International Journal of Innovative Research and Advanced Studies (IJIRAS)
Volume 7 Issue 5, May 2020

ISSN: 2394-4404

# Empirical Evaluation Of Strategic Planning And Sustainable Business Growth Performance Of Small And Medium Enterprises (SMES)

**OGBECHI Adigwe Daniel**

**ALASE Peter Oluyomi**

Department of Business Administration, Ekiti State University, Ado-Ekiti

**TAIWO Sunday Felix**

Department of Business Administration and Management, Moshood Abiola Polytechnic, Abeokuta

**OGBECHI Chinadum Daniel**

Department of Business Administration, University of Lagos, Akoka, Yaba



***Abstract:** Business organizations are faced with the herculean task of sustaining high performance and productivity due to the harsh socio-economic conditions and environment in which the businesses operate. In view of this strategic planning becomes the process through which organizations can predict changes in the environment and act proactively. Strategic planning is an aspect of modern management process which deals with onset approach of business development and growth in enhancing organizational performance, however, achieving optimal performance for small and medium enterprises (SMEs) are becoming a great challenge and difficulty in a developing economy of the nation, whereas imperative development of SMEs have practical relevance to the economic development and growth over the years. This study examined the relationship between strategic planning and sustainable business performance of SMEs in Lagos State, Nigeria. The study adopted descriptive survey research design with a population of four hundred and eighty eight (488), and well-structured questionnaire of six point modified Likert scale was administered with hundred percent (100%) response rate. Data collected was analyzed using Pearson's product moment correlation and regression analysis with the aid of IBM SPSS statistic software version 22. The results of the study have that all sub-constructs of the independent variable were positively and significantly correlated and influences the sub-constructs of dependent variable respectively. This study therefore, established that strategic planning offered sustainable business performance which in turn significantly influence on the growth of SMEs.*

***Keywords:** Strategy, Planning, Strategic Planning, Sustainable growth performance*

## I. INTRODUCTION

Business organizations in Nigeria have been faced with the herculean task of sustaining high performance and productivity in view of the harsh socio-economic environment and conditions in which the businesses operate (Alaka, Tijani & Abass, 2011). In view of this, strategic planning becomes the process through which organizations can predict changes in the environment and act proactively (Adeleke, Ogundele & Oyenuga, 2008; Uvah, 2005). Literature has it that without a clearly defined strategy, a business will have no sustainable basis for creating and maintaining a competitive advantage in the industry it operates (Mcllquham- Schmidt, 2010; Robinson, Bergman & Counter 2008; Veskarisri, Chan & Pollard, 2007). Planning is so critical to the development of business ventures over the years, due to its effective contribution to the organizational performance. Ajagbe, Solomon and Chio (2011) asserted that planning is quite an indispensable function in any organization because it is only means through which resources are judiciously allocated to meet fundamental requirements and general activities of the organization.

Earlier writers like Glueck (1972) viewed strategy as a unified comprehensive and integrated plan designed to assure that the basic objectives of the enterprise are achieved. Strategic planning is seen as the creative process of making the right decision on how to set and accomplish both short and long term organizational goal (Ikotun, Ogbechi & Adigun, 2018). However, paradigm shift, to the notion of strategic management as an important management process that can help organizations manage their resources, develop competitive advantage, and create sustainable development of business activities have necessitated the emergence of strategic planning. Strategic planning is using systematic criteria and rigorous investigation to formulate, implement and control overall activities of organizations (Pearce & Robinson, 1994). Strategic planning therefore is part of the modern management tools not only for dealing with the inevitable certainty in the management of environment, but also for enhancing organizational performance and sustainability (Ikotun, Ogbechi & Adigun, 2018).

A number of empirical studies have investigated strategic management practices in the large firms, however, much have not been done in the area of small and medium enterprises, especially in the developing economy like Nigeria, research in the area of SMEs had been found to have conflicting results in position as per whether formal strategic planning has practical relevance to the SMEs or not. Although, there is arguments that in setting up successful business organization, the need for strategic planning must be put forward which consists of basic competences in the areas of operation, commercial marketing and administrative (Andersen, 2000). St-Hilaire (2011) stated that carrying out operational activities of strategic plan are essential to an organization to attain its goals and also to keep a stable competitive advantage over other organizations.

Strategy plays an important role in carrying out actions for achieving a firm's set of objectives and goals while choice of a particular strategy is affected by the firm's own circumstances (Syed, Tahira & Khalif, 2013). In adopting a strategy, no one best fits strategy is appropriate because what may be appropriate for one may not be for the other. Macro economics' theory has it that the main reason for a firm's existence is to make profit. Making profit, cost reduction and increasing productivity by sustaining the growth of the business positively. There are two broad strategies of firm's growth; organic and non-ogranic growth strategies. Therefore, in deciding on a strategy, entrepreneurs should carefully evaluate every aspect with respect to firm's own circumstances, its available resources and growth potential. Veskaisri, Chan and pollard (2007) stated that without a clearly defined strategy, business activities will have no platform for existence and or creating and upholding a competitive advantage in the industry where it operates.

Growth strategies are often called the master business strategies, they provides the basic direction for strategic actions. They are the basis of the coordinated and sustained efforts directed towards achieving long term business objectives (Absanto & Nnko, 2013). The growth strategies have been plying the central role in the expansion, development stability and finally success of the business. These grand strategy have been organization to increase their market share, develop new market and develop new product and services.

In the view of Syed, Tahira & Khalid (2013) different growth strategies are required for different growth requirements because every firm has its own different story, the options and actions suitable for one company may not be appropriate for the other. As a part of its organic growth strategy, regardless of its size a firm should plan systematically for the sales growth for future, organizational structures and know how supporting diversification and expansion. There are several different growth strategies to be applied by the business strategists but there are four of them which are the result of product or market or both product and market changes.

St-Hilaire (2011) asserted that strategic planning model provides a clear understanding of the complexity and the linear approach that serves an ideal planning. In this regard, scholars and management practitioners are suggesting models of strategic planning for organization, worldwide, one could then raise a fundamental question whether these models are applicable to all business organizations? or whether the models are for big or small business enterprises?. Also, relative and actual applications of these models in the developing and developed nations need to be examined, particularly in Nigeria where most of the small and medium enterprises are winding up within their first five years of existence, while those between five to ten percent (5-10%) that survive, thrive and grow into maturity (Aremu & Adeyemi 2011). In developing a strategy, various elements have to be evaluated. These elements are likely to change overtime in terms of strategic adjustments (Almeida, 2014). It therefore becomes important for companies developing strategies to consider the following factors; market, competitor landscape, customers and core competencies (Almeida, 2014). The four P's (product, price, placement and promotion) should be adopted. In other words, to re-examining and adapting traditional models to the changing market environment and new consumer behaviours (Rob, 2008). Only twenty (20%) of SMES survive in Nigeria due to certain factors which have been highlighted to be responsible for their wind up, among which are: poor funding, insufficient capital, lack or inadequate infrastructural (power & electricity, water resources, communication, transport & road networks), inadequate government policy, regulation and law. In this respect it not sure if the lack of strategic planning is entirely responsible for the problems encounter? However, it may contribute in one way or the other. Hence it becomes imperative to embark on this study by investigate strategic planning and sustainable business growth performance in the small and medium enterprises in Lagos, Nigeria.

## II. CONCEPTUAL REVIEW

### BUSINESS GROWTH AND STRATEGIES

Business growth is the process of improving some measure of an enterprise's success. The concept growth means an increase in size, or an improvement in quality as a result of a process of development in which an interacting series of internal changes in the characteristics in the growing object (Absanto & Nnko, 2013). Growth is the most frequently used corporate strategy, in relation to increasing sales, assets, net profits and a chance of taking advantages of the experience curve in reducing per a unit cost of product sold which increases profits it is also noted that not all growth strategy is appropriate for every business (Absanto & Nnko, 2013). Hence, the key to the right business growth strategy is matching its resources and its specific market. Since the wrong strategy can devastate a business, it's important to determine whether the business involves selling new or emerging products in a new or existing market (Ochiki, 2014).Growth is seen as a process function in relation to happenings over a period of time. The growth of firms can be represented by the changes of some variables over time (Machek & Machek, 2014).

Growth strategies are often called the master business strategies, they provides the basic direction for strategic actions. They are the basis of the coordinated and sustained efforts directed towards achieving long term business objectives (Absanto *et all,* 2013). The growth strategies have been playing central role in the expansion, development stability and finally success of the business. These grand strategy have been organized to increase market share, for development of new market and new product and services in relation to being relevant in the environment.

In view of this, Syed, Tahira & Khalid (2013), posit that different growth strategies are required for different growth because every firm has its own different success or failure story, the options and actions suitable for one company may not be appropriate for the other. As a part of its organic growth strategy, regardless of its size, a firm should plan systematically for the sales growth for future in term of its' consumer oriented, organizational structures and how to support diversification and expansion. In this view, there are several different growth strategies to be employed such four of them are as the result of product, market, or both product and market changes and dynamics.

### STRATEGIC PLANNING

Strategic planning is the creative process of making the right decision on how to set and accomplish both short and long term organizational goal through efficient allocation of resources (Ikotun, Ogbechi & Adigun, 2018). Strategic planning is a process of adopting planning approach by involving a strategy which permits an organization to favourable have an hedge, to identify opportunities in the market, product and service, to guide allocation of resources, and also to provide the development of an organizational structure that helps to achieve and determine performance levels (Constantinescus, Caescu and Ploestanu, 2015). Ajagbe Solomon and Choi (2011) asserted that planning is quite an indispensable function in any organization because it is the only means which resources can be judiciously allocated to meet fundamental requirements and general activities of the organization.

Planning therefore, is classified into three, short-term, medium term and long term, it is on this premises that strategy planning makes a distinction between corporate strategy and robust strategy. Nicholas, Mark and John (2003) stated that corporate strategy process focuses on internal resource allocation which influences the short term performance demanded by controlling stakeholders. While robust strategy mainly focused on survival in the long term by ensuring that all potential threats are transformed into productive abilities (Ajagbe *et al*, 2011).

Furthermore, Ajagbe, *et al* (2011) observed that functional level of strategic planning comes with three approaches, corporate level; This is concerned with primarily define mission, purpose and objective of setting up business organization, business level- this focuses on modality of achieving competitive hedge within a particular industry in respect of market, and or product and service, functional level - this focuses on real planning of allocation and utilization of resources in achieving specific orientation in research development, production, marketing, finance, and personnel (human resources).

Kriemadis and Theakou (2007) stated that model-basis strategic planning produces a range of alternatives from which organization might select and begin to develop its' own strategic planning process, more so, process is typically followed by organizations which are extremely small, busy, and have not done much strategic planning before, by this it is a applicable to the small and medium enterprises, more importantly the process can be implemented in the first year of non-profit organization to get a sense of how planning is conducted, and then incorporated into further development planning activities. include: identify the purpose (mission statement) that explains why the organization exists, Selection of goals the organizations much reach if it must accomplish its mission, Identify specific approaches or pathway of achieving each goal identify specific action plans as an overall strategy of implementation, Evaluation of the whole process through monitoring and updating the plan, Kriemadis, *et al* (2007) observed that the most important indicator of success of the organization is positive feedback from organization's stakeholders Midi as customers, suppliers, employees and publics. Ilesanmi (2011) asserted that organizations which engage in formal planning are generally performed to grow and make more profits than those organizations which do not practice strategic planning.

More so the benefits of strategic planning on organizational performance cannot be overemphasized as it includes the following (i) It establishes what to do, how to do it, when to do it and who to do it with, and as such it promotes consistent guidelines for an organization's activities (ii) It enables managements or managers to give their organizations clearly defined goals and methods for achieving predetermined goals, thereby giving organization a sensed purpose and direction (iii) It provides avenue of having environmental scanning and more information needed to make

ISSN: 2394-4404

good and right decision, no doubt this saves time in discovering the pertinent fact in each case (iv) It provides platform for potential opportunities as well as anticipatory approaches of solving envisaged threats in the business environment (Ikotun, Ogbechi & Adigun, 2017). Strategic planning is perceived as a process by which most successful organizations conduct and promote programs and activities for short and long term horizon toward achieving their mission and goals (Abdolvand and Asadollahi, 2012), by this implication strategic planning can be extended and operated in the small and medium enterprises (SMEs) for efficiency.

## ENVIRONMENTAL SCANNING

The concept of environmental scanning is the process of seeking information about events or situations in relation to the environment and gathered information provides knowledge of which would assist the information seekers in its task of charting the future course of action in a desirable manner (Aguilar, 2013). Environmental scanning is the process of monitoring evaluating and disseminating of information from the external and internal environment, to key people within the organization for an effective and efficient decision making (Bayode and Adebola, 2012). Environmental scanning is a process of gathering, analyzing and dispensing information for tactical or strategic purposes. The environmental scanning process entails obtaining both factual and subjective information on the general business environment in which a company is operating and or considering to enter. There are three modes by which organizations scan their environment, ii) Ad-hoc scanning: this process can be described as short term and infrequent examinations which usually developed by a sudden situation or observation; ii) Regular Scanning: This is scheduled process of scanning, such that it is carried out on regular time basis like weekly, monthly and yearly; iii) Continuous Scanning: This is non-stop process of scanning, where there is need to capture information on a second basis for as long as information is required. It is a continuous structured data collection and processing on a broad range of environmental factors (Kazimi, 2008).

In essence, environment scanning is the process of dealing with the understanding, measurement projection and evaluation of change in the different environment variables. It is equally observed that most of the organizations today are developing different types of strategies that will sustain their business environment and this can only be achieved thorugh the analysis of the environment in the area of strength, weakness, opportunity and threat (SWOT). Bayode, *et al* (2012) mentioned some importance of environmental scanning to include: (i) It provides adequate knowledge of understanding dynamic nature of the business environment and (ii) It gives necessary direction for the formulation, implementation and evaluation of effective and efficient strategy.

## ORGANIZATIONAL OBJECTIVE SETTING

Objectives are specifically conceived as steps that enable an individual, collection of individuals and an organization to accomplish a goal. Therefore, organizational objectives are set of activities which are open-ended attributes that reveals functional roles in the future states or outcomes. In an entity or organization (Oghojafor, 2007). Organizational objective setting involves a continuous process of research, decision-making, evaluation, measurement and realignment as well as knowledge of one-self and the team is a vital starting point in setting objectives in organization (Ikotun, Ekott, Ekott & Ogbechi, 2017). In this respect, organizational objective setting is a set of activities which make performance of the organization realized, gauged and provided directions, established pivot scale of preference, aid evolution, as well as permitted perfect operations of management process.

Objectives plays important roles in strategic management since it defines organization's relationship with its environment, provides smooth platform of making decisions and standards for performance and its appraisal. In the view of these roles, strategic planning may be aptly summed up in truism that for objective to be effective as measures of organizational behaviour and performance certain characteristics must be present according to Oghojafor (2007) these characteristics of objective are sum-up that it must be understandable, specific, related to a time frame, be measurable and controllable, be challenging, motivating and realistic, have basis for correlations and set within constraints.

However, six issues are expected to influence different aspects of objective-setting, these are specificity, multiplicity, periodicity, verifiability, reality and quality. From the foregoing, it is evident that objective setting is a complex issue which is based on consensus among all concerned stakeholders, thereby assuming a position that has precise beginning but no end. This hierarchy of objectives starts with the mission and purpose of an organization, provide a common thread which aligns the different aspects of the objective - setting process in relation to providing a specific direction along which the organization can develop and grow. Therefore, hierarchy of objectives is a starting point of policy formulation process which might be from top-down approach and bottom-up approach. Each business unit sets up its' objectives in line with the organizational structure and operational systems in the organization. Hierarchy of objective spans in essence, is the entire spectrum of functions and operation of the organization, apart from the general objectives in the overall mission and purposes of the organization (Ikotun, Ogbechi & Adigun, 2018).

## ORGANIZATION'S MARKET SIZE

The concept of organization's market size is conceived in order to justify the investment requirements in entering a new market therefore, it is important to have a good understanding of the market size (Ikotun, Ogbechi & Adigun, 2018). Market size is a measurement of the total volume of number of buyers and sellers in a particular market, thereby making it possible for the organization to determine its market size based on the operational capacity and competency. Aggregate productivity and average mark¬ups thus respond to the size of a market (Ottaviano, Tabuchi & Thissue 2002). Markel size is measured by total volume and or values of sales in the market. Sales volume is measured in terms of number of units of goods purchased or service patronized, while sales value measures the total amount spent by customers on the volume of goods sold (Examstutor, 2016).Study of Seller and Sottini (2016) revealed that market size positively influences business performances of selected wine industry in Italy. Market size induces operational strategy for distributing goods and service as well as determining overall performance. Market size is an essential step of determine the market share in a particular industry. More importantly that market sizes are likely to be able to determine volume of goods and service an organization could bring into the market as well as affecting the competitive environment.

BUSINESS PERFORMANCE

Business performance is generally conceived as activities which indicate successful outcomes of business ventures. Business performance is the function of environment where business organization exists. Frolick, Thilini and Aryachandra (2012) cited in Ikotun, Ogbechi & Adigun, (2018) asserted that business performance entails the combination of management and analytical processes that allows management of an organization to achieve predetermined goals. Organizational performance is assessed in term of the results that an organization achieve in relation to its objectives and principle, it can be measured through input - output level and less rigorously activities as the organization's compliance to rules and laws. Business performance of organization is all about focusing on all organization functions at high level and low levels activity to ensure they are adequately performing as expected (Mann & Kehoe, 2009).

Business performance measurement is seen to have three main activities such as selection of goals, consolidation of measurement information relevant to the organization's achievement of these goals, and intervention made by the mangers in the light of the information. Business performance looks at all business processes which focus on aligning the strategic and operational objectives of the company in order-to achieve better performance by ensuring the set organizational goals and objectives are met timely (Ikotun, Ogbechi & Adigun, 2018). The essence of strategic business performance measurement is to handle critical factors which evaluate value that the enterprise expects from its stakeholders and value that each group of stakeholders also expect from the organization, monitoring process efficiency, defining the standards of minimal level of performance and level of target performance, Focusing on performance drivers and the factors of current profitability, Suggesting measures for improving finances performance (Atkinson, Waterhouse & Well 2009).

The managements are responsible in developing rational process that is responsive in determining the key performance measure of the company, some of the notable indicators used for measuring business performance are profitability, return an investment (ROI), return on equity (ROE), customer patronage, market share and organization's size, some of these are sub-constructs identified as indicators of business performance in relation to the research objectives (Ikotun, Ogbechi & Adigun, 2018).

PROFITABILITY

Profitability connotes ability to generate income or revenue. The term profitability indicates the power of an organization to earn profit and as such profitability is defined as the ability of given business enterprise to earn a return from its investment, thereby making profitability to be a relative concept whereas profits is an absolute expression (Nimalathasarn, 2010). In addition, profitability is expressed as financial rations which look at profits making in relation with the capital that has been employed to create investment activities. Organization determine profit as revenue minus cost, and cost calculated by the economist is greater than cost calculated by accounting profit, because economic profit is what you earn over and above the normal profit. Economic profit is the main aim of all business organizations, of which the business cannot survive without it in long run. Organizations should earn profit to survive and grow over a long period of time to remain relevant in the market. In this respect, profit and profitability are two different concepts, despite of their generic nature, each one of them has a distinct role in business (Ikotun, Ogbechi & Adigun, 2018).

Ogbadu (2009) established that profit making is the entrepreneur's reward and is also the main motive of doing business as it is used as an index for measuring performance. A very high profit does not always indicate sound organizational efficiency and low profitability is not always a sign of organizational non-performance. Therefore, it can be established that profit is not necessary platform of which the internal efficiency and financial efficiency of an organization can be pronounced, whereas profitability analysis is considered as one of the best techniques which measure the productivity of capital employed and also measure operational efficiency (Nimalthasan, 2010).

Profitability ratio measures the organization ability to generate profits and central investment activities to provide security analysis for shareholders and investors. Profitability is fundamental approach of measuring the overall success of enterprise. The analysis of profitability ratio is important for the shareholders, creditors' prospective, investors, bankers and government agencies. The profitability of organizations have been noticed to vary from various countries and economy sectors through indicators such as gross operating profit (COP), net operating profitability (MOP), return on total assets (ROTA) return on invested capital (ROIC). These are most commonly used variants as appropriate measure of profitability (Nimalthasan, 2010).

Okafor (2011) said that profitability can be accessed through both book keeping or accounting record value and market value perspectives. The book-recording value approach of profitability assessment has four parameters which can be adopted namely return on assets deployed in banking operations which include both income earning assets and fixed assets such that profit before tax to total asset, return in equity such that profit after tax to total shareholders' fund, yield on earning assets such that total interest margin to total value of banking earning assets, and net assets per share.

Meanwhile market value profitability assessment has five parameters which were derived from stock market profitability indicators of bank namely: average market price per share

(AMPPS) earning per share (EPS), dividend per share (DPS), earning yield (EYJ and dividend yield (DY), therefore, share price is calculated with reference to estimated future annual dividend payment in perpetuity, based on the assumption of infinite stock holding period since the company is assumed to last forever as ongoing concern. Value added profitability indicates the wealth generated (net value earned) as a result of production process during a specified period wealth generation is the very essence for survival and growth of a business organization, because enterprise not making profit is bound to become non-performance or weak but not adding value may cause organization to fold up over a period of time. In essence, profit forms a part of value added, thus, value added is a broader concept of profitability (Ikotun, Ogbechi & Adigun, 2018).

CUSTOMER SATISFACTION

Customer satisfaction has been major aim of the most organizations, in this regard organizations should be able to understand the existing and future needs of their customers, and work towards promoting customers' expectations (Contain & Prashant, 2007). Therefore customer-centred organization must have a better understanding of customers' needs and wants, and such organizations must have the capacity and capability to give customers what they really need and want. Williams and Navmann (2011) stated that customer satisfaction is essential for corporate survival and existence. LoveLock, Patterson and Walker (2011) posits that customer satisfaction is an individual's feeling of pleasure or displeasure resulting from comparing a product or service's perceived performance (or outcome) in relation to the expectation.

Therefore customer satisfaction can be defined as the result of a cognitive and affective evaluation, where some standards are compared to the actually perceived performances (Ikotun, Ogbechi & Adigun, 2018) such that if the perceived performance is less than expectation, customers experienced dissatisfaction, whereas if the perceived performance matches expectation customers will be satisfied, and if the perceived performance is far more exceeded expectation, customers are more delightful, which promote potential marketing efforts of recommending the products or services to friends and associates (Oghojafor, Ladipo, Igbomeretho & Odumewu, 2014). This implies that increased customer satisfaction leads to higher customer retention rate, increases customer repurchase behaviour and ultimately drive higher firm profitability. Customer satisfaction in the context of organization's products or services is often seen as key to an organizations success and long-term competitiveness.

Also, customer satisfaction is important for organization being rally point of economic performance (Forneil, Mithas, Morgenson & Krishnan, 2006) as customer satisfaction is associated with increases in market share and profitability (Anderson, Forneil & Hehmann, 1994). Satisfaction plays a principal role in marketing being a good predictor of purchase behaviour. In essence, customer satisfaction is defined as an experience based on assessment mode by customers in respect of deterministic tendency of their expectations about the overall functionality of goods or services.

THEORETICAL FRAMEWORK

The resource based theory forms the underpinning theoretical framework in explaining the role of strategic planning towards sustainable business growth performance of small and medium enterprises in Lagos State, Nigeria. Resource-based theory was propounded by Penrose in .1959 and became popular theory in the contemporary strategic management with fundamental argument that firms own resources which are quite within internal environment of an organization, forms part of its empowerment to achieve strategic formulation, implementation and evaluation, particularly in the area of attaining competitive advantage, leadership position and sustainability over an extended time in terms of performance (Wade & Holland, 2004), The theory has its concentration on the explanation of performance variations in organizations (Crook, Ketchen, Combs & Todd, 2008). The resource-based view believes that firms are in rich environment based on resources but harnessing the resources create different dimensions of firms' performance. The resource-based theory indicated that organizational resources provide a source of sustained competitive advantage through value rare, imitable and organization (VRIO) in an attempt to actualize effective and efficient performance of the resources within marketing and management sphere of the organization. Using this view, Wade and Holland (2004) concede resources as creation of enabling which environment and competencies firms use to excel, bench-mark, and detect other competitive challenges and as such make respond to the challenges as well as making use of market opportunities and avoiding threats. This is necessary lo remain ever-sustained as a market leader.

## III. METHOD

The descriptive research design was adopted using cross-sectional survey method of questionnaire administration, with approach of quantitative dimension that permits metric measurement of suitable data analysis. Survey are among four basic data collection methods for quantitative research, besides the method accommodates both small and large sample and allowing freedom of generalized inference about the target population, as well as collection of standardized common data for direct comparisons between responses and by means of statistics within the data can be determined (Hair, Bush & Oritinau, 2000; Struwing & Stead, 2001).

The population of study comprises of small and medium enterprises in the Ikeja Local Government Area of Lagos State, Nigeria. The total enumeration method was used, since study mainly focused on a particular council development area in the state being four hundred and eight (488) SMEs. Structure questionnaire with a six point modified format of Likert scale was used for the data collection and research ensured that total returns of questionnaires were achieved. There was instrument validation both for face and content validity as experts or professional assessment appropriately fine-tuned the questionnaire items for the suitability of the study, Cronbach Alpha reliability coefficient for the constructs range between (0.75 and 0.86) respectively, the data analysis of descriptive statistics of frequency Distribution, percentage, and regression analysis was used as inferential statistics in order to discover the relationship among the variables under the investigation..

## IV. ANALYSIS AND RESULTS

| S/N | Variables | Statement of Agreement | | Statement of Disagreement | | Remark |
|---|---|---|---|---|---|---|
| | | Frequency | % | Frequency | % | |
| | Environmental Scanning | 322 | 66 | 166 | 34 | Accepted |
| | Organizational objective setting | 280 | 57 | 208 | 43 | |
| | Organizational Market Size | 356 | 73 | 132 | 27 | |
| | Profitability | 250 | 51 | 238 | 49 | |

*Table 1: Descriptive statistics of variables*

50% and above were indexed as accepted in the remark column being a valid position of the majority of the respondents to construct items in respect of each variable. More importantly, it is clear from the table that responses' distribution is in line with either agreement or disagreement which determine suitability of the variables to measure required purposes.

Furthermore, the Table 1 shows that environmental scanning account 66% of respondents while organizational market size also account 73% of respondents, one can establish that the two variables aligned toward agreement from the respondents and they have similar response direction, in the same manner organizational objective setting recorded 57% of respondents while profitability had 51% of the respondents, the two variables were on the side of agreement that indicates similar response direction.

In relation to the hypotheses' testing Pearson product-moment correlation coefficient analysis and regression analysis were respectively used to determine the relationship and effect as to relate one independent variable to dependent variable, particularly to identify how much of a dependent variable explained by an independent variable.

| | | Environmental Scanning | Organizational Market Size |
|---|---|---|---|
| Environmental Scanning | Pearson Correlation | 1 | .270 |
| | Sig (2-tailed) | | .000 |
| | Sum of square and cross-products | 6209.100 | 1419.555 |
| | Covariance | 21,686 | 4.880 |
| | N | 488 | 488 |
| Organizational Market Size | Pearson Correlation | .270 | 1 |
| | Sig (2-tailed) | .000 | |
| | Sum of square and cross-pro | 1417.567 | 4460.660 |
| | Covariance | 4.880 | 14.617 |
| | N | 488 | 488 |

*Table 2: Pearson Correlation Result Relationship between Environmental Scanning, Organizational Market Size of SMEs in Lagos State, Nigeria*

Table 2 has shown that Pearson (r) correlation coefficient vaSues as well as the p-value of significant relationship between environmental scanning and organizational market size. Although the correlation coefficient values shown a weak positive and significant relationship ($r= 0.270$, at $p < 0.05$). This means that an increase in environmental scanning will lead to an increase in organizational market size of SMEs in Lagos Nigeria.

| | | Organizational objective setting | Profitability |
|---|---|---|---|
| Organizational objective setting | Pearson Correlation | 1 | .420 |
| | Sig (2-tailed) | | .000 |
| | Sum of square and cross-products | 10421.107 | 3252.143 |
| | Covariance | 36.931 | 11.416 |
| | N | 488 | 488 |
| Profitability | Pearson Correlation | .420 | 1 |
| | Sig (2-tailed) | .000 | |
| | Sum of square and cross-pro | 3252.143 | 5552.653 |
| | Covariance | 10.3164,880 | 18.683 |
| | N | 488 | 488 |

$^{xx}$ *correlation is significant at the 0.01 (2 tailed)*

*Table 3: Pearson Correlation Result of Relationship between organizational objective setting and profitability in SMEs Lagos, Nigeria*

Table 3 has indicated that there was a significant relationship between organi/.nii objectives setting and profitability. The Pearson's product moment correlation coefficient value established a moderate positive and significant relationship between organization objective setting and profitability ($r = 0.420$, at $p < 0,05$), this implies that an increase in organizational objective setting will increase the profitability of the SMEs.

| Model | R | $R^2$ | Adjusted $R^2$ | Standard Error Estimate |
|---|---|---|---|---|
| 1 | .7949 | .630 | .626 | 10.406 |

*a. predictor: (Constant), environmental scanning, organizational objective setting.*

*Table 4a: Model summary of Environmental scanning organizational objective setting, market development organizational mission and product and service development on business performance of SMEs in Lagos Nigeria*

Table 4a presents a summary of regression model comprising of the value of R, $R^2$, and Adjusted $R^2$ equal to 0.794, 0.630 and 0.626 respectively. The results established that environmental scanning, organizational objective setting, market development, organizational mission, and product and service development predict and explain the business performance of SMEs in Lagos, Nigeria as the results also indicated that a coefficient of multiple correlation (R) - 0.794 and adjusted multiple coefficient of determine on (Adj. $R^2$) of 0.626 were significant at 0.05 level. More so the result also suggested that environmental scanning, organizational objective setting of the variance for 62.6 percent of the variance in business performance of SMEs in Lagos, Nigeria. The remaining 37.4 percent line explained could 'be attributed to other factors which were not captured in the model.

| Model | Sum of square | DF | Mean square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 52165.740 | 1 | 10435.226 | 138.810 | .000b |
| Residual | 30319.415 | 427 | 75.678 | | |
| Total | 82485.155 | 488 | | | |

*a. Dependent variable: Sustainable Business performance*
*b. Predictor; (Constant) environmental scanning, organizational objective setting.*

*Table 4b: Summary analysis of variance of effect of environmental scanning, organizational objective setting on business growth performance of SMEs in Lagos*

The table 4b showed that the analysis of variance of multiple regression yielded F value of 138.810 which was significant at 0.05 level. The implication of this was that the independent variables which were environmental scanning, organizational objective setting had significant effect on sustainable business performance of SMEs in Lagos Nigeria. Furthermore this indicated that independent variables were statistically significant as well as predicted the changes in sustainable business performance of SMES, thereby necessitating a veritable ground of rejecting.

| Model | Unstandardized coefficients | | Standardized coefficients | T | Sign. |
|---|---|---|---|---|---|
| | B | Stat. Error | Beta | | |
| (Constant) | 26.212 | 4.920 | | 5.310 | .000 |
| Environmental scanning | .806 | .131 | .286 | 6.092 | .000 |
| Organizational 0bjectives setting | .185 | .156 | .952 | 1.221 | .000 |

*a. Dependent variable: Sustainable Business Performance*

*Table 4c: Multiple Regression coefficients effect of environmental scanning, organizational objective setting on sustainable business growth performance of SMEs in Lagos, Nigeria*

The Table 4c showed the linearity of the independent variables - environmental scanning, organizational objective setting, which hold explanatory direction to a constant of sustainable business performance of SMEs in Lagos at 26.212, also unstandardized regression coefficients were 0.806 ( t = 6.092, P = 0.000) less than 5% level of significance, 0.185 (t - 1.221, P = 0.00) less than 5% level of significance, 1.136 (t = 5.641, P = 0.000) less than 5% level of significance, 0.882 (t = 4.431, P = 0.000) less than 5% level of significance, and 0.586 (t = 4.824, P = 0.000) less than 5% level of significance respectively for the independent variables. The results revealed that variables were contributed significantly to the sustainable business performance of SMEs in Lagos. This also implies that business performance of SMEs in Lagos move in the positive and same direction with the changes in the independent variables respectively, as a unit change in the independent variables of environmental scanning, organizational objective setting, market development, organizational mission and, product and service development cause 0.806, and 0.185 units change in business performance of SMEs in Lagos.

## V. DISCUSSION OF FINDINGS

Environmental Scanning and Organization Market Size of SMEs in this research emerged as positively correlation and has significant relation between environmental scanning and organization market size of SMEs, as correlation analysis presented (r = 0.270 n-488, p = < 0.005), therefore, 66% and 73% respectively agreed that they experienced greater organization market size for SMEs as a result of environmental scanning. This is in line with Bayode and Adebola (2012) and Ikotun, *et all*, (2018) assertion that environmental scanning gathers and provides information useful for the development and growth of business organizations. Therefore, environmental scanning is one of the best instruments of accessing the market for firms that want to withstands its, environment and its' challenges.

Organizational Objective Setting and Profitability indicates that 57% and 51% of the respondents agreed that organizational objective setting and profitability have the same directionally relations in the SMEs. This was similar to the correlation results (r = 0.420, n = 488, p = < 0.05) which showed a significantly moderate relationship arising from organizational objective setting, leading to profitability of SMEs. This implies organizational objective setting generates a set of activities which make performance of organizations realized, gauged, provided direction, established pivot scale of preference, aided evaluation, and permitted perfect operations of management process (Ikotun, *et al* 2017). The study established that better organizational objective setting leads to greater profitability as there was correlation relationship in the SMEs of Lagos Nigeria. Ogbadu (2007) established that profitability is the entrepreneurs' reward which is the main motive of doing business as it is used as an index for measuring performance through set objectives and goals.

The results of this research established the existence of significant relationship between strategic planning and business performance, as all sub-constructs of independent variables (strategic planning) hold explanatory directions to all constructs of dependable variables (sustainable business performance). The results obtained - (B = 0.806, t = 6.092, p = 0.0<), (B = 0..185, t - 1.221, P = 0.00) at less than 5% level of significance indicated that environmental scanning organizational objective setting, contribute significantly to sustainable business performances of SMEs in Lagos State, Nigeria.

## A. CONCLUSION AND RECOMMENDATIONS

The study established that SMEs in Lagos, Nigeria had presented and internalized the core values of strategic planning for sustainable business performance against background information that 20% of SMEs survive in the country. It is importance that most SMEs are not optimally utilizes strategic planning as effective tools as they make use of other resources emanating from technical capabilities and infrastructure. This implies that SMEs in Nigeria have not benefited adequately from strategic planning, despite its wide application and usage to the business operations in a successful manner. This is an ample opportunity that could enhance SMEs development and growth thereby creating enable environment to gain a competitive edge against other organizations which have resources and have been in business operating for a longer time. The study had straight to establish how strategic planning affects the business performance. It revealed that strategic planning business operations no doubt, that these aspects of incentives and behaviour that resonate with people will sure promote SMEs performance in the business environment.

Therefore, the study recommends that federal government should enact law through regulatory provision, making it compulsory for the SMEs' operators to have component of strategic planning in their business feasibility plans for the smooth execution of business plans. SMEs' inventors should focus on the processes of strategic planning provision of business development that bridge the existing gap where many SMEs are not focusing as a result of various limitations. More importantly this study recommends a keen evaluation of business operations and environment in choosing the appropriate strategic planning. Lastingly, SMEs' operators should profile the most important aspects of strategic planning that affect business growth performance and sustainability, thereby understanding comprehensively the factors affecting the sustainability and growth of business performance in the SMEs.

REFERENCES

[1] Adeleke, A., Ogundele, O. J. K. & Oyenuga, O. O. (2008). Managing the performance of Nigerian University for Sustainable Development using data envelopment analysis. International Journal of Academics, 1, 24.

[2] Alaka, N. S., Tijani, A. A. & Abass, O. A. (2011). Impact of strategic planning on the performance of Insurance companies in Nigeria. European Journal of Humanities and Social Sciences, 1(5), (Special Issue)

[3] Abdolvand, M. A. &'Asadollahi (2012). The study of strategic industrial planning for using model SWOT. International Journal of Academic Research in Business and Social Sciences, 1(2), 136-144.

[4] Absanlo, G. &Nnko, E. (2013). Analysis of business growth strategies and their contribution to business growth: A Tanzania case study. International Journal of Economics, Commerce and Management United Kingdom,1 (1).

[5] Ajagbe, A. M., Solomon, O. & Choi, S. I. (2011). The relationship between strategic planning and the effectiveness of marketing operations. International Journal of Innovation Management and Technology, 2(5), 390-396.

[6] Almeida, D. (2014). Digital Marketing Strategies - From Brand Awareness to Engagement. Internship Report Master's Degree in Marketing Digital. Retrieved from recipp.ipp.pl/bitstream/10400.22/5976/1 /REJManaALmeida.pdr.:

[7] Andersen, T. J. (2000). Strategic planning, autonomous actions and corporate performance. Long Range Planning, 33(2), 184-200.

[8] Aremu, M. A. & Adeyemi, O.A. (2011). Enhancing organizational performance through strategic management: Conceptual and theoretical approach. Retrieved on October 20, 2011 from www.stratplanning/performance.

[9] Atkinson, A. A., Watediouse, HJ. & Wells, B.R. (2009). A stakeholder approach to strategic performance measurement. Sloan Management Review, Spring, 25-37.

[10] Bayode, O. B. & Adebola, O. A. (2012). Strategic environmental scanning and organization performance in a competitive business environment. Economic Insights. 56(1), 24-34.

[11] Constantinescus, M., Caescu, C. & Ploesteanus, M. G. (2015). Strategic marketing planning in sports: A perspective of quality of life improvement. Annual Journal of the University of Oradea Economic Science Series, 131, 807-812.

[12] 'Crook, R., Ketchen Jr., D. I., Combs, I. G. & Todd, S. Y. (2008). Strategic resources and performance: A meta-analysis. Strategic management Journal, 29, 1142-1154

[13] Examstutor (2016). Market size and business performance. Retrieved from http://www.exanistutor.com/mobi/business/iM arket-size.

[14] Fornell, C., Mithas, S., Morgenson, F. V. & Krishnan, M. S. (2006). Customer satisfaction and stock prices: High returns, low risk. Journal of Marketing, 70(1), 3-14.

[15] Glueck, W. F. (1972). Business policy, strategy formulation and management action. New York, Mcqraw-Hill.

[16] Gouttarn, C. & Prashant, S. (2007). Are drivers of customer satisfaction different and Fred Marshall. Journal of Business & Industrial Marketing, 22, 20-28.

[17] Hair, J. F., Bush, R. P. & Oritinau, D. J. (2000). Marketing research: An approach for the new millennium. Botton: McGraw-Hill.

[18] Ikolun, S. 1., Ekott, H. E., Ekott, J. E. & Ogbechi, D. A. (2017). The effect of legal framework and business performance of selected SMEs in Lagos State, Nigeria. Conference Paper presentation at IStream Research, Nexus, Caleb University, Imota, Lagos.

[19] Ikotun, S. T., Ekott, H. E., Ekott, J. E. & Ogbechi, A. D. (2017). The effect of legal framework and business performance of selected small and medium enterprises (SMEs) in Lagos State, Nigeria. 9r" ISTEAM Conference Proceedings.

[20] Ikotun, S. I., Ogbechi, A. D. & Adigun, A. T. (2018). Strategic planning and business performance of SMEs in Nigeria. Beau Bassin 71504 Mauritius, LAP LAMBERT Academic Publishing

[21] Ilesanmi, O. A. (2011). The impact of strategic planning on the performance; A synthesis of more than two decades of research. Academy Management Journal, 6(37), 131-143.

[22] Kazmi, A. (2008). Strategic management and business policy, (3"1 ed.), New Delhi: TATA McGraw-Hill Publishing Company Limited.

[23] Kriemadis, T. & Theakou, E. (2007). Strategic planning models in public and non¬profit sport organization. Sport Management International Journal, 2(3), 27-37.

[24] Lovelock, C. H., Patterson, P. G. & Walker, R. H. (2001). Services marketing: An Asia-Pacific perspective. Australia: Prentice Hall.

[25] Machek, O. & Machek, M. (2014). Factors of Business Growth: A Decomposition of Sales Growth into Multiple Factors. WSEAS Transactions on Business and Economics, 11, 380-385
[26] Mann, R. & Kehoe, D. {2009). An evaluation of the effects of quality improvement activities on business performance. International Journal of Quality & Reliability Management, 12(4), 29-44.
[27] Mellquham-Schmidt, J. (2010). Strategic management formulation, implementation and control. New York, McGraw-Hill Irwin.
[28] NIDO (2017). Report of United Nations industrial, development organizations on SMEs performance in Nigeria.
[29] Nimalathasan, B. (2010). Working capital management and its impact on profitability. A study selected listed manufacturing companies in Sri Lanka Information Management, 12, SOO-120.
[30] Ochiki, Z. (2014). Relationship between growth strategy and organization structure of commercial banks in Kenya. thesis submitted school of business, and university of Nairobi. Retrieved from erepository.uonbi.ac.ke:8080/ bitstream/.../Ochiki_ Relationship%20bet ween%20growt.
[31] Ogbadu, E. (2009). Profitability through effective management of materials. Journal of economics and international finance. 1(4), 099-105.
[32] Oghojafor, B .E. A., Ladipo, K. A. P., Igbomeretho, O. S. & Odumewu, A. V. (2014).
[33] Determinants of customer satisfaction and loyalty in the Nigerian Telecommunication Industry. British. Journal of Marketing Studies, 2(5), 67-83.
[34] Oghojafor, B. E. A. (2007). Understanding strategic management, Somolu, Lagos, Mukugamu and Brother Enterprises.
[35] Okafor, F. O. (2011). 50 Years of banking sector reforms in Nigeria (1960-20.10): Past lessons, future imperatives. Enugu: Ezu Books Ltd.
[36] Ottaviano, G., Tabuchi, T. & Thisse, J. R (2002). Agglomeration and trade revisited. International Economic Review, 43, 409-435.
[37] Pearce, J. A. & Robinson, R. B. (1994). Strategic management: Formulation implementation and control. New York: McGraw Kill Companies Inc.
[38] Robbins, H., Bergman, Y, & Coulter, (2008). Strategic management.: A new view of business policy and planning, Boston, Little brown
[39] Sellers, R. & Sottini, V. A. (201G). The influence of size on winery performance: Evidence from Italy. Wine Economics and Policy, 5, 33-41.
[40] Syed, F., Tahira, N. & Khalid, Z. (2013). A literature review on growth models and strategies: The missing link in entrepreneurial growth. Management Science Letters, 3, 2189-2200
[41] St. Hilaire, W. G. (2011). Empirical evaluation test of the strategic planning process on the overall performance of the company. Global Journal, of Management and Business Research, 47, 152.
[42] Rob, S. (2008). E marketing the essential guide to digital marketing, 4th edition. Retrieved from www2. southeastern. edu/.../eMarketing_the%20essenlial_guide _to_digital%...
[43] Struwig, F. W. & Stead, G. B. (2001). Planning, designing and reporting research. Vanscheik: Cape Town, Publication of Cape Town,
[44] Uvah, T. L. (2005). Corporate planning in South Africa companies. Long Range Planning, 17(1), 84-99
[45] Veskaisri, K., Chan, P. & Pollard, D. (2007), Relationship between strategic planning and SME success: Empirica! evidence from Thailand. Retrieved from http:iceb.nccu.edu.tw/proceedings/APDSI/2007/ papers/finai_]_4.pdf
[46] Wade, M. & Holland, J. (2004). The resource based view and information system research. Review extension and suggestion system for further research. MIS Quarterly, 28(1), 1.07-142.
[47] Williams, P. & Naumann, E. (2011). Customer satisfaction and business performance: a firm-level analysis. Journal of Services Marketing, 25(1), 20-32.