

Title: Could Business Planning Help Small Business Enterprises (SBEs) and Micro Firms in a Rapidly Globalising Digital Environment?

(Working paper)

Abstract

There is shift in attention on the performance of SBEs and micro firms in recent times. Governmental attention towards the performance of small firms is gradually increasing and becoming more positive. Policy makers recognise the value of the contribution small firms make towards economic growth and development. In this context a study relating to the strategies that SBEs and micro firms could use to enhance performance is useful.

This study looks at business planning as a strategy that SBEs and micro firms could use to improve performance in a rapidly globalising digital environment. A globalising and rapidly changing technological environment is giving rise to new challenges, opportunities and risks for firms generally and the smaller firms in particular. Small business owner/operators need to become more innovative and entrepreneurial in their strategies for survival and growth in a rapidly changing environment. This study also has a brief look at the impact of globalisation on SBEs and micro firms.

A set of key questions are addressed in this study. A qualitative approach based on an extensive literature search and a case study approach is used to inform this study. Theoretical frameworks and current discussions on the subject are examined. There is an intensive debate in entrepreneurship literature on the value of business planning and performance of small firms. The debate is far from being settled. This study attempts to put some light on the debate. A sample of case studies of SBEs and micro firms is used to throw some light on the debate

The findings so far have indicated that, besides having knowledge gaps, majority of the SBEs had managerial, technology and resource constraints which precluded them from exploring and using new opportunities and approaches needed to enhance their chances of success in a rapidly globalising digital environment.

Generally small business entrepreneurs depended on their personal experiences and beliefs to make strategic decisions on obtaining and using the resources required to operate the businesses on a daily, short term or long-time basis. Majority of the SBEs in the sample of case studies did not use a written business plan or a business model as a strategy to enhance performance.

The impact of business planning on the performance of SMEs and SBEs has been debated for decades. This debate is far from being resolved. Although there is some agreement that business planning had positive impact on the performance of SBEs and micro firms, the practice of

developing careful business plans as a guide is not a popular strategy amongst the SBEs and micro firms ,especially those that start new. More research is needed to settle the debate

Key words: globalisation, business planning, performance, SBEs (small business enterprises), micro firms,digital environment

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