



Effect of Strategic Planning on the Performance of Small and Medium Scale Enterprises in Nigeria, Evidence from Delta State

Ernest Jebolise Chukwuka ^{a*} and Imide Grace Ese ^a

^a Department of Entrepreneurship, University of Delta, Agbor, Nigeria.

Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

The study investigated the connection between success in the SME sector and the adoption of strategic planning. Despite what appears to be improved institutional support for the sector and an apparent increase in interest in starting small and medium-sized businesses in Nigeria, performance seems to be falling short of expectations. According to several reports, the poor performance of SMEs may be caused by a variety of attitudes toward strategic planning. With the use of SPSS, a descriptive and regression analysis was performed. Findings of the study include the fact that market share growth in Delta state was significantly and favorably impacted by the implementation of strategic plans. In Delta State, there was a substantial and favorable correlation between the development of the strategic plan and the profitability of small and medium-sized enterprises. The examination of cross-functional decisions has a considerable and favorable impact on customer satisfaction in Delta State. The use of strategic planning as a concept and method to achieve organizational performance is recommended for the Small and Medium Enterprises in Delta State, Nigeria.

Keywords: *Strategic plan; strategic plan implementation; strategic plan formulation; market share; profitability; organizational performance; SME.*

1. INTRODUCTION

1.1 Background of the Study

In the 20th century, businesses have seen a lot of application of the concept of strategic planning. It describes the science and art of developing, putting into practice, and assessing cross-functional choices that help an organization accomplish its goals (Mintzberg 2004). Without thriving Small and Medium Enterprises (SMEs), no economy in the world can flourish [1]. Many people generally believe that funding has been a major problem of Small and Medium Scale Enterprises. But management scholars argue that even with availability of funds, some SMEs failed due to lack of strategic planning [2]. In order to accomplish and maintain their economies, developed economies rely increasingly on the growth of the SME sector. While Muritala et al. [2] claim that there is a significant correlation between the significance of SME and the economic growth and development of a nation, Safiriyu and Njogo [3] argue that the SME sector is a very important component in the attainment of economic prosperity. A thriving and successful SME sector has been credited by many industrialized nations with driving their growth and development, and developing economies likewise view the sector as the "engine for economic progress" [4].

Small and medium-sized businesses (SME) have aided in the growth and development of several nations by creating jobs that have reduced or eliminated poverty and increased exports and the Gross Domestic Product (GDP) (Onugu, 2005). Agu and Nwachukwu (2012) contend that one prerequisite for economic and industrial development is the growth of SMEs, but Ayozie and Idowu [5] consider SMEs as the engine driving economic growth. Gbandi and Amisah[6] assert that the SME sector made a significant contribution to the economic development of various Asian nations, particularly the Asian Giants. Furthermore, the National Technical Working Group said in 2009 that the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) reported that the SMEs in the United Kingdom contributed up to 54 percent to the creation of jobs and the elimination of poverty. In a similar vein, 66.6 percent and 66.5 percent, respectively, were reported in Belgium and Ireland. While Nigeria has only been able to accomplish 10%, developing economies like China and South Korea have been able to attain up to 75% and 70% of their respective targets.

Since the 1981 Economic Reform in Nigeria, Oni and Daniyan [7] note that there has been a move away from capital-intensive and large-scale industrial projects to small and medium-scale businesses since this will aid in advancing the country's economy. The promotion of the SME sector, according to Ojo [8], is one way to address the development issues faced by emerging nations like Nigeria. Additionally, the availability of jobs has decreased, and those who are employed are not even guaranteed their jobs. Because of this, small and medium-sized businesses (SMEs) are necessary to ensure independence, job creation, import substitution, and effective and efficient use of local raw materials [7].

The majority of research on the SME sector has emphasized the issue of external difficulties, particularly money [9-11, 6]. Other factors affecting SMEs, according to Obiwuru, Oluwalaiye, and Okwu [12], Ogundele, Akingbade, Saka, Elegunde, and Azeez [13], and Aigboduwa and Oisamoje [14], are competition, infrastructure, taxes, marketing, economics, and management, while Ihua, (2009), Abereijo and Fayomi, [15], and Okpara and Wynn Several scholars have explored these elements, however an internal component like planning has been overlooked. To emphasize, it has been mentioned in the literature that varying attitudes toward strategic planning may be to blame for the SMEs' poor performance. Some SMEs have been described as not even having strategic plans, which causes them to have performance inconsistencies (Ofori and Atiagbe, 2012; Danso, 2005). Then, might it be stated that strategic planning done well genuinely helps SMEs in Nigeria operate better? In Delta state, Nigeria's SME sector, this study aims to assess the link between the use of strategic planning and performance.

1.2 Objectives of the Study

Examining how a strategic plan affects SME performance in Asaba is the study's main goal. However, the precise goals are to:

- i. Determine the extent to which the strategic plan's implementation has led to the expansion of market share.
- ii. Assess the impact of strategic plan formation on SME profit.
- iii. To ascertain how much customer satisfaction is impacted by cross-functional decision assessment.

1.3 Research Questions

To help determine the goals of the study, the following research questions were posed:

- i. How much may the expansion of market share be attributed to the strategic plan's implementation?
- ii. How much have SME profits been impacted by the creation of a strategic plan?
- iii. How much does customer satisfaction change as a result of cross-functional decision-making evaluation?

1.4 Research Hypotheses

The subsequent Alternative hypotheses were developed to support the analysis and direct the study's goals:

1. Strategic plan implementation significantly and favorably influences market share growth
2. The creation of a strategy plan boosts the profit margin of SMEs
3. Cross-functional decision evaluation has favorable and notable effects on customer satisfaction.

2. REVIEW OF RELATED LITERATURE: CONCEPTUAL FRAMEWORK

2.1 Strategic Planning (SP)

In the subject of management, the word "strategy" has been defined in a variety of ways by different writers. Chandler (1962) defines strategy as "the identification of the fundamental long-term aims and objectives of a company and the choice of the courses of action and resource allocation essential for achieving these goals." While Sharpin [16] asserts that "a strategy is a plan or course of action which is of vital, pervasive, or continuing importance to the organization as a whole," Quinn [17] defined strategy as "the pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole." According to [18], strategy is essential for coordinating an organization's operations in order to attain its goals and objectives.

Corporate strategy is defined by Johnson and Scholes [19] as "a strategy that may ultimately pervade the whole business and is built on the experiences, assumptions, and beliefs of

management throughout time." Additionally, they said that method offered consistency and stability. This helps the company concentrate its efforts and fully take use of its possibilities, talent, and knowledge. Many management scholars argue that even with availability of funds, some SMEs failed due to lack of strategic planning [2].

Strategic planning first arose and was used before strategic management, claims Altinkurt (2010). During World War II, it was initially used to corporate and military administration (Altinkurt, 2010). Strategic planning, in the words of Drucker [20], is "management by plans, an analytical process, and is focused on making the best judgments." Strategic planning is "the process of seeking a better fit between a firm's goods or technology and its more volatile markets," according to Ansoff [21], who broadened Drucker's definition. Strategic planning is a methodical process used to generate significant and fundamental decisions that will direct every aspect of the organization's operations today while keeping an eye on the future [22]. Strategic planning is viewed by Johnson, Scholes, and Whittington [19] as a type of systematic, sequential processes for creating an organization's strategy. It was further recommended that the company accomplish this while keeping in mind things like the internal and external constituents that would have an impact on the plans and goals to be attained.

Both internally and publicly, an organization is defined via strategic planning. It gives the public an accurate understanding of the organization and explains how it may be recognized among its contemporaries. The strategic management process is typically broken down into three stages in the literature: definition, use, and evaluation of techniques [23, 24] (DeWitt and Meyer, 2004; Ulgen and Mirze, 2004 cited in Altinkurt, 2010). According to Ulgen and Mirze, the first step in the strategic management process, defining strategies, relates to strategic planning (2004, cited in Altinkurt, 2010).

To establish a solid and practical strategy, there are actions that must be taken during strategic planning. The stages of strategic planning are formulation (environmental analysis, resource analysis, assessing the amount to which strategy modification is necessary), strategy execution, and strategy control, according to Adeleke, Ogundele, and Oyenuga [25], quoted by Ogundele [13].

According to Mintzberg and Quinn [26], there are various criteria for evaluating a strategy, including internal consistency, environmental consistency, appropriateness based on resources, a reasonable level of risk, appropriateness in time horizon, and workability. Leaders are those who define their ideas as exactly as possible and make sure that they are carried out with the least amount of distortion, claim Gibus and Kemp [27]. It was also said that in order to reduce misunderstanding and anticipate anything that can prevent the realization of the plan, the leader must express his or her goals in the form of a plan.

The literature highlights the need to adopt some existing techniques in order to correctly examine the settings for effective strategy design. According to the research, the goal of these tools is to assist managers in developing effective strategies (Blahova, 2010). In order to develop strategies, the tools are used to perform research on the firm's business environment and on the organization itself [28]. The scope of the planning process is enhanced by the adoption and application of a variety of strategic analytic tools. Due to rising competition, this should be the organizations' top focus, claim Glaister, Dincer, Taloglu, and Demirbag [29]. SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is one of the most well-known techniques: both an internal examination of the organization's strengths and weaknesses and an external environmental analysis to determine the possibilities and challenges it faces (Andrews, 1971; cited in Glaister and Falshaw, 1999). Michael Porter (Porter, 1980; cited by Glaister and Falshaw, 1999) suggested using Porter's Five Forces (industry attractiveness) analysis to assess the competitive strength and position of a firm (it looks at the industry structure); Core capabilities analysis (Prahalad and Hamel, 1990; in Glaister and Falshaw, 1999) - analysis of capabilities that are crucial for a business to achieve competitive advantage; Value chain analysis - determines activities within the organization.

2.2 Overview of Small and Medium Enterprises (SMEs)

Even if there are many perspectives on what Small and Medium Scale Enterprises (SMEs) actually are, they are nevertheless regarded as the cornerstone of all major and developed economies [1]. Despite the fact that each nation has its own definition of a SME several factors

are mentioned in Oshagbemi (1982), Akoja and Balcioglu (2010) as being utilized to define small size firms. The main criteria for identifying SMEs include "number of workers, yearly turnover, local operations, sales volumes, financial strength, management and autonomy, relatively limited markets, and capital is often supplied by individual," according to Fatai [30], citing Ogechukwu (2005). Small-scale business is characterized in terms of yearly turnover and the number of salaried employees in nations like the USA, Britain, and Canada. Small-scale businesses in Britain are those with an annual revenue of two million pounds or less and fewer than 200 salaried workers [31]. Therefore, it can be inferred that the aforementioned traits should be taken into account regardless of the criteria employed to identify SMEs.

There is no precise definition of what separates a small-scale firm from a medium-sized enterprise in Nigeria. The National Technical Working Group (2009) classified SME as follows, while the Prudential Guidelines for Deposit Money Banks in Nigeria (2010) defined SME as any manufacturing enterprise with a maximum turnover of N500 million and assets of N250 million excluding land and working capital (www.ndic.org.ng/files/Prudential_Guidelines5_May2010Final.pdf).

2.3 Overview of Organizational Performance

Performance has been described in terms of how well a company is managed and the value it provides to consumers and other stakeholders (Moullin, 2003; Wu, 2009). It is described as "the ability of an item to create outcomes in a dimension established a priori, in connection to a target" by Laitinen (2002) in O'Regan and Ghobadian [32]. According to Suleiman (2011), performance is a reflection of how an organization employs its resources to guarantee the accomplishment of its stated goals. Although Mackie (2008) in Stephen and Edith [33] sees organization performance as "the efficacy of the organization in executing its goal," Stephen and Edith [33] believe that performance determines an organization's existence in the economy. Performance is defined as "a collection of techniques for generating common understanding about what is to be done and for managing and developing people in a way which enhances the possibility that it will be realized in the short and long terms" by Adeleke, Ogundele, and Oyenuga [25]. Additionally, other factors

affect how well a corporation performs. They consist of human resource management, the overall market, competition, raw material and supply sources, regulatory framework, and even globalization [34].

Performance was previously assessed using financial metrics with minimal consideration for non-financial factors [35] (Blahova, 2010). (such as quality, stakeholder satisfaction and loyalty). According to Eccles (1991, in [36], additional indicators that are as important depending on the organization's purpose and context have been identified as being a suitable replacement for financial data. Each organization's unique strategies call for a different set of performance metrics. A company that has managed to survive in a challenging, dynamic environment will view its performance as effective [36]. The best way to assess performance is to use several

organizational characteristics [37]. According to Peter (2005) in Owolabi and Makinde [38], an organization's success may be gauged by how much of an impact it has on the environment, how well it performs in terms of occupational health and safety, and how satisfied its customers are. The overall health of an organization is assessed (Kinnandhasan and Nandagopal, 2010); return on assets ratio (Vadeei, Mahmoudi, Khatibi and Mohammadi, 2012); profitability, sales turnover, liquidity, return on investment, market share, and size as measures of SME performance (Babatunde, Adeola and Adeyemo); and size as a measure of performance (Vadeei, Mahmoudi, Khatibi (2011). This study has a three-dimension performance measure as a result, and it is based on the examination of pertinent literature. The first is sustained competitive advantage, followed by sales growth and profitability.

Table 1. Categories of SMEs

S/N	Size category	Employment	Assets (=N= Million) (excluding land and Building
1	Small Enterprises	10 – 49	5 to less than 50
2	Medium Enterprises	50 – 199	50 to less than 500

Source: NTWG (2009)

Table 2. Definition of SME according to Various Countries

Countries	Definition of SMEs	Measurement
Germany	Employees not exceeding 255, annual turnover not exceeding 50 million euro	Employment and assets
Belgium	100 employees, annual turnover of not more than 50 million euro	Employment
United States	1500 employee and \$50million dollars	Employment and assets
Canada	Not more than 500 employees for manufacturing and 50 employees for serviceindustry	Employment
Hong Honk	Manufacturing 100 employees and 50 employees for retail	Employment
Indonesia	Less than 100 employees	Employment
Japan	Wholesale – less than 100 employees or JPY100 million assets; service – less than 100 employees or JPY50million; Retail – less than 50 employees or JPY50million assets	Employment and asset
Malaysia	Manufacturing – less than 150 employees orMYR25 million assets; service less that MYR5 million or 50 employees	Employment shareholders' fund and employment
Philippines	Less than 200 employees or PHP 60million Assets	Employment and assets
Republic of Korea	Manufacturing – less than 300 employees orKRW8 billion assets; Wholesale – less than KRW10 billion or 100 employees	Employment, asset and sales revenue
Singapore	Manufacturing – fixed assets worth SGD15million or less; service – less than 200 Employees	Employment and assets
Nigeria	According to SMIEIS: enterprises with total capital not less than N1.5million but not exceeding N200million, including working capital but excluding cost of land; employees not more than 300 or less than 10	Employment and assets

Source: Olutoye (2014)

2.4 Theoretical Review

This study is anchored on the dynamic capacity theory. According to Teece, Pisano, and Shuen (1997:516), the dynamic capability approach is "a firm's capacity to integrate, create, and reconfigure internal and external competencies to handle quickly changing surroundings." It is a development of the notion of the resource-based perspective. DCA fills the vacuum left by the resource-based approach, which solely considers the efficacy and efficiency of internal resources [39,40,41]. It explains how certain businesses are able to steadily gain a competitive edge in fast-moving marketplaces [42]. According to this idea, in order to develop responsive capabilities, intangible resources (knowledge and skills) must be continually reconfigured and adjusted to the changing business environment [42]. An organization's shifting external environment and shifting portfolio of activities and skills should be reconciled to some extent [41]. The dynamic capabilities approach asserts that an organization's internal and external organizational capabilities are crucial for improved performance and rising customer value. In order to optimize the value provided for them, businesses should concentrate on enhancing those skills that consider the customer as their primary component [40].

According to the notion, when environmental change is observed, structural adjustment is required for improved performance. Strategic planning includes a significant amount of environmental scanning to determine how best to adjust organizational resources. Such environment dynamic necessitates periodic strategy reviews. Strategic planning that is well-developed and maintained aids institutions in gaining a competitive edge, according to the resource-based view and the dynamic capacities approach. This study will concentrate on how strategic planning methods affect the success of SMEs in Nigeria for this reason.

2.5 Empirical Review

There have been several studies on the connection between performance and strategic planning, but the findings have been mixed. St-Hilaire [43] and McIlquham-Schmidt (2010) categorized these findings into three categories. First, they found that there is a positive relationship with a strategic planning-performance directional causality [44-51]

(Andersen, 2000 [52]. Second, the link is negative, with planners outperforming non-planners on some criteria, indicating a poor relationship (e.g. [53] (Sheehan, 1975; Fredrikson and Mitchell, 1984; Whitehead and Gup, 1985). Third, there is no quantified advantage, making the association inconclusive [54, 55,56] (Kudla, 1980) [57,29].

According to Alaka, Tijani, and Abass [58], strategic planning and service delivery are positively correlated in Nigerian insurance companies. The findings of Efendioglu and Karabult [59] demonstrated the significance of top management in the process of strategic planning. The researchers also found that only profitability is positively connected with strategic planning, but average export growth and sales growth for businesses that don't use strategic planning were both high. In their study, Okwachi, Gakure, and Ragui [60] found a strong correlation between managing practices and the execution of strategic plans, decisively demonstrating how managerial practices have a significant impact on the execution of strategic plans in SMEs in Kenya.

Studies on the link between strategic planning and performance have been conflicting in that some writers have found a significant positive association, while others have found a weak negative relationship or none at all.

3. RESEARCH METHODOLOGY

The descriptive survey research design was used for this investigation. The Small and Medium Scale Enterprises (SMEs) in Delta State that are registered members of the Small and Medium Enterprises Development Agency of Nigeria made up the study's population (SMEDAN).

This research used a quantitative approach to data gathering based on the evaluation of papers and materials in order to meet its objectives. The data for this research project came from both secondary and primary sources. A population sample size of 133 was used.

4. DATA ANALYSIS AND INTERPRETATION

The researcher printed and distributed 133 questionnaires, but only 120 were perfectly answered and returned which is about 90% return rate and this was used for the study.

Consequently, the responses of the 120 questionnaires were subject to different statistical analysis and results presented in table formats and percentage for easy understanding. Research question and test of hypothesis was analyzed using multiple regression and correlation approach using SPSS version 20.

4.1 Data Analysis/Interpretation

Utilizing frequency, percentage, and mean inferential statistics, the study's results were quantitatively examined. The cut-off point for the Likert scale's mean was set at 2.50, making it simple to ascertain if a certain perspective was shared by the respondents or not on the subject of unemployment and the perception of entrepreneurship as a means of job creation.

4.2 Analysis of Research Questions

Department "A": Personnel Data of Respondents

Table 3. Age distribution of respondents

Age	No. of Respondents	Percentage %
18-28yrs	35	29.16
28-38yrs	42	35
38-48yrs	23	19.17
48-58yrs	20	16.67
Total	120	100

Source: Field survey 2021

Here, the table format indicates that within the age bracket of 18-28yrs of age, were 35 respondents, representing 29.16%, between the ages of 28-38, were 42 respondents, representing 35% while 38-48yrs, has 23 persons, which represents 19.17% whereas 49 and above, were 20 respondents, which stands for 16.67%, this is the statistical presentation and analysis of the data involved in the age distribution table.

Table 4. Academic qualification of respondents

Academic Qualification	No of Respondents	Percentage%
SSCE	40	33.33
NCE/OND	30	25
HND/B.SC	35	29.17
MSC	15	12.5
PhD	-	-
Total	120	100

Source: Field Survey, 2021

According to the data analysis, 40 respondents had SSCE certificates, which represents 33.3

percent of the total. NCE/OND respondents made up 25 percent of the total. HND/BSC respondents made up 35, or 29.17 percent. MSC certificate holders made up 15, or 12.5 percent. Ph.D certificate holders were unable to produce a respondent count or percentage. The distribution of academic degrees is shown statistically in the table from the research.

4.3 Analysis of Research Questions

Department "B":

Research Question 1: To what extent has implementation of strategic plan contributed to the growth of market share?

Research question one was answered with questionnaire item 1, 2, 3 and 4.

From Table 5, the response to item 1 show that 37.5% strongly agreed, 33% agreed 8.3% strongly disagreed, 16.7% disagreed and 4% where undecided. The mean response of 3,76 implies that the respondents totally agreed with the construct. In item 2, it show that 41.6% strongly agreed, 27.5% agreed 14% strongly disagreed, 7.5% disagreed and 9.1% where undecided. The mean response of 3, 75 is significant and implies that the respondents totally agreed with the construct.

In item 3, the result show that 14.17% strongly agreed, 41.6% agreed 27.5% strongly disagreed, 9.2% disagreed and 7.5% where undecided. The mean response of 3,05 is significant and implies that the respondents totally agreed with the construct.

In item 4, the result show that 25 % strongly agreed, 20.8% agreed 8.3% strongly disagreed, 25 % disagreed and 20.8% where undecided. The mean response of 3.29 is significant and implies that the respondents totally agreed with the construct.

From the general response it is clear that all response is above 2.5 cut off and hence respondents agreed that Strategic plan can boost SME's performance in Asaba:

Research Question 2: To what extent has the formulation of strategic plan affect SME's profit Research question Two was addressed with questionnaire item 5, 6 and 7.

According to Table 6, of those who responded to item 1, 41.6% strongly agreed and 27.5%

agreed. 9.2 percent were unsure, 7.5 percent disagreed, and 14.1 percent strongly disagreed. The average response of 3,75 is noticeably higher than the threshold, indicating that all respondents agreed with the construct completely. According to item 2, 29.1 percent strongly agreed and 37.5 percent agreed. 8.3 percent disagreed, 16.7 percent strongly disagreed, and 8.3 percent were unsure. The average response of 3.54 is much higher than the threshold, indicating that all respondents agreed with the construct completely.

The results for item 3 indicate that 25% strongly agreed and 25% agreed. 8.3 percent were unsure, followed by 20.8 percent who strongly disagreed and 20.8 percent who disagreed. The substantial mean response of 3, 15 suggests that the respondents fully agreed with the construct.

Research question 3: What is the extent evaluation of cross functional decisions affect customer satisfaction?

Research question Three was answered with questionnaire item 8, 9, and 10.

According to Table 7, of those who responded to item 1, 41.6% strongly agreed and 27.5% agreed. 9.2 percent were unsure, 7.5 percent disagreed, and 14.1 percent strongly disagreed. The average response of 3, 81 was well over the limit, indicating that all respondents endorsed the construct. According to item 2, 29.1 percent strongly agreed and 37.5 percent agreed. 8.3 percent disagreed, 16.7 percent strongly disagreed, and 8.3 percent were unsure. The fact that the mean response was 3.62, which is much higher than the threshold, suggests that the respondents wholeheartedly agreed with the construct.

Results for issue 3 indicate that 27.5 percent strongly agreed and 41.6 percent agreed 8.3 percent were unsure, 7.5 percent disagreed, and 9.1 percent strongly disagreed. The substantial mean response of 3, 64 suggests that the respondents fully agreed with the construct.

4.4 Testing of Hypothesis

The hypothesis formulated in chapter one will be tested using the collected data from field survey. Three hypotheses were set to guide this study. Hypothesis testing will be carried out in the order below: restatement of hypothesis, result of

analysis, comparing result with decision rule, validating the hypothesis to accept or reject.

Statement of hypothesis

Test of Hypothesis One: Hi There is significant and positive effect of strategic plan implementation on the growth of market share in Delta State.

In testing the above hypothesis we use the result of simple linear regression between Contributions of market share and strategic plan implementation.

Market share and the execution of a strategic plan are significantly correlated ($P < 0.0000.05$), according to the analysis's findings. R is 0.990, R^2 is 0.980, modified R^2 is 0.979, p -value 0.000, and F -stat. 1374.00 are all taken from the model summary. The outcome showed that changes in the number of strategic plans account for 98 percent of the variation in market share, as demonstrated by R^2 0.980. Except for item 3 (the increasing rate market share), which was not substantially ($P < 0.635 > 0.05$, 0.044) influenced by the implementation of the strategic plan, all of these comprise items/constructs for market shares are significant and favorably signed.

According to the calculated parameters, there is a strong correlation between the independent variables identifying market share ($p < 0.0000.05$, 0.905), implementing a strategy plan logically ($p < 0.0000.05$, 1.330), and solving market share-related challenges ($p < 0.0000.05$, 0.905). $P < 0.000 < 0.05$, 0.057).

Applying the decision rule, we reject the null hypothesis—that there is no significant association between the execution of a strategy plan and market share—and accept the alternative since the p -Value of our regression result is 0.0000.05. We agree the alternative explanation that the execution of the strategic plan and the market plan in Delta state are positively and significantly related.

Test of Hypothesis Two

Hypothesis Two: There is significant and positive correction between formulation of strategic plan and SME's Profit in Delta State.

In testing the above hypothesis we use the result of a simple linear regression between the formulation of strategic plan and SME's profit.

Table 5. To ascertain the extent implementation of strategic plan has contributed to the growth of market share

S/N	ITEMS OF THE QUESTIONS	SA	A	SD	D	UND	Mean	Remark
1	Implementation of strategic plan has contributed positively to the growth of market share	45(37.5)	40(33.33)	10(8.33)	20(16.67)	5(4.17)	3.76	Sign
2	Strategic plan is significant with market share	50(41.67)	33(27.5)	17(14.17)	9(7.5)	11(9.16)	3.75	Sign
3	Strategic plan implementation has boosted SME's in Asaba	17(14.17)	50(41.67)	33(27.5)	11(9.16)	9(7.5)	3.05	Sign
4	SMEs in Asaba has performed better with strategic plan implementation	30(25)	25(20.83)	10(8.33)	30(25)	25(20.83)	3.29	Sign

Source: Field Survey, 2021

Note: Figures in parenthesis are percentages: (SA = strongly agree; A = Agree; D = Disagree; SD= strongly disagree and UND = Undecided)

Table 6. To examine the extent formulation of strategic plan affect SME's profit

S/N	ITEMS OF THE QUESTIONS	SA	A	SD	D	UND	Mean	Comment
5	SMEs in Delta state have made more profit with strategic plan formulation.	50(41.67)	33(27.5)	17(14.17)	9(7.5)	11(9.16)	3.75	SIGN
6	Strategic plan formulation has boosted SME's profit	35(29.17)	45(37.5)	20(16.67)	10(8.33)	10(8.33)	3.54	SIGN
7	The process of strategic plan formulation has increased the profits of SME's in Delta state	30(25)	30(25)	25(20.83)	25(20.83)	10(8.34)	3.15	SIGN

Source: Field survey 2021

Note: Figures in parenthesis are percentages: (SA = strongly agree; A = Agree; D = Disagree; SD= strongly disagree and UND = Undecided)

Table 7. To determine the extent evaluation of cross functional decisions affect customer satisfaction

S/N	ITEMS OF THE QUESTIONS	SA	A	SD	D	UND	Mean	Comment
8	Cross functional decisions evaluation has significant effect on customer satisfaction	50(41.67)	33(27.5)	9(7.5)	17(14.17)	11(9.16)	3.81	SIGN
9	Organizational decision evaluation has positive effect on customer satisfaction.	35(29.17)	45(37.5)	10(8.33)	20(16.67)	10(8.33)	3.62	SIGN
10	Strategic plan evaluation has a positive effect of customer satisfaction	33(27.5)	50(41.67)	11(9.16)	17(14.17)	9(7.5)	3.64	SIGN

Source: Field Survey, 2021

Note: Figures in parenthesis are percentages: (SA = strongly agree; A = Agree; D = Disagree; SD= strongly disagree and UND = Undecided)

Table 8. To determine how much the strategy plan's execution has boosted Delta State's market share

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.990 ^a	.980	.979	.55833	1.344	

a. Predictors: (Constant), X4, X2, X3, X1
b. Dependent Variable: Market share

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1713.317	4	428.329	1374.005	.000 ^b
	Residual	35.850	115	.312		
	Total	1749.167	119			

a. Dependent Variable: Market share
b. Predictors: (Constant), X4, X2, X3, X1

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.688	.164		4.192	.000
	X1	1.330	.154	.463	8.618	.000
	X2	.906	.136	.337	6.641	.000
	X3	.044	.094	.017	.474	.636
	X4	.570	.107	.195	5.336	.000

a. Dependent Variable: Market share
Source: SPSS Result output (Version 20)

Table 9. To examine the extent formulation of strategic plan affect SME's profit

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.987 ^a	.974	.974	.62101	1..222	

a. Predictors: (Constant), X7, X5, X6
b. Dependent Variable: SME's profit

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1704.430	3	568.143	1473.183	.000 ^b
	Residual	44.736	116	.386		
	Total	1749.167	119			

a. Dependent Variable: SME's profit
b. Predictors: (Constant), X7, X5, X6

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.408	.164		8.582	.000
	X5	1.048	.144	.390	7.285	.000
	X6	1.468	.154	.544	9.520	.000
	X7	.172	.094	.068	1.840	.068

a. Dependent Variable: SME's profit

The outcome of the research above showed a significant (P0.0000.05) association between the creation of a strategic plan and the profitability of SMEs. R is 0.987, R2 is 0.974, modified R2 is 0.974, p-value 0.000, and F-stat. 1473.00 are all taken from the model summary. The outcome

showed that variations in the strategic plan's formulation account for 97.4 percent of the variation in a SME's profit, according to R2 0.974. With the exception of item 7 (reforming the institution), which was not substantially (P 0.068> 0.05, 0.172) affected by the creation of

the strategic plan, all included items/constructs for SME's profit are significant and favorably signed.

The calculated parameters reveal a strong correlation between the independent factors and the dependent variable (SME profit): strategic plan creation (P0.0000.05, 1.408) Profit of SME (p 0.0000.05, 1.468)

Applying the decision rule, we reject the null hypothesis that there is no significant association between SME profit and strategic plan formation since the p-Value of our regression result is 0.0000.05. We'll take the alternative. We endorse the alternative theory that, in Delta state, there is a substantial correlation between SME profit and strategic plan formation.

Test of Hypothesis Three: There is significant and positive effect of the evaluation of cross functional decision on customer satisfaction in Delta State.

This hypothesis will be tested using correlation analysis between the evaluations of cross functional decision on customer satisfaction. The result above show that there is positive correlation between evaluation of cross functional decision and customer satisfaction boosting 98.2% (P 0.000, 95% confidence interval) cases of customer satisfaction result from evaluating cross functional decisions in boosting SMEs customer satisfaction in Delta state. There exist strong correlation between evaluating cross functional decision and customer satisfaction boosting.

The results also showed a substantial association between cross-functional decision evaluation and increased customer happiness, with a 95% (p0.000, 95% confidence interval)

increase in customer satisfaction being ascribed to a rise in cross-functional decision evaluation in Delta state.

We reject the null hypothesis and accept the alternative that there is a significant association between cross-functional decision and customer satisfaction based on the correlation analysis result (P 0.0000.05) at the 5% level.

4.5 Discussion of the Research Findings

The first test of the hypothesis shows that the strategic plan's execution in Delta state has a positive and significant impact on market share. This finding concurs with that made by Tuluce and Dogan (2014), who found a favorable correlation between overseas market share and the execution of strategic plans. According to the findings, the government should provide money and subsidies to SMEs to assist their efforts and speed up the implementation of their strategic plans.

The outcome of the second test of the hypothesis demonstrates that the development of a strategy plan and SME profit in Delta state are significantly and favorably correlated. This result is consistent with that of Rasmussen and Strohein (2005) who found that elements that influence the creation of a strategic plan have a favorable and substantial impact on the success of SMEs.

According to the third test's outcome, there is a favorable and substantial impact of cross-functional decision assessment on customer satisfaction in Delta state. This result is consistent with Dike's (2009) assertion that customer satisfaction is positively impacted by the strategic plan's review.

Table 10. Correlations

		RQ1	RQ2	Customer satisfaction
Evaluation of cross functional decision	Pearson Correlation	1	.989**	.982**
	Sig. (2-tailed)		.000	.000
	N	120	120	120
Customer satisfaction	Pearson Correlation	.989**	1	.950**
	Sig. (2-tailed)	.000		.000
	N	120	120	120
Boosting customer satisfaction	Pearson Correlation	.982**	.980**	1
	Sig. (2-tailed)	.000	.000	
	N	120	120	120

** Correlation is significant at the 0.01 level (2-tailed).

5. CONCLUSION AND RECOMMENDATIONS

The performance of SME's and the strategic plan were reviewed in Delta State, Nigeria. It has been proven that the strategic plan's factors significantly and favorably affect the performance of SMEs. This indicates that the performance level will increase if small and medium-sized businesses adopt the usage of strategic planning. Since the performance of the sector as of right now does not provide any meaningful evidence for the country's economic progress, the SME sector in Nigeria should cause worry. Strategic planning should be viewed as a highly helpful tool for ensuring increased performance and raising the country's GDP as a result. The successful operation of a business can be very difficult, especially when taking into account the external difficulties that Nigerian business operations face. However, by implementing strategic planning and taking into account the moderating variables chosen for this study, the SME sector in Nigeria can be significantly improved.

5.1 Recommendations

The study's conclusions are used to inform the following suggestions.

1. The study suggests that small and medium-sized businesses in Delta State, Nigeria, adopt the idea and application of strategic planning as a tool to improve organizational performance.
2. The owners and managers of SMEs should be aware of the attitude being displayed at work. They need develop an entrepreneurial mindset in order to be able to accomplish their intended goals since it requires taking risks, being inventive, and being proactive.
3. In order to provide the business a competitive advantage, the owner or management of the SME must have a thorough awareness of the sector in which it works.
4. The owner/managers need to approach planning with the proper mindset. In order to prevent the goal of starting the firm from being thwarted, each SME operator should examine himself and truthfully praise their own shortcomings.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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