
Business Planning And Its Impact 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.

Keywords: Business Planning, Performance, Small Scale And Medium Enterprises

Background of the study

According to (Turyatamba et al., 2022), SMEs account for 95% of business enterprises worldwide, contributing 60% to private sector employment. The significant contribution of SMEs to strengthening the country's economy, including the provision of employment opportunities that can help reduce unemployment (Nelson & Christopher, 2022), by addressing the demographic challenges posed by a growing population, and by contributing to the generation of domestic income (Oromo et al., 2023). According to the Ugandan Ministry of Finance, Planning and Economic Development (MFPED), small enterprises as businesses employing 5 to 50 people with an annual turnover of total assets of up to 360 million Ugandan shillings (USH) and medium enterprises as an enterprise employing more than 50 people with a total annual turnover or an asset between 360 million Ugandan

shillings and 30 billion Ugandan shillings (Winny et al., 2023). Due to the contribution of SMEs to the world economy, issues related to their planning and performance are becoming a major area of interest among researchers and SME owners among other international and national bodies around the world (Ntirandekura et al., 2022). In this uncertain global economy, planning for the future continuation of such businesses is an important management role, especially for SMEs.

According to David (2013), business planning is a process that includes strategic analysis, business strategy formulation, strategy implementation, feedback and evaluation that is related to long-term business goals (Faith et al., 2023).

Folan's 2007 theory describes that business excellence

Received: 12.03.2024

Accepted: 18.03.2024

Published on: 30.03.2024

can be analyzed based on the performance of each entity within the constraints of the environment in which they choose to operate, coupled with all the objectives set by the entity whose performance is being analyzed, and ultimately can be reduced to relevant and recognizable characteristics of the business entity (Wegulo et al., 2023). According to Folan, performance is influenced by the environment, set goals and recognizable business traits. SMEs in Uganda are located in environments with scarcity of raw materials, difficult work permits and difficult access to quality standards stamps and unfavorable laws (Racheal, Kazaara et al., 2023). Since the 1970s, this deceptively complex relationship has been explored by strategic management scholars attempting to quantify the link between business planning and firm performance (Moses et al., 2022). More recently, this issue has also emerged in the field of entrepreneurship, where the impact of business planning on the survival and growth of new businesses and old entrepreneurs has witnessed endless scrutiny and debate (Tasha et al., 2023). Despite dozens of previous studies that use different concepts, approaches and measures of the impact of business planning on firm performance; scientists remain divided on their findings.

According to (Christopher et al., 2022), with the objective of how organizations successfully deploy business excellence by comparing the tools and strategies implemented by organizations at different levels of business excellence maturity, the study showed that on average, organizations with higher business maturity outperform their less mature counterparts (Ronet et al., 2023). The study also revealed that organizations with high business excellence maturity were more likely to use specific tools and were more likely to use some of those tools more effectively. The

study identified differences in strategic approaches to Business Excellence between organizations with high and low Business Excellence maturity. (Winny et al., 2023), argued that by deliberately planning and implementing strategy, business planning will support faster business growth as resources are used more efficiently and the speed of decision-making increases in a way that allows for better flexibility.

According to the school of thought, those opposed to business planning explain that devoting organizational time and assets to strategic thinking often leads to rigid policies, organizational inertia, limited strategic flexibility, and the futile pursuit of uncertainty (Ntirandekura & Christopher, 2022). Various efforts to conduct some empirical investigation examining SME business planning and performance relationship have produced inconsistent results that suggest either negative, inconsistent or in some cases positive relationships between strategic business planning and business performance (Ramadhan et al., 2023). .

In the hospitality industry, events happen quickly. The changes in consumer behavior that each witness brings about a radical transformation in the way industry leaders and operational hotel managers manage their business affairs (Faith et al., 2023). Small and medium-sized hotels are evaporating day by day to join an industry that was once controlled by government and international organizations, which involves critical thinking, research and scale management, value proposition, implement variable rate strategies once they are controlled by larger national and international chains. they are now a cornerstone of hotel planning (Tasha et al., 2023).

According to (Innocent et al., 2023), strategic planning is of utmost importance in the hotel industry as it helps

the hotel to keep up with new trends and competition while keeping its customers satisfied.

In Uganda, hotel as one of the sub-sectors of the hospitality industry before the outbreak of covid-19 in 2019, it was Uganda that earned about \$1.6 billion in foreign currency with the creation of about 667,000 jobs and contributed about 7.7% to date GDP of Uganda. is one of the sectors that receives minimal support from the government (Frank et al., 2023). With such an economic benefit, it is crucial to understand hotel management, development and their roles. Looking at Hotel African Kampala as one of the fastest growing and privately

sponsored hotels, its management and planning ideas, techniques and efficiency will be critical to understanding its success (Moses et al., 2022). The location of the hotel near the center of Kampala city in close proximity to the gold club with its ambiguous services such as outdoor pool, restaurant, fitness center, entertainment and karaoke with 24-hour front desk, among other services, all serve as the basis for the researcher to choose this wonderful hotel. The study therefore investigated the effect of business planning of Hotel African on its performance.

Problem statement

Africana Hotel's business planning should focus on involving all parties such as employees, management, finance department and advertising as well as providing oversight of future customers (Alex & Kazaara, 2023). Business planning will help predict the hotel's performance outcome rather than the societal outcome that is determined by strategic business thinking. Due to the importance of business planning for Hotel Africana, it is still difficult for its managers to come up with comprehensive ideas and job functions that will help to fulfill the set goals. The consequences of not having a strategic plan are a lack of focus, missed opportunities and costly mistakes (Musaibah et al., 2023). The biggest problem for managers is the implementation of business plans. The best laid plans that are not implemented are worthless, but managers tend to struggle to maintain current operations without considering changing them. Given the complexity and competitive nature of today's hotel business coupled with turbulence in international economic waters, it is highly doubtful that Hotel Africana will survive this competitive environment without adequate hotel planning (Lydia et al., 2023). Since business planning identifies basic goals and objectives in concrete terms and determines the means to achieve them, it also provides a basic long-term form of work into which other forms of planning can fit (Faridah et al., 2023). Managers at Hotel Africana are required to have strategic thinking skills for both short- and long-term goals. They should be able to integrate both strategic planning and strategic thinking. It is against this background that the researcher requests to conduct a study on the effect of business planning on the performance of African Hotel as one of the medium enterprises in Uganda (Racheal, Kazaara, et al., 2023).

Specific objectives

1. To examine the effect of marketing strategy on addressing competitive challenges
2. To 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

The study adopted a descriptive research design with both qualitative and quantitative methods. The study included 52

respondents from Hotel African Kampala. The research selected 6 administrators from Hotel Africana by purposive sampling, 10 waitresses by simple random sampling, 10 waiters by simple random sampling, 10 housekeepers by simple random sampling, 10 bar staff by cluster sampling, 3 cooks by purposive sampling, 3 accountants by purposive by sampling and 5 leaders by the cluster sampling method. The study incorporated the use of various methods in the data collection process in an effort to come up with reliable, specific and credible research findings. Therefore, the researcher used questionnaires and interview analysis in the primary data collection process. Help used this method

questionnaires that were distributed to respondents. The questionnaires were divided into sections, each of which was intended to collect data on a specific item. The advantage of using this method was that it collected unique data and no data was changed. A data collection instrument is the selection or development and method of using instruments to observe variables in a research study. Self-administered questionnaires were used because they reduced the cost of data collection because the researcher did not have to travel completely away to meet the research subjects or recruit interviewers face-to-face. The researcher only sent the questionnaires to the respondents and forwarded them after they were filled in at the agreed time. The edited data were analyzed quantitatively and qualitatively as follows; Quantitative data were grouped and statistical descriptions such as tables showing frequencies and percentages were used for better interpretation. However, qualitative data were analyzed to identify responses from respondents that are relevant to the research problem at hand. Primarily, such data was analyzed by explaining the facts collected from the area in which the researcher quotes the responses of the respondents. Data were analyzed by tables, frequencies and percentages using SPSS & STATA (Nelson et al., 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	
		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	21	44	19	39	8	16

Received: 12.03.2024

Accepted: 18.03.2024

Published on: 30.03.2024

and evaluate the effectiveness of current positioning strategies.

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 respondent 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. 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. 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 (Polycarp et al., 2023), 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. 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.

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

Source: primary source 2023

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. 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 (Paul & Kazaara, 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 (Racheal, Enock, et al., 2023). 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 inefficient 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 where weakness observed.

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Received: 12.03.2024

Accepted: 18.03.2024

Published on: 30.03.2024

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