



The Impact of Strategic Planning on Growth of Small Businesses in Nigeria.

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Abstract

Purpose- There is a need to develop a framework that will improve the understandings of business planning and performance and its effects on growth particularly during the stages of small business development. The study attempted to fill in the gap stated.

Design - The single case qualitative study relates small business growth with strategic planning where financial performance, market share, sales, and profits or instead return on investment is used to measure the growth. Existing literature fails to establish a concrete relationship between strategic planning and growth of small businesses which indicates a gap in the literature that will help understand the steps of managing the organizational transition of small business growth.

Findings - The study fails to establish a significant relationship between formal planning and transitional growth, but instead found the influence of the planning process in communication the owner's goals, vision, mission, and intentions to both internal and external stakeholders of small businesses. The study influence of the shared vision with customers on making them loyal and advertisers through word of mouth. The study revealed how customers' word of mouth increased the customer base of small businesses thereby increasing the product demand and eventual expansion of capacity leading to the growth of small businesses. The growth of small businesses will result in an increased reduction in the unemployment rate which will reduce the poverty rate in the Nigerian economy.

Practical Implications- Answering the primary and supporting questions will help small business owners to understand how strategic planning is essential in the transitional growth of their businesses.

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Introduction

The micro, small, and medium enterprises in Nigeria employed 80% of the country's workforce (SMEDAN, 2013). According to the Nigerian small business regulatory agency (SMEDAN), there are three categories of small businesses: 1 to 9 employees for micro-enterprises; small enterprises have 10 to 49 employees; and medium enterprises with 50 to 200 employees (SMEDAN, 2013). Like SMEDAN, Small Business Administration of the United States defines a small business as firms with 500 employees or less (Headd, 2010). International Financial Corporation stated small and medium enterprises provided 60% of world employment (Du & Banwo, 2015). Small and medium enterprises provide the modern economies of the world with growth opportunity (Cull, Davis, Lamoreaux, & Rosenthal, 2006). Seventy-five percent of world enterprises are small and medium (Lucchetti & Sterlacchini, 2004). Like in modern economies, small and medium enterprises remain the catalyst of growth and development of developing economies (Ayanda & Laraba, 2011). Small and medium enterprises help developing economies to alleviate poverty because, they employ their citizens (Ayyagari, DemirgucKunt, & Maksimovic, 2014). In Nigeria, over 80% of the workforce is employed by small businesses, and 97% of economic activities are provided by the sector (Adebisi & Gbegi, 2013; Shehu et al., 2013). Adebisi and Gbegi stressed 80% of small businesses failed within the first five years. The small businesses fail in Nigeria have contributed to an increase in the level of poverty because of the increased level of unemployment (National Population Commission of Nigeria, 2011). Increased level of poverty in the Nigerian economy resulted in the negative effect on the livelihood of the citizens. (Adebisi & Gbegi, 2013). Despite the impact of the failure of small and medium enterprises in the Nigerian economy, there is not enough information for small business owners and managers to develop strategic plans that will avoid small business failures. Most small and medium enterprises are discontinued because of a lack of managerial skills and planning for growth (Gaskill, Van Auken, & Manning, 1993). Delmar and Shane (2003) found the future planning of prediction and forecasting of future challenges as a means of enhancing small business growth and survival (Delmar & Shane, 2003). Notwithstanding the findings of Bhide (2000) which suggested the need for small business managers to spend time in obtaining capital, procuring facilities and equipment, and marketing; Delmar and Shane stressed planning provides tools for resource management, foster decision making, and identifies steps of future courses of action. Similarly, Liao and Gartner (2007) found planning to enable small business managers to identify the profitability business functions, the requirements of resources, and the environment to competitively operates which are vital components of business growth (Liao & Gartner, 2007).

Since small business employs citizens of Nigerian's economy, where the employment reduced the level of poverty in the economy and increased the excellent livelihood of the citizens, there is need to reduce the level of small business failure in the Nigerian economy. The research presented the contribution of strategic business planning to small businesses successful growth. Small business successful growth might reduce the mortality rate of small businesses in the Nigerian economy.

Statement of Problem

Small business strategic planning affects financial performance and business success or failure (Delmar & Shane, 2003; Gaskill Van Auken & Manning, 1993); human resource recruitment and management (Davila & Foster, 2007); and securement of venture capital (Rue & Ibrahim, 1998). There is an excellent debate on the relationship between strategic planning and small business growth. The study relates small business growth with strategic planning where financial performance, market share, sales, and profits or rather return on investment is used to measure the growth (Mazzarol, Reboud, & Soutar, 2009). Existing literature fails to establish a concrete relationship between strategic planning and growth of small businesses which indicates a gap in the literature that will help understand the steps of managing the organizational transition of small business growth. As suggested by Brinckmann, Grichnik, and Kapsa (2010), there is need to develop a



framework that will improve the understandings of business planning and performance and its effects on growth particularly during the stages of small business development. The study attempted to fill in the gap stated.

The Purpose of Study

Small businesses are usually started by a small number of owners or sometimes single owner and usually with no formal procedures and operations. Owners usually manage small businesses with little skills and knowledge to the extent where the growth stage is critical requiring clear vision and mission for success. The purpose of this study lies at this critical and vital stage where strategic business planning is needed for small business transitional growth. The achievement of the study purpose is possible if an understanding of the strategic business plan that can enable the attainment of the management of the transition stages of small business growth effectively. The small business strategic plan must communicate the vision and mission of owners to employees and customers. The study will enhance the growth of small businesses in the Nigerian economy through the understanding of the relationship between effective strategic planning and business growth. The study will provide information on the influence of strategic planning on stages of transitional growth of small businesses which can be used to assist managers, consultants, educators, researchers, and regulatory agencies within the Nigerian small business sector.

The study answered the main research question of how strategic plan developed by small business owners helped in managing the transitional growth of small business at an early stage of one to five years? The researcher used three supporting questions to interrogate the primary question as follows: how does the strategic plan help to communicate between owner/manager and stakeholders of small businesses? Whether small businesses use formal or informal planning methods? Do owner/manager of small businesses adjust planning methods to meet the growth of the businesses? Answering the primary and supporting questions will help small business owners to understand how strategic planning is essential in the transitional growth of their businesses. Researchers and scholars will understand the strategic planning elements that are important in small business growth.

Conceptual Framework of the Study

The study revealed how strategic planning influenced small business growth in Nigeria where the strategic plan served as a tool of communication between the business organization and the stakeholders. Flamholtz (1986) stressed strategic planning helped small business owners to manage their vision, mission, and desired outcomes of their businesses where growth occur at developmental stages of the ventures. Formalized documentation helped small business owners/managers to bring out their intentions and communication with stakeholders is enhanced (Brinckmann et al., 2010). Similarly, Spee and Jarzkowski (2010) found strategic planning as a great tool of internal and external communication. Therefore, the concept of this study was to stress and add to existing literature the importance of strategic planning to small business growth through adopting a case study approach and exploring further knowledge of the concept. This study focused on four aspects: strategic planning, small business strategic planning, small business growth, and how the three intersected and answered the research question; how strategic planning influenced communication between business owners/managers and stakeholders of small businesses thus assisting small businesses growth at developmental stages?

Literature Review

The study focuses on the understanding of the influence of strategic business planning on transitional growth of small businesses in Nigeria. It is assumed that most of the study result might apply to nations particularly developing economies like Nigeria. Strategic business planning, small business strategic planning, small



business success, small business failure, and small business growth will be explored in the literature review. Exploring existing literature of the concepts enabled their thorough understanding. Thorough understanding of general concepts of strategic planning and small business strategic planning enabled an exploration of their distinction (Delmar & Shane, 2003). The literature reviewed the opinions of both planning school, informal and formal planning strategic planning school, and learning school on small business strategic planning. Other areas reviewed included small business growth, transitional growth, transformations of small businesses, and the methodological approach of the study: the qualitative research method.

Strategic Business Planning

There are many definitions of strategic business planning. Snyder (1982) defined strategic planning as "those activities which are concerned specifically with determining in advance what actions and human and physical resources are required to reach a goal; it includes identifying alternatives, analyzing each one, and selecting the best one" (p. 266). Similarly, Strategic Business Planning is defined by Ansoff and Brandenburg (1967) as: "a process of setting formal guidelines and constraints for the behavior of the firm" (p. B-230); being seen by scholars as a more generalized definition. Also, Chandler (1990) and Barbosa & Romero (2016) define strategic planning as: "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" (p. 13 and p. 904). However, the definition of Thompson and Strickland (2003) is more closely related to the framework of this study: being recognized as the setting of visions, objectives, and the methods of achieving the goals and visions of an organization.

Mintzberg (1994b) studied many definitions of strategic business planning and identified five characteristics of strategic planning as a means of developing the framework of understanding what strategic planning all is about. "Planning as future thinking" is the first characteristic identified. It is captured in the work of Mintzberg where it was stated planning as a way of understanding the future through foresight. The second characteristic is "planning is controlling the future which is closely related to first one because forward thinking is a because of desire to control the future. It is also highlighted that the future is most difficult to predict with accuracy, and thus difficult to control, but prediction suggests a possible control of the future. Thirdly, "planning is decision making," where Mintzberg used the definition of Snyder stressed planning provides alternatives, analysis, and choice of suitable option among alternatives. "Planning is integrated decision making" is the fourth characteristic: and Mintzberg suggested the work of Ackoff (1966) stressed to make future goal achievable, there should be decisions that are dependent on one another, such interdependence of decisions motivates the need for a plan. Mintzberg identified "planning is a formalized procedure" is the fifth characteristic: formalization involves rationalization, analyzing, and decomposing as the process of formalization which will result in an articulated plan. Mintzberg suggested strategic planning as the process of decomposing, rationalizing, and articulating parts as a way of formalizing goals and visions.

Langley (1988) stated strategic planning is not a process of making the strategic decision but enabled owners and managers to make decisions strategically during the implementation of the plans. As a way of operationalizing and conveying the strategies, organizations should develop formal strategic plans, thus planning is not a way of creating strategies. Therefore, the strategy can be described as a distribution of available resources during the bundling of new resources that suggested the growth of an organization continuously (Alden, Albrechts, & da Rosa Pires, 2017; Chandler, 1990). Similarly, Bhide (2000) described strategy as an actionable item which suggested ways for an organization to provide value to its audience by bundling resources innovatively and harnessing the resources and distributing products through a supply chain and describing the goals and visions as opportunities being pursued. Also, Kotter (2012) stated strategy is a vision definition way, an opportunity recognition method, and a way to inspire action. The future picture



of an organization so created as a strategy is the created vision which is communicated to internal and external stakeholders (Kotter, 1995; Rothaermel, 2015).

Mintzberg (1987) identified five characteristics of strategy usually referred to as five Ps of strategy. "Plan" being the first P, described the conscious actions intended to meet a need or situation, while the second P of "ploy," which described the method used to use tactics and develop a strategy that will outcompete a competitor (Mintzberg, 1987). Porter (2008) described the ploy as a means by which organizations use to reshape the structure of the industry in such a way transformation of the firm will be the direct benefit. The third P is "pattern," which describe the consistency of intentional or unintentional behavior (Mintzberg, 1987), and Porter (1996) stressed the significance of consistency when developing a strategy. Organizations should have a consistent framework for developing competing tactics. "Position" is the fourth P, and it described the method of identifying a firm within the environment to developing the tactics of challenging or subverting competition (Mintzberg, 1987), which asserts Porter's explanation that, the strategy is used to discover the weakest competition position in the marketplace (Porter, 2008). The final P is "Perspective," and described how organizations perceived the competing environment (Mintzberg, 1987), which suggested the different phase by which organizations will perceive and pursue competition in the marketplace.

Strategic thinking differs from strategic planning; where strategic thinking is referred to as synthesis and differentiated to strategic planning described as analysis (Mintzberg, 1994a; Rothaermel, 2015). Strategic planning which is analysis involves dividing the set goals into steps that are manageable and implementable and articulating them to achieve the desired goal. On the other hand, strategic thinking described as synthesis is simply the process of generating ideas that will result in new strategies. Porter (1996) stressed strategic planning is a tool that invigorates strategic thinking, and a formalized strategic plan is a product of strategic thinking because it facilitates innovation and creativity. Similarly, De Geus (1988) asserted the value of the process of strategic planning is behind the capacity of the managers to think strategically. Bhide (2000) argued in small businesses, planning leads to rigidity, and urged owners to concentrate on developing the firm rather than planning. Bhide stressed the significant gap between the growth of planned and improvised start-ups with the later leading the way. Improvised start-ups need long-term investments that required the formulation and implementation of long-term strategies to close the gap (Bhide, 2000; Cokins, 2017).

Strategic planning is one of the most effective functions of management that is required to be incorporated into the management systems of growing small businesses (Flamholts, 1986). Therefore, strategic planning is a tool for the communication of the vision of a firm to the stakeholders. Kotter (2012) stressed the vision and goals of an organization are achievable if there are communication means between management and employees which motivates, empowers, and informs the vision of the organization. An organization that communicated the vision of the firm to stakeholders, such stakeholders will understand the precise direction of the firm and help employees initiate actions that will deliver goals and vision (Cokins, 2017). Porter (1996) argued if strategies are communicated throughout an organization, it will help employees make choices between options that will guide their activities to meet the organizational goals. According to Spee and Jarzabkowski (2011), the strategic plan is not only a flexible document but a document that promotes workplace interactions leading to communication within an organization. We can, therefore, define strategic planning as a process that produces the document that expressed the owners/managers visions, objectives and, goals of a firm which served as a means of communicating the visions, objectives, and goals to the internal and external stakeholders of the firm.

The literature review revealed: strategic planning is a process that determines the goals and objectives of an organization; the formulation of actions; and the allocation of resources that will be used to attain the identified goals and objectives. Planning is a means that enables the articulation of visions and strategies. Operationalization of strategy is possible when a formalized plan is developed. The development of a



strategic plan facilitates thinking strategically which gives a platform when making meaning in developing a strategic plan. It was also found strategic planning can be used a tool to communicate the visions, objectives, and goals of a firm to the stakeholders of the firm.

Strategic Planning in Small Businesses

The planning school focuses on the value strategic plan will create in small businesses and suggested it promoted utilization of resources effectively, prompt and quick decision making, and identification of the steps to achieve growth successfully (Delmar & Shane, 2003). No matter the size of small business, it requires the development of a strategy which is usually simple and can be used to make a strategic plan (Sandberg, Robinson, & Pearce 2001). The attributes of the small business strategy include expression in the form of written plan, how to compete in the marketplace, the definition of products to be offered, and the process of organizing the firm (Sandberg et al., 2001). According to the planning school, the components of strategic planning includes: definition of strategic goals, formulation of alternative to meet the strategic goals, analyzing the alternatives and selecting the best options to achieve the strategic goal, and developing controls and the commencement of the process of implementing the alternatives to achieve the strategic goals (Ackoff, 1966; Ansoff & Brandenburg, 1967; Brews & Hunt, 1999; Porter, 1996). The approach will serve as a comprehensive approach to developing a strategic plan that will predict the challenges and uncertainties firms are likely to encounter in the future. The uncertainties small businesses are likely to encounter includes state uncertainty (a concern the business environment); effect uncertainty (concern for the organization); and response uncertainty (concern consequences from the choice between options) (Brinckmann et al., 2010). As regards to small business strategic planning, it can be defined strategic business planning as, "those efforts by firm founders to gather information about a business opportunity and to specify how that information will be used to create a new organization to exploit the opportunity" (Delmar & Shane, 2003, p. 1165). Delmar and Shane found planning enhances the survival of firms, promotes development, and assist venture organization through accurate and rapid decision making, resource optimization, and the avoidance of organizational bottlenecks within the organizational function. Strategic planning provides legitimacy to small business (Honig & Karlsson, 2004; Liao & Gartner, 2007). Similarly, Delma and Shane stated small business benefits from business planning by helping owners/managers to focus their attention on the attainment of developmental goals, and enhancement of the ability to achieve the goals. Brews and Hunt (1999) argued for a strategic plan to be effective in small businesses, it must be specific and flexible to the nature of the business environment of the firm.

The argument of the learning school was: strategy is learned over time. Mintzberg, Ahlstrand, and Lampel (2005) stressed the process of learning over time resulted in strategies, which are because of situational and behavioral patterns convergence and the abilities of the operators to provide solutions to problems. They argued strategy is complex and cannot be developed at once but rather over a period, through learning steps. Owners/managers can develop strategies and continue to receive feedback which can be used for the continuous upgrade of the strategies until there is a convergence of pattern that the approach is a strategy (Mintzberg et al., 2005; Burns, 2016). The learning school advocates an adaptive methodology that is also incremental in developing the strategy (Brews & Hunt, 1999). Brews and Hunt argued planning might limit the adaptability of a decision maker as a result of the organizational rigidity. Bhide (2000) stressed learning school advocates small business owners/managers should concentrate in developing the firm through procurement of equipment and facilities, acquisition of external financing, and the marketing of products. Mintzberg and Waters (1985) stressed the need for small business owners/managers to pursue learning and flexibility in the development and adaptation of strategies. The process of planning and the plan itself enhances the performance of the business, and the learning effects drive the enhancement of the performance process of small business (Brinckmann et al., 2010; Burns, 2016).



Formal and Informal Planning

Apart from the planning and learning schools' views, scholars discuss the impact of formal and informal planning on businesses. Armstrong highlights that "formal strategic planning calls for an explicit process for determining the firm's long-range objectives, procedures for generating and evaluating alternative strategies, and a system for monitoring the results of the plan when implemented" (Armstrong, 1982, p. 198; Wolf & Floyd, 2013, p. 5). When managers are engaged in too much planning, there is every tendency that innovation and creativity could be suppressed (Honig & Karlsson, 2004; Mintzberg & Waters, 1985; Lew, Meyerowitz, & Svensson, 2018). On the other hand, Delmar and Shane (2003) argued businesses achieved long-term growth through decisions made under structured formal planning.

Formal strategic planning is defined as the process of producing a written plan which states clear goals and objectives with a resource necessary to achieve the goals, and selection of actions to achieve the goals and objectives (Robinson & Pearce, 1983). A study linking strategic planning process with innovativeness, the flexibility of the planning, and financial performance found planning flexibility, and formal strategic planning process is positively related, and both are related positively to innovativeness (Alden et al., 2017; Dibrella & Neubaum, 2014). Ackoff (1966) found formal planning to be a function associated with large corporations, and Robinson and Pearce (1983) stated it is not appropriate to associate it with small business because Welsh and White (1981) stressed: "small business is not a little big business" (p. 18). Delmar and Shane (2003) described small business strategic planning as the process of collecting and analyzing relevant information which is used to identify risk, and tasks, and financial performance of a firm and produce a written document called the plan. Therefore, owners of small businesses must adopt a method that is different from that is used by big businesses. In most small businesses, strategic planning is a function that is usually started and managed by owner/manager as against in big firms where a department with an array of professionals as planning team initiated and controlled strategic planning process. The phases of strategic planning in small businesses include the development of mission statement, analyzing the current situation of the firm, growth forecast, objectives development, and strategies development (Mazzarol et al., 2009). Delmar and Shane stressed formal strategic planning serves as an avenue of communicating organizational goals and improves the quality and rate of transfer of owners' visions to the persons that are responsible for the actualization of the mission. There is no significant relationship between business planning sophistication and the growth level of business, but there is a significant effect of strategic planning in the growth of the business as against its absence (Rue & Ibrahim, 1998).

Notwithstanding, Mazzarol et al., (2009) found there is no direct relationship between the business plan and performance improvement, but the process of formalized business plan benefit businesses where owners make analysis and determine their vision, mission, and impact to the marketplace. Brinckmann et al., (2010) stressed owners/managers of small business should develop formal planning and document it in such a way it will provide communication clarity across the enterprise. Formal strategic planning in small business improves the decision-making process, strategic opportunities, and the performance of the business.

Small business owners/managers usually respond to challenges and opportunities through the expression of formal strategic causes of action (Mintzberg & Waters, 1985). Researchers have found small businesses strategic planning is informal, reactive, and unstructured (Honig & Karlsson, 2004; Mintzberg & Waters, 1985). There was no relationship established between formalized small business strategic planning and financial performance (Robinson & Pearce, 1983). Robinson and Pearce stressed small businesses enhanced effectiveness when they adopted making a strategic decision through an informal approach.

The literature reviewed revealed two schools of thoughts regarding strategic planning: learning and planning school. Planning school advocates focused small businesses strategic planning as defining goals, developing options of attaining the goals, analyzing the options, and how to implement the chosen option of attaining



the goals. Business strategic planning in small businesses enabled owners/managers to communicate goals and vision throughout the organization. Small businesses environment is complex which makes it difficult for development of strategy at once, and thus will require leaning over time to develop the right strategy with clear goal and vision. Learning school also argued of the possibility of rigidity internally with strategic planning in small businesses which might reduce the ability of an organization to adapt to dynamic changes quickly. On formal and informal strategic planning, researchers found no significant relationship between formal strategic planning in small business and their financial performance. Similarly, some researchers found small businesses benefitted from strategic decision making when the owners/managers adopted the informal process. Contrary to that, researchers found formal strategic planning helped small business owners/managers to communicate goals and visions of an organization to stakeholders effectively.

Small Business Growth

There are two characteristics of business growth: growth defined as an aspect of increase in sales, the number of employees increases, profitability increase, and market share increase; or internal processes of business is expanded and developed (Penrose, 1959). The second characteristics are described as internal expansions and changes that resulted in the increased effectiveness of the process of managing an organization and become a growth of output which can be measured (Flamholtz, 1986). Small businesses growth can be modeled in two forms: managing growth and the enabling growth (Lechner & Leyronas, 2009). The components of managing growth model consist of changes necessary to employee's number increase, employees' responsibilities and roles definition, and development of workflow for employees that will coordinate an organization. The enabling growth consists of business reputation improvement in its environment, development of customer management relationship, capturing of employees that are qualified, and financial resources increase. Lechner and Leyronas argued growth increase the complexity of management, both managing growth and enabling growth are attainable through improved control, planning, and a formalized structure. Crises in managing entrepreneurial firms occur in early growth stages, but changes in organizational structure help manage the growth of such firms (Storey, 2016). Flamholtz (1986) stressed the need for formalized styles and techniques that will effectively manage the growth of an organization at various growth stages. Achtenhagen, Naldi, and Melin, (2010) found the characteristics of small business growth to consists of the improvement of internal processes, improvement of business processes to be more professional, development of core competencies, and making an organization to be cost-effective.

Transitional growth can be viewed as a movement of a business organization from one stage to the other in its life cycle. The small business lifecycle passes through cultural, political, and technical pressure (Teeter & Whelan-Berry, 2008; Storey, 2016). The success of a small business lies of how owners/managers of small business managers pressure that attack the various stages in their life cycle. Phelps, Adams, and Bessant (2007) argued the sequential stages of small business growth is not predetermined. There is also a growing notion small business growth stage is from start-up to early growth, then maturity stage, and usually started to decline after that (Phelps et al., 2007). Quinn and Cameron (1983) found a four stages model of the business cycle: creation or formation stage, growth or collective stage, the stage of formalization, and the stage of adaptation.

Further to the four stages model of the business cycle, Lester et al. (2003) added a further stage as the stage number five called the stage of decline. The five-stage model of business life cycle model was used in this study: creation or formation, growth or collection, maturity or formalization, adaptation and the stage of declining. According to Phelps et al. for an organization to move from one stage to another it must improve its structure, functions, and characteristics to support new problems and task that are likely to come up during the growth process. The improvements include in human resources, products, operational strategies, strategies of marketing, financial tools, and strategic orientations. Strategic orientation occurs during



transitional growth in firms especially when firms move to reactive strategy from opportunistic positions which require focused strategy (Delmar & Shane, 2003). The use of strategic planning in small business helps transitional growth from the formation stage to the stage of growth in their life cycle (Flamholtz, 1986).

The business growth consists of two components: measured output, and expansion of internal processes. In theory, business growth is made up of two elements: managing growth and enabling growth, and both are achievable through improvement in control, planning, and formalized structure. Business growth leads to the complexity of management and crises within and outside an organization. There is little or no evidence that growth comes in sequential predetermined stages. Movement from one stage to another is through transformational approaches involving structures, functions, and characteristics that will allow a firm to face new task and problems. The transformation includes that of human resources, product, marketing, strategic orientation, financial structures, and operations. Owners/managers of small businesses must adjust their managerial behavior to be more formal as their organizations grow. Organization's managers should identify, develop, and implement new knowledge that will resolve encountered challenges and problems during the growth process. There is a need for owners/managers of small businesses to establish networks between stakeholders of an organization to help improve smooth transitional growth. Organizations must develop a path that will communicate firm's vision, corporate culture, and mission to internal and external stakeholders of the firm to enable a smooth and effective transitional growth from one given stage to another.

The study focused on discussed concepts: small business growth, small business strategic planning, and strategic planning. The study discussed the intersection of the three concepts and the research questions where derived from the intersection. The study research questions include: is there an influence on small business strategic planning on managing transitional growth at the creation stage? Can we say strategic planning help in communication between owners/managers and stakeholders? The literature reviewed fails to reveal how strategic planning facilitate developmental stages transitional growth of small businesses (Mazzarol et al., 2009; Robinson & Pearce, 1983). However, very few studies explored strategic planning as it affects the causal relationship with the growth of small business at developmental stages especially growth that is measured with the output. Sarason and Tegarden (2003) found a positive effect of strategic planning on the early growth of small firms. Brinckmann et al. (2010) stressed the implementation of strategic planning improved the experiences of participants due to consistent learning. The approach served small business to develop strategic planning competencies through learning over time. The literature established a positive relationship between small business growth and development and implementation of strategic planning (Brinckmann et al., 2010; Delmar & Shane, 2003; Flamholtz, 1986; Mazzarol et al., 2009; Phelps et al., 2007; Spee & Jarzabkowski, 2011). Organized and structured small businesses tend to have improved growth as a result of strategic objectives and goals (Phelps et al., 2007). While Delmar and Shane found business planning improve the survival of a firm, Brinckmann et al. suggested formal and documented strategic planning facilitates communication of vision and goals between owners/managers and the stakeholders of a firm. Identification of strategic intent (unified vision and mission) is one of the most important aspects of strategic planning (Mazzarol et al., 2009). Spee and Jarzabkowski (2011) found though there is the need to document a strategic plan, it should be dynamic to accommodate organizational interactions.

Based on the submissions by the scholars in the literature reviewed in the study, there is a relationship which is positive between small business growth and strategic planning. Formalized strategic planning is unlikely to guarantee the growth of small businesses. Owners/managers of small businesses should define their firm's mission and vision when developing a strategic plan. The planning process and the strategic plan can be viewed as a tool that communicates owners/managers of small businesses visions and mission to the overall stakeholders of the firm. The shared vision and mission will guide the whole firms' structure towards growth.



Methodological Framework

Small business transitional growth phenomenon is complex, and it has limited existing research thus the need for a depth study to fully understand how small business transitional growth is influenced by strategic planning using a qualitative case study research approach. Researchers recommended the use of the case study qualitative methodology for this type of research (Rowley, 2002).

The qualitative research approach allows researchers to work within a designed framework as well as to be innovative (Miles, Huberman, & Saldaña, 2014). The use of qualitative methodology allowed the researcher to present complex issues in a personal format that is usually vivid which is acceptable to businesspeople than statistical presentations (Eriksson & Kovalainen, 2011). Miles et al. stressed qualitative research methodology help business practitioners to know the influence of events and how behavior makes an impact. Lechner and Leyronas (2009) in a case study answered the questions of how and why small business grow. Spee and Jarzabkowski (2011) used a case study and understood the influence of small business growth and planning. In a multi-case study, Flamholts (1986) explained a conceptual framework of small business growth. Most of the researchers recommended the use of case study to discover how strategic planning influence growth. Case study brings out the details, depth, completeness, and richness of a chosen topic or subject (Creswell, 2014).

Though the use of qualitative study in determining the relationship of small business growth and strategic planning defined business growth as revenue, size, and/or age increase, it brings out mixed, complex, and inconclusive results (Brinckmann et al., 2010; Delmar & Shane, 2003; Robinson & Pearce, 1983). This study helps in understanding the mixed, inconclusive, and complex issues using qualitative research approach where small business strategic planning was explored. The process defines strategic planning as owners of small business vision and mission and how it influences the growth of the firm. Using a single case study in a qualitative research method, this study found how strategic planning influences the communication of owner's vision, mission, and intentions to overall stakeholders and how such action impacted on the transitional growth of small businesses.

The researcher collected data from documents, observations both direct and indirect, and interview with participants (Creswell, 2014). Yin (2014) found the use of single case study as appropriate to challenge, extend, or confirm a theory in a typical case. The use of embedded design helped explored a much richer and accurate data. In this study, a typical case is defined as a firm with 10 to 49 employees that are owned and operated by founders (SMEDAN, 2013). The case studied developed a strategic plan, has a mission statement, and experienced growth in some employees. The company under study is a wholesale and retail outfit specializing in food and beverages distribution with 45 number of employees and operated for eleven years under the supervision of the founders were selected for the study. The name of the company is withheld at the request of owners. The sample case was selected using purposeful sampling method, and convenience is used when selecting the sample. Convenience refers to access to the data that will allow the exploration of the study research questions. Research protocol guided the researcher to collect reliable data. Open-ended questions were used during the interview sessions which provided a conversational atmosphere.

The following are the research interview questions used and collected the data utilized in obtaining the results of the study:

- Can you state the number of years you have been employed in the firm?
- Can you state your role and responsibility in the company?
- How do the owners/managers communicate the roles to you?
- Can you state whether the firm has a strategic plan?



- What is the process of sharing the strategic plan?
- What is the mission statement of the company?
- What is the process of sharing the mission statement with you?
- Is the goals and objectives of the firm being shared with you?
- Who shared the goals and objectives of the firm with you?
- How did the person who shared the goals with you do it?
- Are you aware of the owner's long-term visions for the firm?
- What advise will you give to the owner on how to obtain the firm's mission?

Data were collected using a digital audio recording device. Documents were used to collaborate and confirm the evidence derived from other sources most importantly the interview. Documents data allowed the researcher to reduce the level of bias within interview data using facts. The use of direct observations enabled the sourcing of additional facts as evidence in the case. The data collected from various sources was organized and prepared; cleansed and reduced; and analyzed and interpreted. During the analysis, emerging patterns within themes were identified. The researcher used the NVivo® data analysis software to track emerging themes within the organized and prepared data. The use of multiple evidence suggested there is construct validity in the study. Generalizability of the study is a major critical point since it is a single case approach. Researchers can repeat the study in new cases for reliability.

This study is limited to only one case which made generalization limited to similar firms. Selection of a small business in the wholesale and retail industry has left many small businesses in other industries outside the study, and a repeat of the study is essential when using the findings of the study. This study is privately funded because of the interest of the researcher, a study that will cover a large sample and time requires more funding which is a limitation to the researcher.

Findings and Discussion

The study revealed evidence of both planning and learning schools in the development and the execution of strategic planning. The company under study demonstrated a formalized planning approach with written documents serving as strategic planning tools for the business. Notwithstanding the planning documents that were available, there was little evidence of utilization after the initial take-off of the firm. It was established there was an understanding of the content of the documents by major stakeholders of the firm particularly employees. The understanding by employees is believed to be the facilitator of communicating the documents as a message throughout the firm for growth as a goal, mission, and vision of the firm. Therefore, the study revealed planning is an aspect of learning, and it can be formal or informal.

The study revealed small business planning by owners/managers and employees encourages utilization of resources effectively which in turn increased the decision-making speed in the firm. Increased speed of decision making resulted in the identification of steps that facilitated the growth of business successfully. The adoption of planning school by the study is in tune with the findings of Delmar and Shane (2003) where they suggested planning schools advocates for the adoption of strategic planning to encourage resources utilization and promotion of growth. Similarly, Sandberg et al. (2001) found utilization of written plan in small business promotes competition and help a firm to remain competitive.

The study revealed how owners/managers competencies in developing and implementing strategic planning improve over time through careful and articulation of the process with significant modifications. The finding is in tune with that of Brews and Hunt (1999) which suggested learning schools influences adaptive and



increment methodology when developing small business strategic planning. It was also suggested small business owners/managers involved in learning school strategy development to spend most of their time in capital financing, marketing of products, and equipment procurement (Bhide, 2000; Cokins, 2017).

The research revealed an understanding of the planning document by members of staff is from two sources: their direct participation in the process of the plan, and when the actions of participants in the planning process are communicated to the staff by owners/managers. The participatory action detailed the study there is learning by the owner/manager and also the staff of the firm. This finding concurred with that of Brinkmann et al. (2010) stressed learning occurred which become experience during the development and implementation of strategic plans. Similarly, it concurred with the study of Spee and Jarzabkowski (2011) where they stressed the flexibility of the strategic plan document in promoting interactions in the workplace. It was also revealed the communication of the planning document was from owners/managers to staff was both verbal and non-verbal which is forwarded to customers of the business. The finding is aligned to that of Sarason and Tegarden (2003) where they stressed preparation of strategic plan involves the development of vision, mission, goals, and the development of a strategy that when used within the firm by the employees will help the structure of the organization and move it forward.

The study also revealed the process of developing and implementing strategic planning in the firm serves as a means of communicating the overall mission and vision of the company to both internal and external stakeholders. It was also established, the information communicated, serves as a shared vision of the employees of the firm which is used to achieve the goals of the organization. The finding aligned with Brinckmann et al. (2010); Flamholtz (1986); and Lechner and Leyronas (2009) where they found shared visions with employees within small business organization serves as a means to guide, motivate, and achieve the desired goals and vision of the firm.

The research revealed there is little evidence of the use of written documents as a tool of strategic planning after the start-up operation of the firm. The finding concurred with that of Ghobadian, O'Regan, and Thomas (2008) suggested operationalization of small business is not affected by the utilization of either formal or informal plan. The study revealed during the planning process the formal collaboration with the company facilitated the communication of the business strategy to the overall stakeholders which aligned with the findings of Spee and Jarzabkowski (2001) stressed planning process is a platform of strategic thinking which enabled the consideration and reconsideration of content. Similarly, Mazzarol et al. (2009) found formal business planning is not a guarantee for business performance, but rather a process that facilitates the process of owners to communicate their intentions to both external and internal stakeholders of a firm. Also. Brinckmann et al. (2010) suggested the adaptation of formal and documented planning process as it communicates the vision and mission of a company.

The study revealed it is not the strategic planning that influences the transitional growth, but rather, the planning process or the act of doing the planning helped in influencing the growth of the business — the act of doing the planning help in communicating the vision, intentions, and mission of the firm to stakeholders of the firm. Communicating the vision, mission, intention, and goals of the firm to the staff of the firm will enable the attainment of goals and objectives which resulted in transitional growth. Communicating the owner's vision, mission, and goals which aligned with the needs of the customers of the business resulted in converting the customers into loyal/repeat customers. The conversion of customers into loyal ones resulted into word of mouth ads which turned prospective customers into new customers. An increase in demand of the product of the firm resulted in the expansion of the business to meet the new demand of their product. Such a process is the transitional growth that occurred as a result of facilitated communication between owners/managers with employees of the firm. The findings resulted in the findings of Wiklund and Shepherd (2003) suggested an improved communication of business goals between owners/managers and customers



will make loyal customers resulting in transitional growth. The growth of small businesses will serve as an avenue of employing more people in the economy which will reduce the level of poverty in an economy.

Conclusion

Though there are conflicting issues presented by different schools of thoughts regarding strategic planning, the study revealed contrasting positions regarding the planning and learning schools with benefits to owners when they utilized strategic planning in small businesses. The study found no relationship between formal strategic planning and business growth in small businesses but found the act of planning as a process that facilitated communicating of owner's intention, visions, missions, and goals to stakeholders and resulted in managing the transitional growth of the firm. It was also revealed strategic plan document is flexible and accommodated interactions which created a means of communication internally and externally. The shared vision within the firm enabled an understanding of the business strategy of the firm which resulted in an external flow of information to customers. The shared vision with customers made them loyal, and word of mouth advertisers to prospective customers which resulted in an increased customer base of the firm. An increased customer base with increased demand resulted in an expanded capacity of the firm to meet the new demand. Such expansion resulted in business growth.

The study revealed small business owners/managers would benefit from the collaborative implementation of formalized planning through sharing of information across the business internal and external environment. The collaborative planning action will make stakeholders of a firm own the plan document and implement it for growth.

Future Research Directions

Future research is recommended covering multiple cases in diverse industries to enable the generalization of the findings. A longitudinal study is recommended to enable an understanding of the impact of strategic planning on growth at the four growth stages of the life cycle of the business. This study can be replicated in the service and manufacturing industries independently to understand its impact on small businesses.

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