

## Strategic Planning and Productivity in Organizations: A Study of Selected SMEs in Anambra State

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### ABSTRACT

*This study analyzed strategic planning and productivity in organizations: A study of three selected SMEs in Anambra State, Nigeria. The need for an organization to proactively respond to environmental challenges was the motivating factor for the research. The objectives of the study were basically to find out the effect of strategic planning on productivity of the SMEs under study, and how and to what extent the mediating role of employee involvement and implementation incentives influences SMEs business performance. The study followed a quantitative research approach using a survey research design. The target population included all employees of the SMEs under study, which was 1, 100. A sample of 293 was drawn from the population using Taro Yamane's formula. The reaction to the study was positive as a response rate of 98.98% (290) was obtained. The  $X^2$  (chi-square) test statistic at 0.05 level of significance was used in testing the hypotheses. The study revealed that strategic planning positively influences the productivity of the SMEs under study; and that the mediating role of employee involvement/participation and implementation incentives positively influences SMEs productivity/business performance. Based on the findings, some recommendations were made which include; that the management of the SMEs are advised to adhere strictly to the processes of strategic planning, in addition to having a feedback on their strategic planning practices; so that they can position their organization to pursue growth opportunities. Moreover, managers and owners of SMEs should endeavour to make use of their employee participation and implementation incentives capabilities, which augment each other so that they would have successful business strategies.*

**Key Words:** Strategic Planning, Productivity, Business Performance, Employee Participation, Implementation Incentives.

### INTRODUCTION

The need for an organization to proactively respond to environmental challenges has now become imperative, as it offers the organization a competitive edge in today's business world. In this regard, every organization regardless of its size must have some form of a strategic plan. The strategic planning process is used by management to establish objectives, set goals, and schedule activities for achieving those goals and includes a method for measuring progress. Hence, SMEs are expected to play an increasing role in a country's socio-economic development and the quality of the SMEs is very critical in the economic development of any nation. Thus, for SMEs to survive and grow requires effective strategic planning (Nyamwanza, 2013: 124- 133).

In view of this, small and medium scale enterprises (SMEs) operate within the economic environment characterized by volatility, dynamism and competitive markets that may seriously threaten their survival (O' Regan and Ghobadian, 2004: 292-312; Hernandez, Dewhurst, Pritchard and Barber, 2004: 691-711). In Nigeria, the operating environment for SMEs is constantly changing in the face of a volatile economic environment and a highly competitive market. For SMEs to weather the storm of such volatility and competitive market, Dansoh (2005: 163-168) is of the view that SMEs need to engage in strategic planning process. According to Jennings and Disney (2006: 598-614) stable environments appear to require less planning activity, whereas unstable and competitive environments require increased planning capability and comprehensiveness, as well as greater planning flexibility. Studies have suggested that SMEs can use strategic planning as a weapon to cushion them against the unstable business environment in order to ensure their survival and growth (Kraus, Harms and Schwarz, 2006: 334-344; Tajuddin and Ahmad, 2013: 342-363). The need for strategic planning is even more pronounced in emerging economies like Nigeria where the business environment is unstable, business cycles alter and competition is tightening. In this regard, Teerantansirikool, Siengthai, Badir and Charoenngam (2013: 168-184) posit that strategic planning enables SMEs to be forward looking and vigilant in order to be able to cope with these circumstances.

A company's strategic plan is its overall game plan that management uses to position the business for success in its chosen target market, compete effectively, maximize customer satisfaction and deliver superior value to all its stakeholders over a period of time (usually one to five years). In view of this, SMEs often implement strategic planning to improve organizational productivity. But this decision is based on an assumption made by practitioners and academics alike. This assumption is derived from the logic that strategic planning will help unify organizations around a clear mission and goals, which will result in improved organizational performance/productivity (Boyne and Gould- Williams, 2003: 115- 132).

However, some organizations that implement strategic planning may never gain the benefits, including the promise of better performance, because they half-heartedly engage in the practice or lack the necessary resources (Bryson, 2004). Thus, unless organizations properly invest in the process of strategic planning, the expected benefits are not likely to materialize.

In the light of the above, it is evident that there is a strong argument from the literature that SMEs need to engage in strategic planning if they are to maintain their position as key economic players. Advocates of strategic planning by SMEs believe that it buffers SMEs from highly unstable business environments characterized by the heightened pace of technological change, increased government regulations, volatile business cycles, tightening of competition, and inflationary pressures, which reduce their capital. However, while strategic planning research in large organizations has been studied extensively, little attention has been paid to strategic planning of SMEs (O'Regan and Ghobadian, 2004). Teeratansirikool et al. (2013: 168-184) argue that strategic planning has not significantly filtered down to the SME sector and that those who do engage in the strategic planning exercise have plans that are unstructured, less comprehensive and sporadic. There is little evidence of empirical research that has sought to evaluate strategic planning within the sphere of small business research (French, 2009: 6-17). Furthermore, Sum, Jukow and Chen (2004: 321-345) agree that despite the widespread recognition of the importance and significant contributions of SMEs, research on these businesses remains scarce.

Nevertheless, several studies in the SME sector have shown better performance outcomes for those who plan strategically. Ogunmokun and Tang (2012) remark that theirs and 16 other studies show the value of strategic market planning for SMEs. A review in 2005 by Gibson and Cassar found that better performers were more likely to use business planning, though better performance was not guaranteed by formal planning (Gibson and Cassar, 2005: 207-222). Moreover, as evidenced by case studies by Rock Hill (Wheeland, 2004), the process and implementation of strategic planning takes time and resources. Practitioners need to understand whether strategic planning is worth the effort, at least in terms of payoff for performance. In addition, research in the private sector points to the fact that strategic planning can have a negative impact on performance because planning becomes more of a burden on organizations than a benefit (Mintzberg, 1994: 107-114).

### **Statement of the Problem**

In Nigeria, the operating environment for SMEs is constantly changing in the face of a volatile economic environment and a highly competitive market. Thus, faced with much greater levels of uncertainty and risk capital, many SMEs don't adequately plan for their future through effective strategic thinking and planning; and even when they do, poor communication and poor goal comprehension becomes a problem. Hence, despite the fact that business survival rates for start-ups are a depressing 50% within the first 5 years, many business owners believe that strategic planning is either unnecessary or too hard to implement; due to unrealistic expectations during implementation (timing and scope oversight) and poor implementation coordination (unclear management structure, disjointed command) (Hathway Management Consulting, 2013: 3).

Moreover, some organizations that implement strategic planning may never gain the benefits, including the promise of better performance, because they half-heartedly engage in the practice or lack the necessary resources (Bryson, 2004). Thus, unless organizations properly invest in the process of strategic planning, the expected benefits are not likely to materialize.

### **Objectives of the Study**

Given the statement of the problem, this research seeks the following objectives:

1. To ascertain the effect of strategic planning on the productivity of the SMEs under study.
2. To determine how and to what extent the mediating role of employee involvement and implementation incentives influences SMEs business Performance.

3. To ascertain whether strategic planning positively influences the competitiveness of the SMEs under study.
4. To determine the challenges planners and managers in SMEs experience when they undertake strategic planning and their influence on productivity.

### **Research Questions**

Given the statement of the problem and the objectives of the study, the following research questions guided the conduct of the study:

1. What is the effect of strategic planning on the productivity of the SMEs under study?
2. How and to what extent does the mediating role of employee involvement and implementation incentives influence SMEs business performance.
3. How does strategic planning positively influence the competitiveness of the SMEs under study?
4. What challenges do planners and managers in SMEs experience when they undertake strategic planning and what is their influence on productivity?

### **Research Hypotheses**

In this study, the following research hypotheses were formulated to serve as aids jointly in finding answers to the research questions and in fulfilling the objectives of the study:

1.  $H_1$  : Strategic planning positively influences the productivity of the SMEs under study.
2.  $H_1$  : The mediating role of employee involvement and implementation incentives positively influences SMEs business performance.
3.  $H_1$  : Strategic Planning positively influences the competitiveness of the SMEs under study.
4.  $H_1$  : The challenges planners and managers in SMEs experience when they undertake strategic planning positively influences productivity.

### **Conceptual Framework**

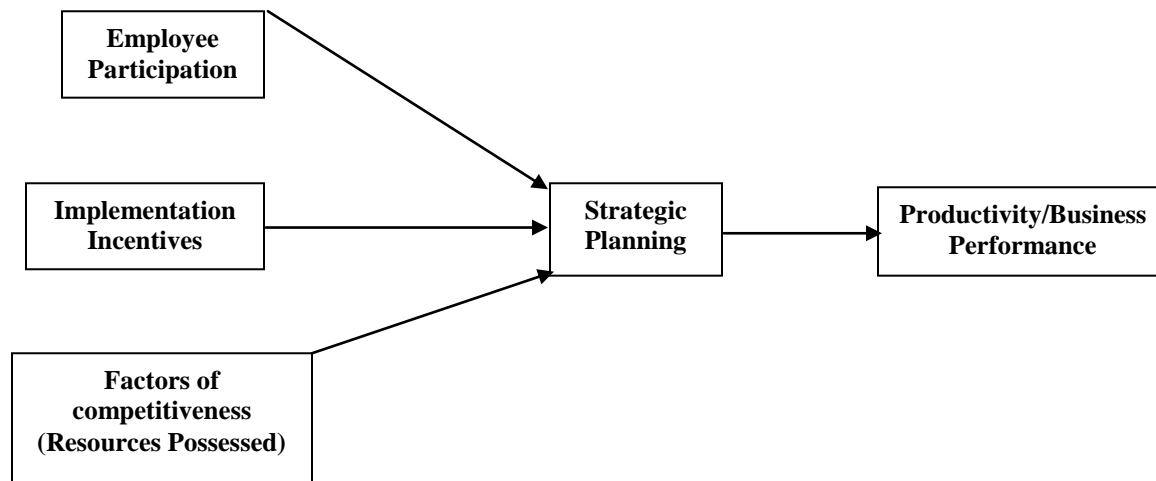
#### **Strategic Planning: Nature and Meaning**

Zandi, Sulaiman, Al Amtiyat and Naysary (2013: 185) describe strategic planning as a process of setting objectives, analyzing the situation, developing concepts to deal with the situation, as well as achieving and implementing those objectives. Raczynski (2008) states that strategic planning is about looking at where an organization wants to go in the future and putting together the resources, assets and the personnel to get there. In addition, to analyzing where the organization wishes to be in the future, strategic planning involves determining what outside forces may influence that vision. These include the actions of competitors, technical breakthroughs and threats from changes in the world environment (Raczynski, 2008). To Shah (2013: 24-29), the purpose of strategic planning is to enable a business to gain a sustainable edge over its competitors.

Several theorists and practitioners have argued for the need of strategic planning (Mitchelmore and Rowley, 2013:83-96; Shah, 2013:24-29). A major claim of such arguments is that strategic planning creates a viable link between an organization's objectives, goals and resources. Perez, Verdu-jover, and Benitez-Amado (2013: 134-153) believe that strategic planning provides an operational framework, which allows an organization to enjoy competitive advantages and improved performance. Those SMEs that engage in strategic planning are more likely to achieve higher sales growth, high returns on assets, higher margins on profit, higher employee growth, international growth and are less likely to fail (Raymond, St. Pierre, Cadieux and Labelle, 2013: 468-499; Rosenbusch, Rauch and Bausch, 2013: 633-659).

### **Theoretical Framework**

The theoretical framework analyzes the theory/ model that guided the conduct of the study. Thus, this work is anchored on a combination of the model of Ketokivi and Castane (2004: 337- 365)/Nah, Lau and Kaung (2001: 285-291) and Zaridis (2009: 917-921) which was used as the theoretical base. It is called the employee participation, implementation incentives, and the resource based theory of firms' competitiveness model. In other words, a theoretical model was developed as illustrated in figure 6.2. The model consists of five constructs; that is, one predictor – strategic planning, three mediators – employee participation, implementation incentives and the resources (tangible assets/intangible assets) possessed by the SMEs that differentiates it from its competitors (factors of competitiveness), and one outcome variable – competitiveness/productivity/business performance. A detailed explanation of the association between the five constructs is provided below:



**Figure 1:** The Employee Participation, Implementation Incentives and the Resource based Theory of Firms' Competitiveness Strategic Planning Model (Adapted from Ketokivi and Castane (2004)/Nah, Lau and Kaung (2001) and Zaridis (2009).

### **Employee Participation**

In an employee participation strategic planning process, employees from different units and hierarchical levels form working teams to complete assigned tasks (Ketokivi and Castane, 2004: 337-365). Thus, employee participation in the strategic planning process is critical in the successful implementation of a strategy.

### **Implementation Incentives**

The implementation incentives construct suggests that SMEs use rewards to motivate employees for goal attainment. To Nah, Lau and Kaung (2001: 285- 291) employees should be given compensation and incentives to ensure strategy success.

### **Competitiveness**

Competitive advantage or rather competitiveness is the set of factors or capabilities that allows a firm to consistently outperform their rivals. It encompasses those factors that a firm needs to have in order to succeed in business (Analoui and Karami, 2003). In other words, competitiveness is the capability of the organization to do its activity in a way or in different ways that other competitors cannot realize (Kotler, 2000). Simply put, competitiveness is a measure of a firm's advantage or disadvantage in selling its products/services in national or international markets. According to the Resource-based theory of a firm, in depth time competitiveness of a firm depends on the resources it possesses that differentiate it from its competitors and are durable and difficult to imitate and substitute (Zaridis, 2009: 917- 921).

### **Strategic Planning and its Influence on Productivity of SMEs**

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, Omer, Tatoglu, Demirbag and Zaim, 2008: 365-391; Rudd, Greenley, Beaston, and Lings, 2008: 99- 108). These findings include the range from positive relationships between strategic planning and performance to no relationships; to negative relationships (Efendioglu and Karabulut, 2010). For instance, there are empirical supports for a positive relationship between strategic planning and performance (Glaister, et al, 2008: 365-391; Al Shammari and Hussein, 2007; Philips, Davis and Mountinho, 2001: 159 – 182; Baker and Leidecker, 2001: 355-364). On the other hand, there are also evidences signifying that no such relationships exist (French, Kelly and Harrison, 2004: 765- 776; Falshaw, Glaister and Tatoglu, 2006: 9- 30), and some researchers have countered that explicit strategic planning is dysfunctional or at best irrelevant (Miller and Cardinal, 1994: 1649 – 1665). This inconsistency has made the critics to suggest that other factors might have effect on this relationship (Meilich and Marcus, 2006;

Rudd, et al., 2008: 99- 108; Hoffman, 2007). In addition, these studies have been criticized for little consideration on examining organizational or contextual influences (Glaister, et al., 2008: 365- 391). Thus, this paper/study attempts to examine the relationship between some factors of strategic planning, employee participation/ implementation incentives, some factors of competitiveness on the productivity/performance of Nigerian SMEs.

Moreover, research in the private sector points to the fact that strategic planning can have a negative impact on performance because planning becomes more of a burden on organizations than a benefit (Mintzberg, 1994: 107 - 114). Essentially, organizations feel as if they are spending more time planning rather than actually accomplishing anything. This view point has found prodigious/ powerful research and intellectual support in Ngige and Ibekwe (2012: 86) who are of the view that strategic planning (an aspect of strategic management) involves a great amount of top management time and effort; and because of this; strategic planning can reduce managers cum organizational productivity. Nevertheless, as evidenced by case studies by Rock Hill (Wheeland, 2004), the process and implementation of strategic planning takes time and resources. Practitioners need to understand whether strategic planning is worth the effort, at least in terms of payoff for performance. However, Perez, et al. (2013: 134-153) are of the view that strategic planning provides an operational framework, which allows an organization to enjoy improved productivity/performance and competitive advantages.

### **The Mediating Role of Employee Involvement/Participation and Implementation Incentives on SMEs Productivity/Business Performance**

In an employee participative strategic planning process, employees from different units and hierarchical levels form working teams to complete assigned tasks (Ketokivi and Castane, 2004: 337-365). Raps (2005: 141-146) states that employee involvement is crucial for the following reasons; it increases the general awareness of the strategy, it builds a consensus in the business about the implementation of the strategy and it boosts their morale and, hence, provides them with a strong drive to implement the strategies.

Speculand (2009: 167- 172) reiterates that organizational leaders should influence beliefs of those resisting so that everyone is involved and united towards achieving common goals. Gadiesh and Gilbert (2001: 73-79) are of the view that involving employees in strategy execution offers benefits that include motivating employees to capitalize on opportunities swiftly, and to innovate and take risks. Nevertheless, broad participation in organizational strategic planning decision making has been shown to have many advantages for organizations, particularly when big changes are being implemented (Berg: 1997: 30-43). Research has demonstrated that including employees from low-level employees to management, in strategic planning helps to facilitate consensus on difficult decisions (Berg, 1997: 30-43), builds interpersonal trust within organizations (Nyan, 2000: 87-109), and increases job satisfaction of employees (Kim, 2002: 231-241). Nyan (2000: 87-109) found that when interpersonal trust within organizations increases, so would organizational commitment of employees and productivity. Furthermore, Ng (1993: 287-331) found that the failure of an agency in Hong Kong to implement strategic planning was due in part to the lack of employee participation in the process. In addition, when decisions are made in a deliberative fashion, the outcomes are more likely to reflect the common good (Barabas, 2004: 687-701). The view has also been expressed that participation in the process can help the organization get a firm grasp on their external and internal environments and the issues that exist within the organization that should be accounted for by the strategic plan.

Consequently, most researchers generally agree that employee participation in the strategic planning process is critical in the successful implementation of strategy (Barker and Frolick, 2003: 43-49; Ketokivi and Castane, 2004: 337-365). According to Nah, et al., (2001: 285-291) employee participation enhances skills development through information sharing and knowledge transfer. Through a participative strategic planning process, employees are satisfied that their ideas are considered for problem solving, employees develop an interest in the process of planning and become committed and motivated to work hard for goal achievement. Empirical tests of the influence of employee participation confirm these assertions. For example, a study by Nah, et al., (2001: 285-291) reports that involvement of employees is a key factor in successful implementation of strategies, and hence the promotion of business productivity. Similarly, Barker and Frolick (2003: 43-49) state that in order to ensure strategy success and hence business performance, employees should be involved unconditionally.

Furthermore, the implementation incentives construct suggests that SMEs use rewards to motivate employees for goal attainment. Ehler's and Lazenby (2007) support the use of this construct by stating that motivating rewards for employees are a necessary condition for business to implement strategies successfully, thereby boosting their productivity. Ehler's and Lazenby (2007) further posit that one of the barriers to successful strategy implementation

is the people barrier, where only 25% of managers use rewards in strategy implementation. This indicates that if employees are given incentives, the rewards may be an effective driver to successful strategy implementation. This view is consistent with Okumu's (2003: 871-882) strategy implementation framework, which recommends incentives as a key factor to implementing strategies successfully. Nah, et al., (2001:285-291) also asserted that employees should be given compensation and incentives to ensure strategy success. Their argument was that the use of incentives enhances togetherness in strategy execution. Rewarding employees increases the likelihood of employee commitment and motivation in the strategic planning process.

### **Strategic Planning and its Influence on the Competitiveness of SMEs**

Competitiveness is the set of factors or capabilities that allows a firm to consistently out-perform their rivals. It encompasses those factors that a firm needs to have in order to succeed in business (Analoui and Karami, 2003). To Barney (1991: 99-120) a firm has sustainable competitive advantage when it implements the strategy of the value creation that is not implemented by other competitors. Competitive advantage is the capability of the organization to do its activity in a way or in different ways that other competitors cannot realize (Kotler, 2000). Competitive advantage is considered as objective of strategy (Porter, 1985). A firm has competitive advantage when it is able to create more economic value than its rivals (Barney and Hesterly, 2010). Porter's (1985) arguments reflect the strengths, weaknesses, opportunities, and threats (SWOT) framework for assessing competitive advantage.

In view of this, strategic planning ensures the long-run competitiveness cum success of organizations. Ohmae (1982) and Porter (1980) are of the view that 'what business strategy is all about ... is, in a word, competitive advantage. Without competitors there would be no need for strategy, for the sole purpose of strategic planning is to enable the company to gain, as efficiently as possible, a sustainable edge over its competitors. Thus, long-run competitiveness in organizations is more specifically accomplished by the use of SWOT analysis. A SWOT analysis is a strategic planning tool to evaluate the firm by identifying its strength and weaknesses in addition, to its opportunities and threats. It is used to gauge the degree of "fit" between the organization's strategies and its environment, and to suggest ways in which the organization can profit from strengths and opportunities and shield itself against weaknesses and threats (Adams, 2005: 26-28). Thus, organizations that use strategic planning (an aspect of strategic management) are more competitive, more profitable and successful, i.e. have financial benefits (Ngige and Ibekwe, 2012: 85). Hence, whether an organization's managers'/employees plan strategically does appear to make a difference in how well the organization performs (Gluck, Kaufman and Wallack, 1982).

Consequently, SMEs have to do the external analysis to identify the opportunities and threats and to do the internal analysis; to identify the strengths/distinctive competencies and weaknesses. Distinctive competencies help a firm stand out in its markets when its competencies are superior to its competitors (Andrew, 1971). Core competencies and distinctive competence are two main factors of strategic planning that induce SMEs to have competitive advantage. According to the Resource-Based Theory of a firm, in depth time competitiveness of a firm depends on the resources it possesses that differentiate it from its competitors and are durable and difficult to imitate and substitute (Zaridis, 2009: 917-921).

Some of the businesses have tangible assets, whereas some others have strong intangible assets; both of them give strong impact in creating sustainable competitive advantage. Financial, physical, technological assets are great resources for the SMEs and these are not hard to identify. However, organizational assets are not exactly tangible or intangible assets, but they constitute a great resource in business, and in the organization of all resources.

### **Challenges to Strategic Planning in Organizations and its Influence on Productivity**

As with all management strategies, there are challenges/barriers to implementing strategic planning efficiently and costs that can potentially outweigh any benefits gained (Eadie and Steinbacher, 1985: 424-430). Strategic planning requires some complex techniques in complex environments and the techniques from the private sector are not always readily applicable in the public sector. Strategic planning also requires more resources, in terms of time, money, and people, than public organizations typically have to invest. Resources are needed for analysis, meetings, administration of the planning effort, and, later in the process for writing report and disseminating results.

These costs often lead researchers to conclude that strategic planning is not worth the investment of the resources required in the private sector/public sector organizations. Boyne (2001: 73-88) summarizes the arguments against planning. First, the advice of planning being too difficult to actually accomplish in real organizations because data for analysis are often difficult to obtain and even more difficult to analyze. Politically, planning is also difficult,

because of the short attention spans of elected officials on the strategic issues, with regard to public sector organizations. What is important one day may very well be of little importance the next day. Secondly, this paper points to research in the private sector that says strategic planning can have a negative impact on performance because planning becomes more of a burden on organizations than a benefit (Mintzberg, 1994). Essentially, organizations feel as if they are spending more time planning rather than actually accomplishing anything. Furthermore, strategic planning can create uncertainty and conflict that can potentially destabilize rather than unify an organization (Mintzberg, 1994).

## METHODOLOGY

The research design used for the study was the exploratory/ descriptive survey research method. The population of the study comprises of 1,100 employees of the selected SMEs under study. The SMEs include Quality Aluminium and Steel Manufacturing Industries Limited, Nkpor, Anambra State - 500 employees; Uwam Di Good Aluminium Company Limited, Onitsha, Anambra State – 500 employees and Ogive Table Water Industries Limited, Nnewi, Anambra State – 100 employees. Moreover, a sample size of 293 employees was determined by the use of Yamane’s (1964) formula for finite population. Stratified random sampling technique was the method used in the process of selecting the respondents for the study. However, as a result of the problems usually associated with the questionnaire method of data collection, a total of 290 copies of the properly completed questionnaire (out of 293 distributed) were returned and used for analysis. This represents a 98.98% response rate. Construct and content validity was used to assess the validity of the instruments by means of assessing the adequacy, appropriateness, inclusiveness and relevancy of the questions to the subject under study. The test-retest reliability was used in determining the reliability of the instrument, and this involves the use of pilot study. Statistical techniques such as frequencies, percentages, and tables were used to analyze the data; and the hypotheses were tested by the use of Chi-square test statistical tool.

### Data Presentation and Analysis

In this study, Strategic Planning and Productivity in Organizations – A Study of Selected SMEs in Anambra State, Nigeria was analyzed. Four objectives of the study were raised and linked to the four research questions. In this section, some relevant variables which were extracted from the employees’ questionnaire responses are to be presented and analysed. Moreover, the hypotheses associated with the objectives were presented and tested.

**Table 1: Cumulated SME Employees Responses on Strategic Planning and SMEs Productivity**

Sex	SD	D	N	A	SA	Total
Male	60	80	40	300	80	560
Female	20	60	80	100	340	600
Total	80	140	120	400	420	1160

**Table 2 : Cumulated Frequency Table from the Selected SMEs on Employee Involvement/Participation and Implementation Incentives and their Influence on Productivity/Business Performance**

Sex	SD	D	N	A	SA	Total
Male	120	50	30	180	600	980
Female	60	200	80	160	550	1050
Total	180	250	110	340	1150	2030

**Table 3: Cumulated Frequency Table from the Selected SMEs on Strategic Planning and its Influence on the Competitiveness of the SMEs under Study**

Sex	SD	D	N	A	SA	Total
Male	180	90	120	140	450	980
Female	100	100	70	100	680	1050
Total	280	190	190	240	1130	2030

**Table 4: Cumulated Frequency Table from the Selected SMEs on the Productivity/Business Performance**

Sex	SD	D	N	A	SA	Total
Male	280	50	10	20	60	420
Female	130	30	20	60	210	450
Total	410	80	30	80	270	870

**Test of Hypotheses**

The responses of the respondents from section 8.1 to section 8.4 were used as the basis for testing the hypotheses.

**4.1 Test of Hypothesis One**

**H<sub>0</sub>**: Strategic planning not positively influences the productivity of the SMEs under study.

**H<sub>1</sub>**: Strategic planning positively influences the productivity of the SMEs under study.

The responses from the respondents in table 8.1 were used in testing this hypothesis.

**Decision Rule:**

Reject **H<sub>0</sub>** and accept **H<sub>1</sub>** if the calculated chi-square value is greater than the critical (tabulated) value, otherwise do not reject **H<sub>0</sub>**.

$$\text{Calculated } X^2_{(4)0.05} = 296.12$$

$$\text{Tabulated } X^2_{(4)0.05} = 9.49$$

**Decision:**

Since the calculated chi-square value of 296.12 is greater than the tabulated value of 9.49, we reject **H<sub>0</sub>** and accept **H<sub>1</sub>** and conclude that strategic planning positively influences the productivity of the SMEs under study.

**Test of Hypothesis Two**

**H<sub>0</sub>**: The mediating role of employee involvement and implementation incentives not positively influences SMEs business performance.

**H<sub>1</sub>**: The mediating role of employee involvement and implementation incentives positively influences SMEs business performance.

The responses from the respondents in table 8.2 were used in testing this hypothesis.

**Decision Rule:**

Reject **H<sub>0</sub>** and accept **H<sub>1</sub>** if the calculated chi-square value is greater than the critical (tabulated) value, otherwise do not reject **H<sub>0</sub>**.

$$\text{Calculated } X^2_{(4)0.05} = 133.83$$

$$\text{Tabulated } X^2_{(4)0.05} = 9.49$$

**Decision:**

Since the calculated chi-square value of 133.83 is greater than the tabulated value of 9.49, we reject **H<sub>0</sub>** and accept **H<sub>1</sub>** and conclude that the mediating role of employee involvement/participation and implementation incentives positively influences SMEs business performance.

**Test of Hypothesis Three**

**H<sub>0</sub>**: Strategic planning not positively influences the competitiveness of the SMEs under study.

**H<sub>1</sub>**: Strategic planning positively influences the competitiveness of the SMEs under study.

The responses from the respondents in table 8.3 were used in testing this hypothesis.

**Decision Rule:**

Reject **H<sub>0</sub>** and accept **H<sub>1</sub>** if the calculated chi-square value is greater than the critical (tabulated) value, otherwise do not reject **H<sub>0</sub>**.

$$\text{Calculated } X^2_{(4)0.05} = 87.73$$

$$\text{Tabulated } X^2_{(4)0.05} = 9.49$$

**Decision:**

Since the calculated chi-square value of 87.73 is greater than the tabulated value of 9.49, we reject **H<sub>0</sub>** and accept **H<sub>1</sub>** and conclude that strategic planning positively influences the competitiveness of the SMEs under study.

**Test of Hypothesis Four**

**H<sub>0</sub>**: The challenges planners and managers in SMEs experience when they undertake strategic planning not positively influences productivity.

**H<sub>1</sub>**: The challenges planners and managers in SMEs experience when they undertake strategic planning positively influences productivity.

The responses from the respondents in table 8.4 were used in testing this hypothesis.

**Decision Rule:** Reject  $H_0$  and accept  $H_1$  if the calculated chi-square value is greater than the critical (tabulated) value, otherwise do not reject  $H_0$ .

Calculated  $X^2_{(4)0.05} = 165.70$

Tabulated  $X^2_{(4)0.05} = 9.49$

**Decision:**

Since the calculated chi-square value of 165.70 is greater than the tabulated value of 9.49, we reject  $H_0$  and accept  $H_1$  and conclude that the challenges planners and managers in SMEs experience when they undertake strategic planning positively influences productivity.

**Findings**

Having presented, analyzed and interpreted the data obtained in the course of this research, the following were identified as the major findings of this research effort:

- (a) Strategic planning positively influences the productivity of the SMEs under study. This finding has found empirical support in Glaister, et al. (2008: 365-391), and Al Shammari and Hussein (2007) who are of the view that there is a positive relationship between strategic planning and productivity/performance. Perez, et al. (2013: 134-153) also lends credence to Glaister, et al. (2008); and Al Shammari and Hussein (2007) conclusions by positing that strategic planning provides an operational framework, which allows an organization to enjoy improved productivity/performance and competitive advantages. However, French, et al. (2004: 765-776), and Falshaw, et al. (2006: 9-30) provide evidences signifying that no such relationships exists. Moreover, the finding deviates from Miller and Cardinal's (1994: 1649 – 1665) assertion that explicit strategic planning is dysfunctional or at best irrelevant to organizations.
- (b) The mediating role of employee involvement/participation and implementation incentives positively influences SMEs productivity/business performance. This finding has found prodigious research and intellectual support in Nyan (2000: 87 – 109) who is of the view that including employees from low-level employees to management, in strategic planning builds interpersonal trust within organizations; and when interpersonal trust within organizations increases, so would organizational commitment of employees and Productivity. Ehler's and Lazenby (2007) are also of the view that that motivating rewards for employees are a necessary condition for business to implement strategies successfully, thereby boosting their productivity.
- (c) Strategic planning positively influences the competitiveness of the SMEs under study. This finding appears consistent with Ngige and Ibekwe's (2012: 85) observation that organizations that use strategic planning are more competitive, more profitable and successful.
- (d) The challenges planners and managers in SMEs experience when they undertake strategic planning positively influences productivity. However, this finding deviates from Mintzberg (1994) observation that strategic planning can have a negative impact on productivity/performance because planning becomes more of a burden on organizations than a benefit. To Mintzberg (1994) strategic planning can create uncertainty and conflict that can potentially destabilize rather than unify an organization.

**RECOMMENDATIONS**

Having analyzed strategic planning and productivity in organizations – A study of selected SMEs in Anambra State, Nigeria, the following recommendations if carefully applied should help improve and enhance the process:

- (a) Management of the SMEs are advised to adhere strictly to the processes of strategic planning, in addition to having a feedback on their strategic planning practices; so that they can position their organizations to pursue growth opportunities.
- (b) Managers and owners of SMEs should endeavour to make use of their employee participation, and implementation incentives capabilities, which augment each other so that they would have successful business strategies.
- (c) SMEs managers and their staff should try to be more innovative and constantly bring their best to the SMEs. They should also analyze the environment on a regular basis, through SWOT analysis. In this way, they can adequately profit from strengths and opportunities in the business environment and shield itself against weaknesses and threats; thereby boosting their competitive advantage.

- (d) It is imperative that the SMEs should accordingly adjust their employee participation and implementation incentives in tandem with the challenges that come with the key objectives of the strategic planning processes in order to have an effective/efficient strategic planning.

## CONCLUSION

This work analyzed strategic planning and productivity in organizations – A study of selected SMEs in Anambra State, Nigeria; and concludes that strategic planning positively influences the productivity of SMEs. Furthermore, the mediating role of employee participation and implementation incentives on the effectiveness of strategic planning is notably robust and positively influences SMEs business performance. In addition, the study equally observes that strategic planning positively influences the competitiveness of the SMEs, and that the challenges planners and managers in SMEs experience when they undertake strategic planning positively influences productivity. Thus, the study submits that the practitioners, SME- owners and their managers can successfully improve their businesses' performances by exploiting their employee participation and strategy implementation incentives. Eventually, a successful business performance is expected to generate more revenue for the SMEs and, hence, their profitability and survival in Nigeria's challenging economic circumstances.

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