



Strategic Planning and Business Sustainability of SMEs in Kigezi Sub-Region

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Abstract

This study looked at how strategic planning affected business sustainability of small and medium-sized businesses in Uganda. A Kigezi sub-regional case. Utilizing a correctional sectional study design, the investigation was conducted. The study's use of both quantitative and qualitative approaches allowed it to evaluate the relationship between the factors it was examining. A sample of 105 respondents was selected using simple random selection and purposive sampling techniques. The quantitative and qualitative data from the respondents were analyzed using SPSS Version 23.0 and theme analysis, respectively. Tables providing quantitative results in the form of descriptive statistics, correlations, and regressions were presented based on the study's goals. The study found a significant association between strategic planning and the long-term viability of SMEs' businesses ($r = .789, P.01$). The research's findings and analyses indicate a strong relationship between strategic planning and SMEs' ability to remain competitive in the Kigezi sub-region. According to the study, the majority of respondents said that long-term success for SMEs was strongly impacted by strategic planning. According to the study, SMEs should focus on strategic planning for business longevity if they want to successfully continue their businesses.

Key Words: Strategic Planning, Business Sustainability and Small and Medium Enterprises





1. INTRODUCTION

Small and medium-sized businesses (SME) all around the world are fighting for survival in the face of intense competition (Lo & Sugiarto, 2021). Strategic planning, according to experts, is essential for SME sustainability but not entirely applicable to SME management. The contribution of Small and Medium Enterprises (SMEs) to economic expansion is well recognized. However, there is a dearth of actual data in the literature on how to improve the long-term performance of SMEs in emerging nations with uncertain and turbulent economic environments, like Palestine (Dwikat, et al,2022). Business practices have altered dramatically as a result of globalization; in this context, customer demands and expectations are evolving, the competition is becoming more assertive, and high-tech strategies are being used in the sector. Additionally, the COVID-19 pandemic and the war in Ukraine have complicated the situation regarding global energy, which has caused electricity purchase prices to increase significantly and prompted nations and businesses to look into alternative energy sources like wind energy. These factors make it difficult for companies to retain growth and a competitive edge in today's highly dynamic economic climate (Rozak, et al, 2021). Therefore, a company's strategy must be created and adjusted as necessary to maintain enterprises' competitiveness over time. Therefore, businesses with an innovative corporate strategy established on a long-term viable, sustainable basis will persist and be supported for a very long time. Similar to the COVID-19 pandemic, which forced thousands of SMEs to close their doors globally and disrupted the global economy (Agaba et al, 2023) Therefore, it is advised that all types of businesses, especially SMEs, implement new business models with robust and innovative business strategies in order to achieve sustainability. Similarly, due to the difficulties created by conventional manufacturing methods and regulations imposed by stakeholders, sustainability has elevated in importance in modern production sectors. Sustainable manufacturing in this context refers to producing inexpensive goods that use few resources, have little negative environmental impact, and are safe for society. In order to address the issues mentioned above, manufacturing SMEs must priorities adopting sustainability concepts (Ellitan,2021). In order to recognize strong organisational management and ensure that a SMEs's component is successful, strategic management techniques are crucial (Agaba & Turyasingura, 2022). The cooperative sector is one of the industries investigated from the angle of strategic management. an institution's performance can be affected by a number of decisions and activities that are taken as part of strategic management in order to achieve organisational goals. Consequently, strategic organisation operations cover the creation of administrative actions that mark in planned





absorption, the creation of strategies, the implementation, and the monitoring of the presentation in a commercial initiative for purposes of performance.

During the COVID-19 pandemic, Waiganjo et al. (2021) did a study on strategic planning and sustainable innovation. During the investigation, it was found that although SMEs lacking the resources for such a needed cost-effective and quick-fix solutions, the COVID-19 situation presented an opportunity for large and financially viable firms to explore new markets and avenues. A study on the sustainable entrepreneurship of small firms in Uganda, with a focus on the Kampala district, was undertaken in 2021 by Nakyejwe and Kasimu. Cross-sectional research design was employed in the study. The information was gathered through a face-to-face survey of 384 small businesses in Kampala that were selected using a stratified and simple random selection method. The study discovered that the structures for sustainable entrepreneurship as understood in the Ugandan setting include production management, people and skills, ecosystem management, stakeholder, finance, strategy, marketing, and sales. However, the study did not find the impact of strategic planning on the long-term viability of SMEs in Uganda, a topic that this study has addressed.

The Kigezi region in Western Uganda comprises six districts of Kisoro, Kabale, Rubanda, Rukiga, Kanungu, and Rukungiri with 1.7 million. Kigezi borders two international boundaries of Rwanda and the Democratic Republic of Congo. Business sustainability of SMEs in the Kigezi sub-region is attributed to a number of factors, including limited access to capital for financial growth, a lack of a business plan, cashflow issues, challenges hiring talented staff, challenges standing out in the market, loss of passion for the business, and pivoting to a new business model, which may have been due to insufficient strategic planning (Agaba & Turyasingura, 2023). This inspired the researcher to find out if strategic planning would support small and medium-sized businesses' ability to sustain their operations. The chance to examine the impact of strategic planning (cognitive, structural, and relational links) on corporate sustainability was noted in the current study. The results of this study will help family-owned SMEs in Kigezi better grasp the value of organisational improvisation, strategic flexibility, and cognitive, structural, and relational linkages in ensuring the sustainability of their businesses.

2. LITERATURE REVIEW

The impact of managerial abilities on the success of small- and medium-sized enterprises: A case study in Pakistan was studied by Ahmad, & Ahmad (2021). The purpose





of the study was to determine how strategic planning affects the relationship between managerial abilities and the success of small and medium-sized businesses (SMEs) in Punjab, Pakistan. The 265 SMEs were chosen using the stratified proportionate probability sample methodology. The findings imply that management abilities have a beneficial impact on SMEs' performance and that strategic planning may act as a mediator in this relationship. In addition, strategic planning has a significant impact on the managerial abilities' impact on how the organisation uses its resources. It has been discovered that strategic planning has a considerable and favorable impact on the relationship between managerial abilities and performance of SMEs in Punjab, Pakistan. The results revealed that the impact of managerial abilities on the efficient use of a firm's resources can improve performance when developing appropriate strategies for SMEs. However, Ahmad, & Ahmad did not talk about how SMS's businesses can be sustainable. The COVID-19 pandemic, according to Hu et al. (2022), is an unprecedented global disaster that is disrupting the global socio-economic system. Due to a variety of challenges during the epidemic, many SMEs have stopped operating. There may not have been a plan for the sustainability of SMEs' businesses. Hu, et al. and Kumar, Parveen (2022) agree that having a sustainable business solution shields SMEs from going through a crisis by lessening the effects of the pandemic and the significant difficulties related to the financial impact, supply chain disruption, shifting consumer behaviour, and changing business environment of SME's. If SMEs want to remain relevant, they must reevaluate, realign, and implement useful operational practices. In order to update some of their company strategies—such as improving their financial position, supply chain management, digital transformation, and organisational agility—SMEs must be dependable and proactive in their strategic planning. SME operators must exercise caution and adhere to the environmental, social, and governance (ESG) components of a sustainable business framework. Therefore, this will achieve the sustainable development goals set forth by the UN. A study done on the effects of organisational improvisation, succession planning, and strategic flexibility using the triple bottom line as the guiding philosophy was undertaken by Bokhari et al (2020) . The survey approach was utilized to collect the data, and the structural modelling approach is used to test the hypotheses. The results of the current study demonstrate a favorable and significant association between business sustainability and cognitive, structural, and relational ties. Additionally, research shows a strong and beneficial relationship between organisational improvisation, strategic flexibility, succession planning, and firm sustainability. The findings revealed that organisational improvisation modifies the association between succession planning, strategic adaptability, and sustainable business.





However, the association between succession planning and sustainable business is in a positive direction, but the relationship between strategic flexibility and sustainable business is in the opposite way. To ensure their continued success, family-owned firms must take strategic planning into account, with a focus on cognitive, structural, relational, and strategic flexibility. The majority of businesses throughout the world are supported by small and medium-sized firms (SMEs) (Lutfi, et al.2022). Therefore, it can be very difficult for them to improve their performance and difficult for them to achieve sustainability goals without the support of strategic planning programmers. In spite of the necessity of economic support for a competitive advantage in the postmodern industrial period, SMEs face numerous obstacles, such as the quality of accounting information that underpins different organisational decisions.

3. MATERIALS USED

3.1. Research design

This study used descriptive research design. This design was chosen to allow for the use of both qualitative and quantitative methods of data collection and analysis. Quantitative method allowed for the quantification of findings to give a statistical perspective and to establish the relationship between strategic planning and business sustainability in Kigezi sub-region. Qualitative methods allowed the researcher to gather in-depth information on strategic planning on business sustainability of SMEs in Kigezi sub-region.

3.2. Study Population

A total population of the study was 140 (Turyasingura et al 2022) and the target population was 105. This figure was reached using Krejci, & Morgan table. When the research uses a table there is no need of using the formular. The population consisted of SMEs in Kigezi sub-region

3.3. Sample size and procedure

According to Turyasingura et al. (2022), a sample is a small portion of the universe that is used as a proxy for the entire population. According to sampling estimates in Table 1 by Krejcie and Morgan (1970), the study sampled 105 respondents.

Table 1: Showing Population, Sample and Sampling techniques

Category	Population	Sample size	Sampling techniques
sole proprietorships	70	59	Purposive sampling





Partnerships	40	36	Simple random sampling
limited liability companies	10	10	Simple random sampling
Total	120	105	

3.4. Quality Control (Validity and Reliability)

a. Validity

Validity is the degree to which data analysis findings are consistent with the phenomenon being studied. The researcher created the study methodologies by consulting with many SMES in Kigezi sub-region . Pre-testing the research tool enables the discovery and elimination of flaws including unclear or perplexing questions, questions with insufficient room for replies, crowded questions, and questions with the incorrect question numbers. The content validity index (CVI) was created by adding the proportion of valid items from each judge divided by the total number of items after consulting with the two experts in the areas of strategic planning and business sustainability of SMEs from Kigezi and having four judges evaluate the items for each instrument.

Thus, $CVI = \frac{\text{Number of items rated relevant by expert}}{\text{Total number of items in the instrument}}$

Summary of the reliability statistics

Judge 1. = 39/45=0.866

Judge 2. =37/45= 0.822

Judge 3. = 41/45= 0.911

Judge 4. = 42/45=0.933

Therefore $0.866+0.822+0.911+0.933=3.532/4=0.883$.

These findings suggested that research tools may be employed to obtain information on Uganda's Kigezi sub-region's strategic planning for company sustainability. According to Kiconco et al. (2023), the average content validity index (CVI) number of items certified valid divided by the total number of items must be at least. 0.7. Since the CVI value is above 90%, then the instruments were valid, (Amin, 2005).





b. Reliability

When the same populations of people are frequently evaluated under the same circumstances, reliability evaluations look at how consistently the measuring techniques produce results (Kabagambe et al, 2023). Additionally, to check the reliability of the research tools, a pilot study is conducted with participants who were purposely and merely selected at random from the study area. The questionnaire's design, language, clarity, and thoroughness were all things the respondents were requested to look over. The reliability of the instruments was further demonstrated using Cronbach's Alpha coefficient. The results, which suggest that the tools are more precise and valuable, are 0.76 on a Statistic Package for Social Scientists (SPSS) scale.

Table 2: Showing Reliability statistics

Variable	Cronbach's alpha	Number of items
Goal setting	0.832	25
Strategic thinking,	0.961	25
long-range planning,	0.871	25
Business sustainability of SMEs	0.912	25
. Total	3.576	
Average	$3.576/4=0.894$	

Source: Field Data 2022

Therefore, it is inferred that there is a high level of confidence in the dependability of the entire scale if individual components are significantly connected to one another. Cronbach's alpha (5) provides the following standards: "> 0.9 - Excellent, > 0.8 - Good, > 0.7 - Acceptable, > 0.6 - Questionable, > 0.5 - Poor, and_ 0.5 - Unacceptable."

3.4. Data Management and Analysis

a. Data Management and processing

The stages of data analysis were descriptive, bivariate, and multivariate, with the descriptive analysis producing frequency distributions, tables, and other data. In a bivariate study, the Pearson rank correlation was used to compute the relationships between the dependent variable and the independent variables as well as the relationships between categorical variables. Cross tabulations were once more used to show how the variables related to on.





b. Multivariate analysis

At this stage after the model was created, only independent variables that at the bivariate stage shown a significant association with the dependent variable were incorporated. To put it another way, only variables that were significant at the bivariate stage were regressed at the multivariate level. The following equation displays the multivariate model.; $BS = \beta_0 + \beta_1GS + \beta_2ST + \beta_3LRP + \varepsilon$

Where

BS= Business sustainability

GS =Goal setting

st = Strategic thinking

LRP =Long range planning

ε =Error term

β_1 , β_2 , and β_3 are the partial coefficients which explain how each of the independent variables (goal setting, strategic thinking, long range planning) impact on business sustainability. Business sustainability of SMEs was anticipated to benefit from goal setting, strategic thinking, long range planning

4. RESULTS

4.1. Descriptive statistics for strategic planning on business sustainability of SMES in Kigezi sub region-

This section presents the descriptive statistics based on the views of respondents regarding strategic planning on business sustainability of SMEs in Kigezi sub-region.

4.2 Strategic planning

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (D) 2 and strongly Disagree (SD) 1

Table 3: Showing descriptive statistics regarding strategic planning on business sustainability of SMEs

Statements	SA		A		UD		SD		D	
	F	%	F	%	F	%	F	%		
Setting goals is essential to the long-term viability of SMEs.	105	100	00	00	00	00	00	00	00	00





Business sustainability of SMEs is strongly correlated with strategic thinking.	98	93.3	00	00	7	6.7	00	00	00	00
Planning for the long term is essential for SMEs in Kigezi to remain viable.	80	76.2	25	23.8	00	00	00	00	00	00
Decisions made by stakeholders have an impact on the viability of SMEs in the Kigezi subregion.	105	100	00	00	00	00	00	00	00	00
Strategic planning results in a plan of action and execution for the Kigezi SMEs' business sustainability.	88	83.8	00	00	17	16.2	00	00	00	00

Source: Field Data 2023

100% of respondents agreed with the statement when asked if setting goals is necessary for SMEs to remain viable in the long run. This suggests that every SME should focus more on defining goals to ensure the sustainability of their operations. Once more, respondents were asked if business sustainability in SMEs is closely connected with strategic thinking. During data collection, 93.3% of respondents strongly agreed with the statement, compared to 6.7% of respondents who were undecided. Additionally, respondents were asked if planning for the long term is necessary for SMEs in Kigezi to remain viable. During data collection, 76.2% of respondents strongly agreed with this statement, compared to 23.8% of respondents who were undecided. Finally, respondents were asked if decisions made by stakeholders have an effect on the viability of SMEs in the Kigezi subregion. During data collection, 100% of respondents strongly agreed with this statement.

4.3. Business Sustainability of SMEs in Kigezi

This section presents the descriptive statistics based on the views of respondents regarding business sustainability of SMEs in Kigezi.

Table 4: Business sustainability of SMEs in Kigezi.

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (SD) 2 and strongly Disagree (D) 1

Statements	SA	A	UD	SD	D
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	F	%			F	%	F	%		
Pandemics have impacted my business	95	90,5	00	00	10	9.5	00	00	00	00
Taxes have impacted my business's performance.	105	100	00	00	00	00	00	00	00	00
The government is unconcerned with my company's ability to survive.	99	94.3	00	00	6	5.7	00	00	00	00
Poor planning has impacted the viability of my business.	105	100	00	00	00	00	00	00	00	00

Source: Field data 2023

When asked if pandemics had affected their business, respondents gave a 90.5% positive response, compared to a 9.5% negative response during data collecting. When asked again if taxes had an impact on their company's development, 100% of the respondents strongly concurred, indicating that taxes had grown to be too high for SMEs to enjoy their first birthdays. This has caused SMEs to cease operations. In response to a question on whether the government is unconcerned with my company's ability to exist, 94.3% of respondents agreed with the statement, leaving 5.7% of respondents unclear throughout data collection. Finally, when asked if poor planning had affected their company's viability, respondents unanimously agreed during data collecting. This suggests that strategic planning is essential for the global business sustainability of SMEs.

4.4 Bivariate analysis

a. Correlation Analysis

This section displays the correlations between the business sustainability of SMEs and the predictor variable, strategic planning. The correlation matrix below shows the relationship between the predictor variables and the dependent variable.



Table 5: Showing Correlations between the independent variables and the dependent variable (strategic planning on business sustainability of SMEs)

		Strategic planning	Business sustainability
Strategic planning	Pearson Correlation	1	789**
	Sig. (2-tailed)		0.000
	N	105	105
Business sustainability of SMEs	Pearson Correlation	789**	1
	Sig. (2-tailed)	0.000	
	N	105	105

Source: Field data 2023

The results of Table 5 show a strong positive association between strategic planning and business sustainability of SMEs ($r=0.789^{**}$; $p\text{-value}0.01$). These findings imply that strategic planning has moderately enhanced the business sustainability of SMEs in Kigezi sub-region. The aforementioned findings support argument from Turyasingura et al (2022) strategic planning is essential for SMEs to operate sustainably.

b. Multiple regression analysis

The multivariate results for the business sustainability of SMEs using a linear regression model are shown in this section. The dependent variable was chosen because this model turned the business sustainability of SMEs into a continuous variable.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.789 ^a	0.837	0.827	0.32395

- a. Predictors: (Constant), strategic planning
- b. Dependent Variable: Business sustainability of SMEs



Table 6 shows that the independent variable of strategic planning accounts for 78.9% of the variation in firm sustainability (adjusted R-squared = 0.737). According to this, SMEs would only experience an increase in company sustainability of 78.9% if they adopted a strategic planning approach. This suggests that different types of strategic planning have an effect on the viability of SMEs in Kigezi.

Table7: Showing 7: Linear regression results estimating the effects of the independent variables on business sustainability among SMEs in Kigezi sub-region

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Strategic management	0.421	0.025	0.789	1.929	0.015

a. Dependent Variable: Business sustainability of SMEs

Source: Field Data, 2023

The findings demonstrate that strategic planning has a significant and positive impact on the business sustainability of SMEs (coef. = 0.789, p-value = 0.015). When all other predictor factors are held constant, a rise in strategic planning is associated with AMEs company sustainability.

5. DISCUSSION

The study's findings indicate that strategic planning has a positive impact on the long-term viability of SMEs in the Kigezi sub-region ($r = 0.789$, $P.01$). The strategic planning strategies are essential for realizing business sustainability and making sure a company's component is effective, according to Turyasingura et al. (2022). Strategists have unique skills and abilities to connect the past and the present in order to predict what might happen in the future for business sustainability (AlQersh, 2021). By assessing both the existing and future objectives, strategic planning is the process of validating and setting a direction for corporate activities (Ahmad & Ahmad, 2021). The process through which an organisation establishes its vision and strategies, as well as decides how to distribute its human capital and other resources to support these strategies, is known as strategic planning. Strategic planning is often thought to be able to produce new, distinctive positions, business models,



business processes, and/or positioning in relation to competitors due to improved performance through investments in human resources (Kumar, & Parveen, 2022).

6. CONCLUSION AND RECOMMENDATION

6.1. Conclusion

The research's findings and analyses indicate a strong relationship between strategic planning and SMEs' ability to remain competitive in the Kigezi sub-region. This implies that the effectiveness of strategic planning and greater business sustainability for SMEs will determine how long-lasting it will be. If the tasks and responsibilities of the SMEs are properly delegated to competent staff members within each department, strategic management frameworks will also have a significant impact on the success of SMEs' business sustainability in Kigezi. These results show that goal-setting and roles and responsibilities of SMEs should be clearly defined.

6.2 Recommendation

According to the study, the majority of respondents said that long-term success for SMEs was strongly impacted by strategic planning. The study therefore recommends that SMEs should focus on strategic planning for business longevity if they want to successfully continue their businesses.

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