia State.

CONCLUSION

This research was aimed at determining the impact of strategic planning and implementation on organizational performance of Selected Small Medium Scale enterprise (SMEs) in Abia State. The majority of the respondents strongly agreed that Strategic planning and implementation is a critical step in the management of any organization, regardless of the level. The respondents highlighted the urgent need to initiate an office dedicated to strategic management processes in order to actualize the strategy execution and setting of goals and objectives as stipulated in the strategic plan. Thus, it is on that note that the study concluded that strategy execution/setting objectives has a significant effect on effectiveness of Selected Small Medium Scale enterprise (SMEs) in Abia State.

RECOMMENDATIONS

The study recommends that

- i. SMEs should have a tight strategy structure fit to facilitate execution of strategy and setting objectives, provides clear guidance on roles that is in line with the organization commitments.
- ii. Management should relook at the goal settings that will carry out the strategy-relevant activities, the degree of cooperation and commitment among functional departments of the organization to enhance performance.

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