
STRATEGIC PLANNING AND SURVIVAL OF MICRO, SMALL AND MEDIUM SIZED ENTERPRISES IN BAYELSA STATE, NIGERIA

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ABSTRACT

The study examined influence of strategic planning on survival of micro, small and medium sized enterprises (MSMEs) in Bayelsa State, Nigeria. The purpose of the study was to ascertain how well strategic analysis and strategic goals determine survival MSMEs. The study adopted cross-sectional survey design. The population of the study comprised 82 MSMEs operating base in Bayelsa State, Nigeria and which are registered with Corporate Affairs Commission (CAC). The study collected primary using structured questionnaire that was distributed randomly among management staff and was fully analyzed using multiple regression to test the null hypotheses at (0.05) The Statistical Package for Social Science (SPSS) version 23.0 aided data analyses and test of hypotheses. The study found that change in survival of MSMEs was influenced by strategic planning (strategic analysis and strategic goals). The study concludes that strategic planning influence survival MSMEs in Bayelsa State; and recommends that significant investment should be made by MSMEs on long-term strategic planning to improve their survival.

Keywords: MSMEs survival strategic analysis, strategic goals, strategic planning practices

INTRODUCTION

Third world countries have in recent times given remarkable attention to policy formulation towards repositioning micro, small and medium sized enterprises (MSMEs) to balance developmental issues from large scale capital intensive, and high import dependent industrial plants particularly in Nigeria. However, these enterprises contribute to economic development in several ways through utilization of local content, raw materials, employment generation, development of entrepreneurship, partnership with multinational companies, provision of avenue for self-employment, provision of opportunity for training semi-skilled workers.

Apparently, MSMEs have said to be backbone of major developed economies, as well as important contributors to employment, economic and export growth in developing countries all over the world (Abodunde, 2020). This assertion is also accepted to be true for several countries and regions of the world, including the developed economies. Obaje (2020) stated that MSMEs play “catalytic roles” in the improvement of business activities of a good number of economies. However, a recent analysis in South Africa revealed that small and medium sized enterprises MSMEs account for 91% of businesses, 60% of employment and contribute 52% of total gross domestic products (GDP).

According to the Nigeria Bureau of Statistics (2021) MSMEs contribute about 48% of national GDP in the last five years. With a total number of about 17.4 million, they account for about 50% of industrial jobs and nearly 90% of the manufacturing sector, in terms of number of enterprises in Nigeria. Small and medium Enterprises Agency of Nigeria (SMEDAN. 2017) defined MSME as a company with 10 to 49 employees and assets worth five million naira (N5, 000,000.00) and less than fifty million naira (N50, 000,000.00)

excluding land buildings. According to the Central Bank of Nigeria (CBN, 2023), MSMEs as entities with asset base of N5 million and not more than N500 million excluding land and buildings with employees between 11 and 200. However, Nigerian MSMEs operate in a very volatile and difficult economic climate owing to external factors such as lack of access to financial credit and capital, serious infrastructural deficits, inadequate policy direction, policy volatility, civil unrest and the like (Dugguh, 2015).

The long-term survival of MSMEs has been the core interest of corporate strategist and scholars in the strategic management field since the evolution of industrial activities after the World War I. Although most concern issues are: why firms differ, how they behave, how they institutionalized strategies and how they are managed. This assertion align with Mintzberg's (1992) position that the importance of strategic planning to include enabling a company coordinate its activities as it helps a business make sure that the future is taken into account, thereby guaranteeing preparedness for the inevitable and pre-empting the undesirable.

The survival of MSMEs depend on their ability to respond to changes in the internal and external environment. Strategic planning is a companywide approach to achieving a longer-term vision. The process includes defining corporate goals and intentions at the top and cascading them through each level of the organization. Obaje (2020) view strategic planning as corporate strategy formulation process that seeks to envisage future directions for the business from all perspectives.

Research has pointed to various factors responsible for SME failures and success, including poor financial management (Karadag, 2015), lack of or difficulty of accessing capital (Aborampah, 2012), frequent government policy changes and bureaucracy (Aleksejeva, 2015), strategic planning (Abaje, 2020) among others. These studies effort do not appear to have provided the much-needed knowledge required to guarantee success for MSMEs, as most in Nigeria fail before their first anniversary. The choice and application of certain strategic planning models and features may improve survival of MSMEs not only in a turbulent climate that most Nigerian MSMEs find themselves, but also in a competitive environment, and can facilitate survival and contribute to business growth, among other things.

This study therefore builds on the premise of previous studies on the relationship between strategic planning and survival but goes further to examine the relationship between strategic planning and survival and narrow it down to specific context which is MSMEs in Bayelsa State. The purpose of the study therefore, is to ascertain the relationship between strategic planning and survival of MSMEs in Bayelsa State, Nigeria. In order to guide the research, the following research questions were posed:

1. To what extent does strategic analysis influence survival of MSMEs in Bayelsa State, Nigeria?
2. To what extent does strategic goals influence survival of MSMEs in Bayelsa State, Nigeria?

LITERATURE REVIEW

Theoretical Review

The study was anchored on dynamic capability theory (Teece et al., 1997) which suggests that a firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments is key to superior performance. Dynamic capability theory examines how firms address or bring about changes in their turbulent business environment through reconfiguration of their firm-specific resources and competencies into new competencies (Teece, 2007). From a practical perspective, over the last three decades, the rapid rate of technology change, shortened product life cycles, globalization, and blurring industry boundaries make the business environment increasingly dynamic.

Dynamic capability theory operates on three fundamental presumptions: capacity to sense and shape opportunities; capacity to seize opportunities; and capacity to maintain competitiveness through asset reconfiguration (Teece, 2007). This theory was use to guide this study because its perspectives are tied to the focus of the study variables. The theory provides adequate theoretical explanation of how firm's ability

to integrate, recombine and reconfigure existing resources and capabilities (in our case, strategic planning) facilitates competitiveness.

Concept of Strategic Planning

Strategic planning is an anticipatory activity aimed at designing the desired future of an organization and mapping out modalities to achieve the desired future. It is the process of dreaming and translating organization's dreams into reality. Strategic planning gives value to intent and intent is useless without proper planning (Aldehayyat & Khattab, 2013). Strategic planning is a systematic process to determine the company's direction and goals, analyze the external and internal environment, select the right strategy, establish an implementation plan, develop a monitoring system, and assess the company's achievements (Arasa & K'Obonyo, 2012)

Strategic planning is long-term oriented, and provides a basis for decision-making. Instead of focusing on immediate results, strategic planning provides a high-level view of milestones the firm need to hit to achieve long-term goals. Strategic planning process comprises three main elements which help turn an organization's vision or mission into concrete achievable. These are the strategic analysis, strategy choice and strategy implementation. In this study however, we focus on strategic analysis and strategic goals.

Strategic analysis encompasses setting the organization's direction in terms of vision, mission and goals (Aboramadan & Borgonovi, 2016). It entails articulating the company's corporate intent and directing efforts towards understanding the business environment. Strategic analysis is conducted understand trends that could impact the success of the firm's strategy.

According to Abodunde (2020) strategic choice involves generating, evaluating and selecting the most appropriate strategy. Strategy implementation consists putting in place the relevant policies and formulating frameworks that will aid in translating chosen strategies into actionable forms. The core component of strategic planning is strategic analysis. Lynch (2006) posits that with strategic analysis, the organization, its mission and objectives have to be examined and analyzed. Strategic planning provides value for the people involved in the organization; its stakeholders but it is often the senior manager who develops the view of the organization's overall objectives in the broadest possible terms.

Strategic goals: strategic goals refers to specific, long-term objectives that a company sets for itself to achieve it mission and values. Once the strategic analysis is complete, corporate leadership team set overarching strategic goals and priorities for the organization. Once the strategic goals and priorities are finalized, each business unit needs to define its strategic goals and plans on how it can contribute to the overall direction of the enterprise. That includes not only what is to be accomplished, but how it will be accomplished including high level plans, budgeting, human resources planning, financial planning, marketing planning and utilizing the 7s model to identify strategic leadership components in the several business units.

MSMEs Survival

According to the World Bank (2010), MSMEs are businesses that have at most 300 employees and an annual turnover not exceeding 15 million US dollars. Survival of MSMEs depend upon series of relations and the continual interaction with the environment that give rise to a number of broader responsibilities to the society in general. Survival has been taught with many conflicting definitions and it is not a new phenomenon among academics and industry practitioners. Richardo and Wade (2010) define MSME survival as the ability of the organization to achieve its goals and objectives.

More so, corporate survival is described as the extent to which the organization is able to meet the need of its stakeholders and its own needs for survival. Starbuck (2003) noted that an organization must develop and change in order to survive and that since products have a life cycle, new products must be found to

replace old ones. Innovation is therefore vital to survival of MSMEs. It is long-term desire of every organization to remain in business. Oga and Ewrierhurhoma (2020) conceive survival is the ability of the organization to learn and manage uncertainty and combine various knowledge for learning and creating opportunities in the business environment to achieve set objective (Okuwa et al., 2016).

Empirical Review

Abodunde (2020) examine strategic planning and its effect on performance of small and medium enterprises (SMEs) performance in Lagos state, Nigeria and reveal that majority of SMEs operators are not aware of the strategic planning process and that their enterprises do not prepare enough for formulation and implementation of a strategic plan. Results show that inadequate resources, lack of experts and difficult to align organizational culture and strategic plan are the major challenges facing the implementation of a strategic plan in SMEs.

Relatedly, Nnabuife et al. (2017) investigated corporate planning and performance of selected telecommunication companies in Benue State, adopting correlational research design. The study found that that strategic analysis has significant relationship with satisfaction of customers of telecommunication companies and there is a significant relationship between strategic objective and market share of telecommunication companies.

Similarly, Okeke (2014) probed effect of corporate planning and management strategy on performance of selected oil companies in Delta State, and found that corporate planning affect organizational goals and the changes in the business environment affects the reviews studied the effects of corporate planning on corporate performance using Babcock University as the case study. The results show that there is a significant positive correlation between corporate planning and corporate performance. The study therefore, concluded that corporate planning is beneficial to organizations in achieving set goals.

In view of the foregoing, and for the purpose of drawing statistically valid inferences, the following hypotheses were formulated:

H₀₁: Strategic analysis does not significantly influence survival of MSMEs in Bayelsa State, Nigeria.

H₀₂: Strategic goals do not significantly influence survival of MSMEs in Bayelsa State, Nigeria.

METHODOLOGY

The study adopts cross-sectional survey research design. The population of the study comprised 82 MSMEs with operational base in Bayelsa State, Nigeria and registered with Corporate Affairs Commission (CAC). They included firms in food and beverages, printing & digital processing, agricultural, telecommunication, fashion & cosmetic, consulting, manufacturing and others. The study sampled 3 I each MSME, hence, 246 respondents offered valuable and meaningful information to achieve the purpose of the study. The sampling procedure in this research is the simple random sampling method. Primary data was generated through structured questionnaire.

The questionnaire was subjected to face and content validity. The questionnaire was presented to 3 experts in the industry and academics for face validity. Content validity was achieved by ensuring that the measurement items in the questionnaire were derived from literature, and mostly adopted from instruments used by other researchers. Reliability for the questionnaire was determined using the Cronbach alpha test. The adopted benchmark was based on Nunally's (1971) criterion of > 0.70. The results obtained exceeded 0.70. The data, collected from was analyzed using multiple regression analysis with the help of statistical package for social science (SPSS) version 23.0. The hypotheses were tested at 95% level of confidence and a 5% level of significant in order to draw conclusion. If the p-value is <0.05 (5%) reject null hypothesis.

DATA ANALYSIS AND RESULTS

Table 1: Summary of Strategic Planning on MSMEs Survival

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893 ^a	.797	.788	1.78451

a. Predictors: (Constant), Strategic Analysis, Strategic Goal

Source: SPSS Data Output, 2023.

Model 1 above indicates the regression result with (R-val. 0.893) indicates that strategic planning (strategic analysis and strategic goal) had a very strong impact on the dependent variable (MSMEs survival). Also, the coefficient of determination (R^2 - 0.797) implies that both dimensions of the predictor variables explain 79.7% variation of micro, small and medium sized enterprise (MSMEs) survival while the remaining 20.3% could be due to the effect of other factors that is not included in the study.

Table 2: Multiple Regression Analysis of proxies of Strategic Planning and MSMEs survival Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.584	.709		-.824	.413
	Strategic Analysis	.532	.412	.521	2.176	.004
	Strategic Goal	-.710	.737	-.790	-3.530	.000

a. Dependent Variable: MSMEs survival

Source: SPSS Data Output, 2023.

Table 2 showed a regression coefficients result with ($\beta = 0.521$; t-statistic = 2.176 > 1.96) and a corresponding probability value (P-v = 0.004 < 0.05%) level of significance. The decision rule is that once the probability value is less than 0.05 there is a correlation between the study variables. Therefore, ($\beta = 0.521$; and P-v = 0.004 < 0.05%) indicates that there is a moderate positive and significant correlation between strategic analysis and survival of MSMEs in Bayelsa State, Nigeria. Thus, the null hypothesis is hereby rejected.

Table 2 also showed the correlation coefficients result with ($\beta = -0.790$; t-statistic = -3.530 > 1.96) and a corresponding probability value (P-v = 0.000 < 0.05%) level of significance. The decision rule is that once the probability value is less than (0.05%), there is a significant correlation between the study variables. Therefore, ($\beta = -0.790$ and P-v = 0.000 < 0.05%) indicates that there is a strong negative and significant correlation between strategic goals and survival MSMEs in Bayelsa State, Nigeria. Thus, the alternate hypothesis is hereby accepted.

DISCUSSION OF FINDINGS

The findings of the study showed that strategic analysis have a moderate positive and significant correlation with survival of MSMEs. Similarly the findings further indicate that strategic goal have a statistical strong negative and significant correlation with MSMEs' survival. The findings are in line with that of Abodunde (2020) that majority of SMEs operators are aware of the strategic planning process and that their enterprises do not prepare enough for the formulation and implementation of the strategic plan.

The findings also corroborate the conclusion of Serah (2013) that various strategic planning practices are applied in all the firms and are used as guide to departmental roles within the firms. The firms strategic practices were found to be specific to the area of operations with each area having some unique strategic practices such as marketing, financial management, human resource management, public relations, and

procurement. In addition, our findings agree with the findings of Akinyele (2010) that corporate plan drive organizational positioning in a dynamic environment, and enhances the development of new product for existing markets.

Further, our findings cohere with the position that corporate strategy is beneficial to organizations in achieving set goals and the recommendation that corporate organizations should engage in corporate planning in order to enhance corporate performance (Kodikal & Rahiman, 2016).

CONCLUSION AND RECOMMENDATIONS

This study examined the influence of strategic planning on survival of MSMEs in Bayelsa State, Nigeria. From the findings, the study concludes that strategic planning influence survival of MSMEs in Bayelsa State. Specifically, the study concluded that a strategic analysis and strategic goals significantly influence survival MSMEs in Bayelsa State, Nigeria. Based on the findings and conclusions reached, the study recommends that MSMEs in Bayelsa State, Nigeria should invest significantly on long-term planning to improve their survival.

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