

**THE IMPACT OF BUSINESS PLANNING ON PERFORMANCE OF SMALL  
AND MEDIUM ENTERPRISES (SMEs): THE CASE STUDY OF  
DAR ES SALAAM REGION**

**BY**

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## ABSTRACT

A great amount of research has been devoted to establish a relationship between business planning and perceived SMEs performance. However, a number of these studies have been conducted only on large enterprises in Western and developed Asian countries. But in recent times, many articles in academic publications as well as practitioner-oriented journals have appreciated the impact of business planning in SMEs performance. However, literature shows that little empirical work has been done to examine the relationship between business planning and organizational performance among SMEs in African developing countries. To fill this research gap, this study is an attempt to assess the relationship between business planning and performance having taken a sample of owners of tourism and hospitality SMEs in Dar es Salaam in Tanzania. The study was also designed to identify factors that hinder business planning efforts among SMEs. Lastly, it was further designed to propose business planning related strategies that need to be adopted in order to enhance SMEs performance.

The study revealed that there exist a positive and significant relationship between business planning and performance of SMEs. Inadequate business planning knowledge and skill in SMEs, poor record keeping, personal and non-economical motivations pursued by owners of SMEs, lack of employees' participation in business planning process, size of the enterprise, inadequate business planning experts and higher consultancy fees charged by a few available business consultants were found to be factors that hinder business planning in SMEs.

Finally, findings also indicated that training in business planning and proper record keeping were the best strategies that needed to be adopted in order to encourage business planning practice in SMEs to enhance performance. The study argued that SMEs should be encouraged in order to encourage employees and business consultants to participate in planning process as a strategy to improve business performance. Furthermore, the findings indicated that owners of SMEs should be sensitized on costs and dangers of operating businesses without proper planning. They should also be sensitized on benefits of operating businesses with proper planning because it enhances performance.