
The Influence Of Business Planning On The Performance Of Small Scale And Medium Enterprises In Uganda The Case Of Hotel Africana Kampala

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Abstract

The study examines the influence of business planning on the performance of small scale and medium enterprises in Uganda while considering hotel Africana. The study employed a descriptive research design with both qualitative and quantitative methods under the guidance of Folan's theory of 2007, that business excellence can be analyzed based on the performance of each entity within the limits of the environment in which they decide to operate, linked to all objectives set by the entity whose performance is analyzed and lastly may be reduced to the relevant and recognizable features of the business entity under the sample of 48 respondents who positively responded to the study. The study findings shows that planning improves quality of production, improves relationships, and promotes branding, innovation and influence record keeping system among hotels. Any hotel entity should keep on track all the time at planning and management if it is to improve its performance. The hotel is advised to always facilitate researchers conducting their studies from the hotel to always provide them with all the required information and advice its management not to hinder this researcher opportunity to look at the hotel records because the studies are to help the hotel improve were weakness observed.

Key words: Business Planning, Performance, Small Scale And Medium Enterprises

Background of the study

According to (Turyatamba et al., 2022) small and medium scale enterprises constitute 95% of business ventures worldwide while contributing 60% of employment in the private sector. The significant contribution of small and medium enterprises in strengthening a country's economy including offering job opportunities which can help lower unemployment rate, by addressing the demographic challenges posed by growing populations, and by contributing to the generation of domestic income (Nelson & Christopher, 2022).

According to the Uganda's ministry of finance, planning and economic development (MFPED), small enterprises as enterprises employing between 5 and 50 people with an annual revenue turnover total asset of up to 360 million Uganda shillings (USH) and Medium enterprises as an enterprise that employees more than 50 people with an annual revenue turn over total or asset of

between 360 million Uganda shillings and 30 billion Uganda shillings (Innocent et al., 2023). Owing to the contributions of SMEs to the world's economy, issues pertaining to their planning and performance are assuming a major area of interest among researchers and SMEs owners among other international and national bodies worldwide (Emmanuel et al., 2023). In this uncertain global economy, planning for future continuation of such businesses is an important role of the management, especially for the small and medium enterprises. According to (Lydia et al., 2023), business planning is a process that involves strategic analysis, business strategy formulation, strategy implementation, feedback and evaluation that are related to long-term business goals (Zowena et al., 2023). Management must be able to implement a strategy from a predetermined business plan in order to have high competitiveness with similar products from other companies (K. Faridah et

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al., 2023). With existence of a business plan, small and medium sized entrepreneur activities can develop innovations, implement appropriate business strategies, as well as the company's competitiveness in the long term. According to Gibson and Cassar (2002) many organizations' failures to achieve their goals are caused by not having a clear business plan and do not consider competitive advantages over the products they produce. With existence of a business plan small and medium enterprises can develop innovations, implement appropriate business strategies, as well as achieving organizational performance (N. Moses et al., 2022). According to the school of thoughts, those who are opposed to business planning explains that, committing organizational time and assets to strategic thinking often yields rigid policies, organizational inertia, limited strategic flexibility and a futile pursuit of uncertainty. Various efforts targeted at undertaking some empirical inquiry examining business planning among small and medium enterprises and performance relationship produce inconsistent results suggesting either a negative, inconsistent or in some cases positive relationships between strategic business planning and business performance (Mark et al., 2023). In the hospitality

Problem statement

Hotel Africana's' business planning should aim at involving all parties such as employee, management, financial departments and advertisement as well as giving an oversight on the future customers (Gracious, 2023). Business planning will help in predicting the performance outcome of a hotel rather than the social outcome, which is stipulated by the strategic business thinking. Given the importance of business planning to hotel Africana, its managers still find it difficult coming up with complete ideas and function of work that will help fulfill its set goals (K. Moses et al., 2023). The consequences of not having a strategic plan are lack of focus, missed opportunities, and expensive mistakes. The greatest problem facing managers is implementation of business plans. The best plans that are not implemented are worthless yet managers tend to struggle in maintaining the present operations without considering changing them (Jac & Kazaara, 2023). Given the complexity and competitive nature of today's hotel business, coupled with the turbulence in the international economic waters, makes it very doubtful for hotel Africana to survive this competitive environment without adequate hotel planning. Since business planning identify fundamental goals and objectives in specific terms and

industry, events happen quickly. Changes in consumer behavior that every one witness is bringing in radical transformation in the way the industry leaders and operational hotel managers direct their business affairs. Small and medium sized hotels are vaporizing day by day to participate in the industry once managed by government and international organizations that involve critical thinking, research and managing of scale, value proposition, implement variable rate strategies once managed by the larger national and international chains yet they are now the cornerstone of planning for the hotels (Tasha et al., 2023).

According to Robert (2010), strategic planning in the hotel industry is of utmost importance as it helps the hotel to keep up to date of with emerging trends and competitors whilst continuously keeping its customers happy In Uganda, hotel as one of the sub sectors of the hospitality industry prior to covid-19 outbreak in 2019, it was Uganda's foreign exchange earner bringing approximately \$1.6 billion with a creation of about 667,000 jobs and it was contributing about 7.7% Uganda's GDP yet it is one of the sectors receiving minimal support from the government (Frank et al., 2023).

determines the means to achieve them as well as providing basic long range form of work into which other forms of planning can fit. Managers at hotel Africana are required to have strategic thinking skills for both short and long-term purpose (Lydia et al., 2023). They should be able to integrate both strategic planning and strategic thinking. It was against this background that the researcher asks to conduct a study on the influence of business planning on the performance of hotel African as one of the medium enterprises in Uganda.

Specific objectives

1. To examine the effect of marketing strategy on addressing competitive challenges
2. To the determine the effect of managing shareholder funds on revenue turn over
3. To assess the influence of developing plans for units and sub units on the production of quality products

Methodology

According to cooper and Schindler (2003), a research design is a strategy for conducting the research that specifies the procedures necessary to obtain the information needed to structure and solve the research. The study adopted a descriptive research design with both qualitative and quantitative methods. The study sampled 52 respondents from hotel African Kampala. The research sampled 6 administrators from hotel Africana by the use of purposive sampling method, 10 waitresses by simple random sampling method, 10 waiters by simple random sampling method, 10 housekeeping attendants by simple random sampling method, 10 bar attendants by cluster sampling method, 3 chefs by purposive sampling method, 3 accountants purposive sampling and 5 supervisors by cluster sampling method. The study incorporated the use of various methods in the process of data collection in a bid to come up with sound, concrete and credible research findings. The researcher therefore used questionnaires and interview analysis in the process of collecting primary data.

Questionnaires were divided into sections each intended to collect data on a specific item. The advantage of using this method was that it collected unique data and there was no altering of data.

A self-administered questionnaire is a structured form that consists of a series of closed-ended and open-ended questions. Self-administered questionnaires were used because they reduced the costs of collecting data because the researcher did not travel all away to meet up with research subjects or hiring face to face interviewers. The researcher just sent questionnaires to the respondents and forward them after filling them in an agreed period of time. Edited data was analyzed quantitatively and qualitatively as follows; Quantitative data were grouped and statistical description such as tables showing frequencies and percentages for better interpretation were used. However, qualitative data was analyzed in a way of identifying the responses from respondents that are relevant to the research problem. Mainly such data was analyzed by explaining the facts collected from the field under which the researcher quotes respondents' responses. Data was analyzed inform of tables, frequencies and percentages using SPSS & STATA (Nelson, Christopher, & Milton, 2022)

Results

Table 1: Distribution of respondents by their perspective on effect of marketing strategy on addressing competitive challenges

No	Statement	Agree	Not Sure	Disagree
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		F	%	F	%	F	%
1	Marketing creates customer value	40	83	2	4	6	13
2	Develop a thorough understanding of customers and what motivates buying behavior.	45	94			3	6
3	Marketing helps in differentiation and innovation within the organization	39	81	2	4	7	15
4	Marketing focuses on customer satisfaction	36	75	7	14.6	5	10.4
5	A well-defined marketing strategy leads to an increase in the business sales and marketing	23	48	15	31.2	10	20.8
6	Finding alternative ways to price cut	43	90	1	2	4	8
7	Marketing promotes brand image.	48	100				
8	Marketing helps in Positioning new products and services and evaluate the effectiveness of current positioning strategies.	21	44	19	39	8	16

Source: primary source 2023

The data on table 1, clearly shows the effect of marketing strategy on addressing competitive challenges. Considering the impact of substance poaching, such as promoting brand image, all respondents 48 (100%) agreed. 40 (83%) of the respondents agreed that marketing creates customer value, 2 (4%) were not sure while 6 (13%) disagreed with the effect. With respect to developing a thorough understanding of customers and what motivates buying behavior 45 (94%) agreed however 3 (6%) disagreed with the statement (Christopher et al., 2022).

The researcher also inquired about helping in differentiation and innovation within the organization 39 (81%) agreed while 2 (4%) were not sure however 7 (15%) of the respondents disagreed with the statement. When asked about focusing on customer satisfaction 36 (75%) of the respondents agreed to the effect, 7 (14.6%) were not sure however 5 (10.4%) disagreed to the statement (N. Faridah et al., 2023). Furthermore, 23 (48%) of the respondents agreed that a well-defined marketing strategy leads to an increase in the business sales and marketing while 15 (31.2%) were not sure with the statement however, 10 (20.8%) disagreed with the statement. When asked if marketing help in finding alternative ways to price cut, 43 (90%) agreed with the statement while 1 (2%) of the respondents were not sure with the statement however, 4 (8%) disagreed to the statement (Nelson, Christopher, Teddy, et al., 2022). The study lastly, inquired if marketing helps in positioning new products and services and evaluate the effectiveness of current positioning strategies and the results shows that 21 (44%) agreed to the statement, 19 (39%) were not sure however, 8 (16%) disagreed to the statement.

The second research question inquired to know the effect of managing shareholder funds on revenue turn over and the results shows that 48 (100%) of the sampled respondents agreed that managing shareholders capital leads to an increase in

the number of shareholders which leads to an increase in working capital and business growth. 43 (90%) of the 48 (100%) respondents agreed that the objective of managing capital exerts strong influence on resource allocation, 1 (2%) were not sure however, 4 (8%) disagreed to the statement (Derrick et al., 2023).

On whether managing organizational capital help to maximize shareholders wealth 40 (83%) agreed to the statement, 2 (4%) of the respondents were not sure with the statement however 6 (13%) disagreed to the statement. When respondents were asked about if increasing in stakeholders' funds is as a result of direct and effective monitoring that prevent fraud and corruption, 45 (94 %) of the study's' respondents agreed to the statement while 3 (6%) disagreed to the statement (Tasha et al., 2023).

With respect to the effect of whether managing resources boost net profits 39 (81%) of the respondents agreed to the study, 2 (4%) were not sure however, 7 (15%) disagreed to the effect. Lastly the study found out that 36 (75%) of the respondents agreed that managing shareholders' funds requires senior executives to bear and plan to overcome the risks of losing revenue by the shareholders while 7 (14.6%) of them were not sure however, 5 (10.4%) disagreed to the effect.

Table 2: Distribution of respondent on the influence of developing plans for units and sub units on the production of quality products

No	Statement	Agree		Not sure		Disagree	
		Freq.	%	Freq	%	Freq	%
1.	Unit and sub unit planning strengthens strategy implementation	48	100				
2.	Unit and sub unit planning ensures machines and employees work to their capacity.	32	67	2	4	14	29
3.	Unit and sub unit planning helps in identifying areas of improvement and plan for growth.	34	71	4	8	10	21
4.	Developing unit and sub unit plans improves product packaging which improve marketing	35	73	1	2	12	25
5.	Unit relationship in form of planning improve transaction accuracy	48	100				
6	Developing unit plans strengthens relationships between employees and improves quality of services and products.	42	87.5			6	12.5

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Considering the solutions to the Influence of developing plans for units and sub units on the production of quality products this study found out that all respondents 48 (100%) agreed that unit and sub unit planning strengthens strategy implementation. Of the 48 respondents of the study, 32 (67%) agreed that unit and sub unit planning ensures that machines and employees work to their capacity, 2 (4%) were not sure while 14 (29%) of them disagreed to the statement (Alex & Kazaara, 2023).

When asked about unit and sub unit planning helps in identifying areas of improvement and plan for growth 34 (71%) agreed to the statement, 4 (8%) were not sure of the statement while 10 (21%) disagreed to the statement. With respect to improving products packaging that also improves marketing 35 (73%) agreed to the statement, 1 (2%) were not sure however, 12 (25%) disagreed to the statement.

The fifth statement intended to understand if unit relationship in form of planning improves transaction accuracy and the results shows that all respondents 48 (100%) agreed to the statement. Lastly of this objective, when respondents asked about strengthening relationships between employees and improves quality of services and products, the results shows that more than half 42 (87.5%) of the respondents agreed to the statement while 6 (12.5%) disagreed to the statement (K. Moses et al., 2023).

Conclusion

Hotel profitability is imperative to maintaining, promoting and promoting sustainable development. The increase in the number of hotels has contributed to the decrease in the number of customers visiting the same hotel and it leads to competition. This competition has contributed to low revenue returns, production of poor quality products and services to its customers and inadequate raw materials to supply the hotel industry. The hospitality industry is continuing to determine the ways that it can employ to improve its performance. Business planning in form of marketing planning, planning on how to manage, business funds and employing unit and sub unit planning are some of the major planning criteria's that any hotel can avert to achieve higher performance. The study has shown that this type of planning improves quality of production, improves relationship, and promotes branding, innovation and influence record keeping system among hotels. If hotel African cannot revise its planning system, its profitability level will always keep on descending.

Recommendation

The study advises hotel African management not always involve its employees to its decision making system because the current decision making system is in efficient to the point that majority of its employees are not aware of its Moto and goals that should be accomplished for the hotels survival.

The hotel is advised to always facilitate researchers conducting their studies from the hotel to always provide them with all the required information and advice its management not to hinder this researcher opportunity to look at the hotel records because the studies are to help the hotel improve were weakness observed.

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