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Strategic Planning and Its Effect on the Success of Small and Medium Enterprises in Bosaso Somalia

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Abstract
The research seeks to investigate the influence of strategic planning on the performance of small and medium enterprises (SMEs) in Bosaso, Somalia. Its main goal is to clarify how strategic planning impacts the operational success of these businesses, addressing a notable gap in the current literature, as previous studies have largely overlooked SMEs in this area despite their crucial role in economic stability and development. The study employs a correlational research design combined with a quantitative approach, using surveys to collect data from the relevant population. A pilot test was conducted to refine the questionnaire, ensuring it was clear and pertinent for participants. The research used purposive sampling to select individuals based on specific demographic traits relevant to the study. Results indicate that strategic planning significantly influences SME performance in Bosaso, highlighting the importance for these enterprises to adopt structured planning processes to improve their operational efficiency and long-term viability. This research provides valuable insights into the strategic management practices necessary for the growth and success of SMEs in the region. The findings of this study underscore the importance of strategic planning in enhancing the performance and long-term sustainability of SMEs in Bosaso. By establishing a clear link between structured planning and improved operational outcomes, the research provides compelling evidence that SMEs in the region can benefit significantly from adopting formal strategic planning processes. These processes enable businesses to better navigate challenges, allocate resources more efficiently, and seize growth opportunities, ultimately leading to improved financial performance and stability.

Keywords: Business outcomes, Strategic planning, SME performance, SMEs, Somalia, Bosaso.

1. Introduction

In the latter part of the 20th century, strategic planning emerged as a core concept in business management, marking a significant shift towards more organized management approaches. This concept, which involves the science and art of developing, implementing, and assessing cross-functional decisions to meet organizational goals, has become essential for effective business operation (Mintzberg, 2014). Its importance is especially evident for small and medium-sized enterprises (SMEs), which are increasingly vital to national economies, particularly in developing regions (Muritala et al., 2012). While financial limitations are often cited as the main barrier to SME success, the absence of strategic planning may pose an even greater challenge (Majama & Mgang, 2017).SMEs are crucial to the global economy, significantly influencing employment and economic activity, particularly in developing countries. They represent about 50% of global employment and 90% of businesses, with formal SMEs contributing up to 40% of GDP in developing nations, and informal SMEs further boosting this figure. By 2030, approximately 600 million new jobs will be required, highlighting the critical role of SME development for economic growth and stability (World Bank, n.d.). However, securing financing remains a major obstacle for SME expansion (World Bank, n.d.).Strategic planning is vital for organizations of all sizes, including SMEs (Stonehouse & Pemberton, 2002; Gibbons & O'Connor, 2005). It involves defining a company's vision, mission, and objectives, and ensuring these are effectively pursued through meticulous planning and execution. This process is designed to achieve business goals through thorough resource evaluation and outcome projection

(Mulyaningsih et al., 2021). In a competitive global market, SMEs must adopt robust strategic management practices to thrive. Strategic management provides a competitive advantage by setting clear goals, creating actionable plans, and continuously refining strategies based on performance and market dynamics (Micah et al., 2019; Noble, 2010). Implementing strategic management practices helps businesses utilize their strengths, adapt to market changes, and enhance revenue, market share, and brand recognition, fostering innovation and competitiveness (Nzewi & Ojiagu, 2015). In Somalia, as noted in the National Development Plan II, SMEs are key to job creation and economic contribution, playing a significant role in poverty alleviation and improving living standards, with opportunities for various demographic groups, including women and youth (MOTT, 2019).

2- Literature Review

The literature review in this research paper examines the relationship between strategic planning and the performance of small and medium enterprises (SMEs). It highlights several key findings from previous studies that establish a significant correlation between effective strategic planning and organizational success. For instance, Robert and Peter (2012) focused on the strategic planning process and its impact on business performance, confirming that successful companies often engage in systematic planning practices The review also discusses various planning approaches, including rationality, empiricism, organizational development, and philosophical synthesis. Each approach offers unique insights into how organizations can enhance their planning processes. For example, the organizational development approach emphasizes the importance of implementing change and fostering employee satisfaction, which can lead to improved performance Additionally, the review touches on the resource-based theory, which posits that a firm's competitive advantage stems from its unique resources and capabilities. However, it also acknowledges criticisms of this theory, suggesting that merely possessing valuable resources may not guarantee sustained competitive advantage. Overall, the literature review provides a comprehensive foundation for understanding the dynamics of strategic planning in SMEs and its implications for performance.

2.1 - The concept of Strategy

Managers are primarily responsible for ensuring the sustainability of their organizations (Aosa, 1992). Strategy, a concept that has evolved to support management, plays a crucial role in this effort. Chandler (1962) defined strategy as the process of setting long-term goals, creating action plans, and allocating resources to achieve these objectives. According to Chandler, strategy involves defining an organization's mission through goal-setting and resource planning. Porter (1985) further expanded on this by describing strategy as a means to mitigate competitive forces by positioning a company in less contested market segments. Porter emphasized that understanding a company's strengths and the dynamics of market competition is essential for effective strategic planning. Building on these ideas, Mintzberg (1987) introduced five perspectives on strategy: as a plan, a ploy, a pattern, a position, and a perspective. Mintzberg viewed strategy as a deliberate plan for action, a pattern of behavior emerging over time, or a viewpoint that shapes an organization’s identity. Despite these varied definitions, Hax and Masluf (1996) argued that the lack of a single definition reflects strategy’s multidimensional nature. They emphasized that strategy provides unity, direction, and purpose, thereby balancing and focusing an organization’s actions and decisions.

2.1.1 Importance of strategy

Johnson and Scholes (1997) assert that strategy sets an organization’s long-term course and scope by aligning its resources to adapt to a dynamic environment and address market needs and stakeholder expectations. It establishes a competitive edge, enhances internal communication, and coordinates policies and practices to achieve superior performance, aiding organizations in managing environmental uncertainties. Pearce and Robinson (2007) stress that strategy provides ongoing direction by integrating various activities and assessing their impact on organizational success. It helps organizations adjust to changes by shaping their responses to environmental shifts. Strategy directs resources and efforts, assists managers in identifying essential actions, and contributes to developing a competitive advantage. Porter (1980) underscores that the primary purpose of strategy is to achieve a sustainable competitive advantage. It improves organizational performance by establishing a competitive edge, enhancing internal communication, and optimizing operations and policies.

2.1.2 - Strategic Planning

In the past decade, strategic planning has become increasingly important for social work organizations due to a more complex and competitive environment. However, there remains substantial skepticism regarding its effectiveness and significance. Armstrong (1982) defined strategic planning as a systematic approach to setting long-term goals, evaluating potential strategies, and monitoring performance. O'Regan and Ghobadian (2002) viewed it as a tool for enhancing a company's competitive position effectively, with an emphasis on refining organizational direction and performance.Sherman, Rowley, and Armandi (2006) described strategic planning as a process that involves analyzing both internal and external factors, aligning resources with opportunities, addressing weaknesses, and employing measurement techniques to assess the plan's success. Tapinos, Dyson, and Meadows (2005) noted that strategic planning aims to enhance performance through well-developed plans.Ansoff (1970) conceptualized strategic planning as the alignment of a company’s products or technologies with evolving market conditions, including adapting to new technologies, competitors, and customer preferences. Peter Drucker (1993) defined it as a continuous process of systematic decision-making and performance evaluation. Matt H. Evans highlighted strategic planning as a vital responsibility of senior management, involving decisions about the organization’s mission, objectives, required resources, and target markets, thereby clarifying the process and addressing earlier misconceptions.

3-Methodlogy

The study employs a comprehensive approach to data collection and analysis, detailing the target population, sample size, and research design. It underscores the need for a structured methodology to effectively address the research questions. To select a representative sample from the target population, purposive sampling was utilized. This technique involves the researcher's judgment to choose individuals who are most relevant to the study, ensuring that the sample accurately reflects the key demographic characteristics essential for the research. A structured questionnaire was the primary instrument used for data collection. Designed to gather quantitative data, the questionnaire focused on participants' perceptions and experiences related to strategic planning and its impact on performance. This approach allowed for a detailed examination of the research topic. For data analysis, both descriptive and inferential statistics were applied. Descriptive statistics, including means and percentages, were used to summarize the frequency of responses, providing an overview of the data collected. Inferential statistics were employed to explore the relationships between the study variables, enabling a deeper understanding of the impact of strategic planning on performance. This methodological framework supports a thorough investigation into the effects of strategic planning on SMEs in Bosaso.

4- Findings and Discuss

The figure 1 presents the gender distribution among 60 respondents, with 46 males (78.0%) and 14 females (22.0%). This distribution shows a significant gender imbalance, with males overwhelmingly represented compared to females. Such a skew can influence the study's outcomes, particularly if gender differences are a focus of the research. The predominance of male respondents may affect the generalizability of the findings, especially in analyses where gender perspectives are crucial. The 78% male representation suggests that male viewpoints and experiences might be overrepresented, while female perspectives are underrepresented. This imbalance could lead to potential biases in understanding the overall responses or trends related to gender-specific issues. To ensure comprehensive insights and mitigate gender bias, future studies should aim for a more balanced representation of genders. This adjustment will enhance the reliability of conclusions drawn about gender-related aspects and improve the generalizability of the findings to the broader population. Analyzing the impact of this imbalance is essential for accurate interpretation of the study results.

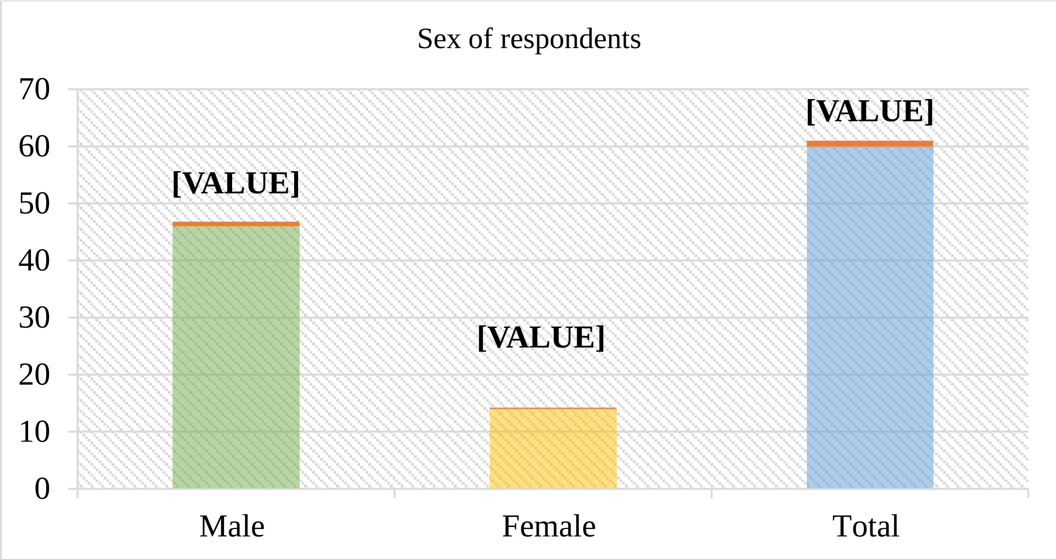

Figure 4.1 Sex of respondents

Figure 3 reveals that 33.3% of respondents emphasize the crucial role of ongoing staff evaluations. This reflects a recognition of the importance of regular assessments for tracking employee performance, development, and alignment with organizational objectives. This majority viewpoint highlights the perceived benefits of continuous evaluations in improving organizational effectiveness and sustaining high performance standards. In contrast, 13.3% of respondents dispute the need for continuous evaluation. Their skepticism may arise from concerns about the time and financial resources required for frequent assessments or the potential negative impact on employee morale. This group may favor alternative evaluation methods or view regular reviews as counterproductive. Additionally, 13.3% of participants show indifference towards the necessity of continuous evaluation. This neutral stance may indicate uncertainty or a lack of strong opinions, suggesting that further information or evidence may be needed to clarify the benefits of regular assessments. Meanwhile, 21.7% of respondents strongly support the importance of regular evaluations, underscoring their commitment to fostering organizational effectiveness and employee development. Conversely, 18.3% strongly disagree with the need for continuous assessments, reflecting a preference for different employee management strategies or differing priorities within the organizational culture.

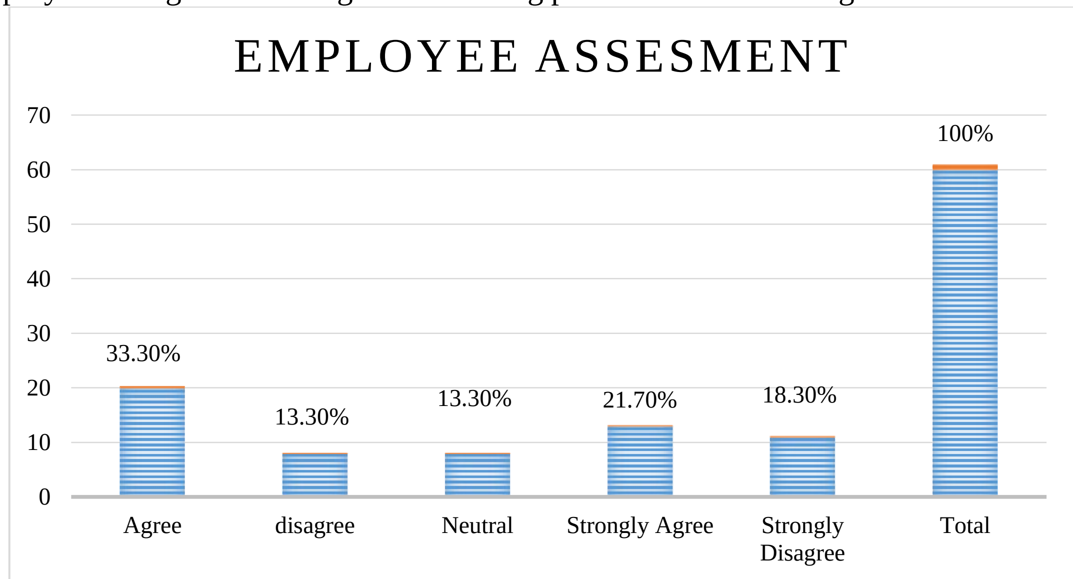

Figure 3 Employee Assessment

Based on the Figure 4, 56.7% of respondents indicate that their organizations engage in continuous monitoring of performance and expenses. This majority reflects a commitment to regularly assessing various aspects of organizational operations, which likely includes efforts to enhance service quality and manage costs effectively. The emphasis on continuous monitoring suggests that these organizations recognize the value of maintaining an ongoing review process to ensure operational efficiency and responsiveness to emerging issues. Conversely, 43.3% of respondents report that their organizations do not practice continuous monitoring of performance and expenses. This significant minority highlights a gap in the current approach to oversight within these organizations. The absence of regular monitoring could imply missed opportunities for improving service quality and controlling costs. It may also suggest a potential area for development, where increased focus on continuous evaluation could lead to enhanced operational effectiveness. The data implies that while the majority of small and medium enterprises (SMEs) in Bosaso City understand the need for continuous monitoring, a considerable portion still lacks this practice. Addressing this gap could be crucial for these organizations to achieve better service outcomes and more efficient cost management.

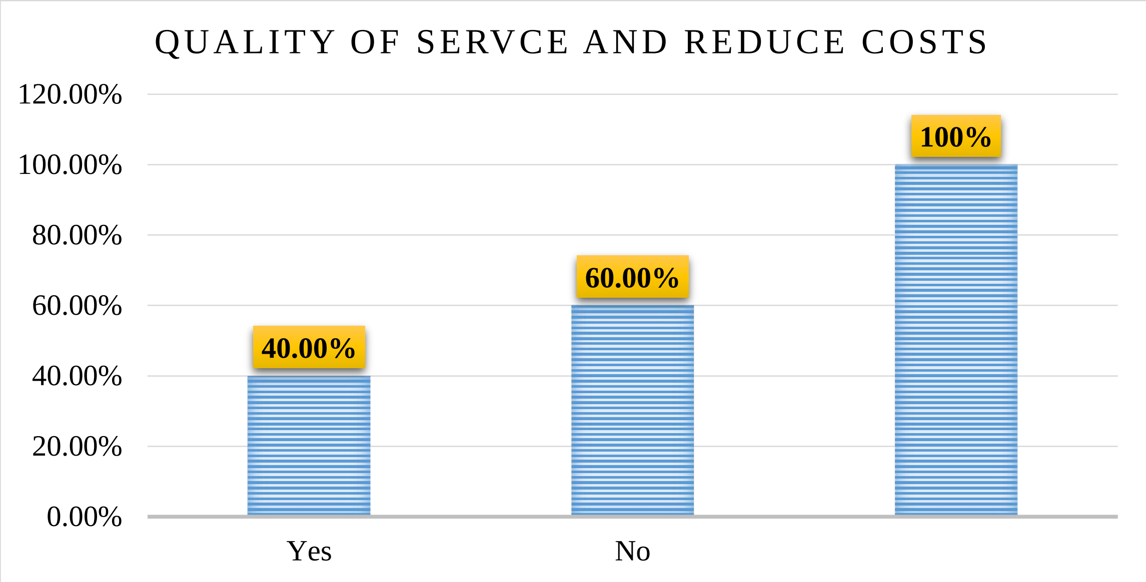

Figure 4 Service quality and cost reduction

According to Figure 5, 60% of respondents indicate that their companies utilize customer satisfaction ratings to assess the quality of their services. This majority suggests that a significant portion of businesses are committed to measuring and enhancing service quality through direct feedback from their customers. The use of customer satisfaction ratings is an effective tool for understanding client perspectives and improving service delivery, reflecting a proactive approach to maintaining high standards of customer satisfaction. On the other hand, 40% of respondents report that their companies do not use such a system. This substantial minority indicates that a notable segment of businesses in Bosaso lacks a formal mechanism for evaluating customer satisfaction. The absence of customer satisfaction ratings could imply missed opportunities for gaining valuable insights into service performance and identifying areas for improvement. Without this feedback, these organizations may struggle to address customer concerns effectively or to make informed decisions regarding service enhancements. The data highlights a need for small and medium enterprises (SMEs) in Bosaso to strengthen their customer satisfaction strategies. Implementing or improving systems for measuring customer feedback could be crucial for these businesses to enhance service quality, address customer issues more effectively, and ultimately improve overall performance.

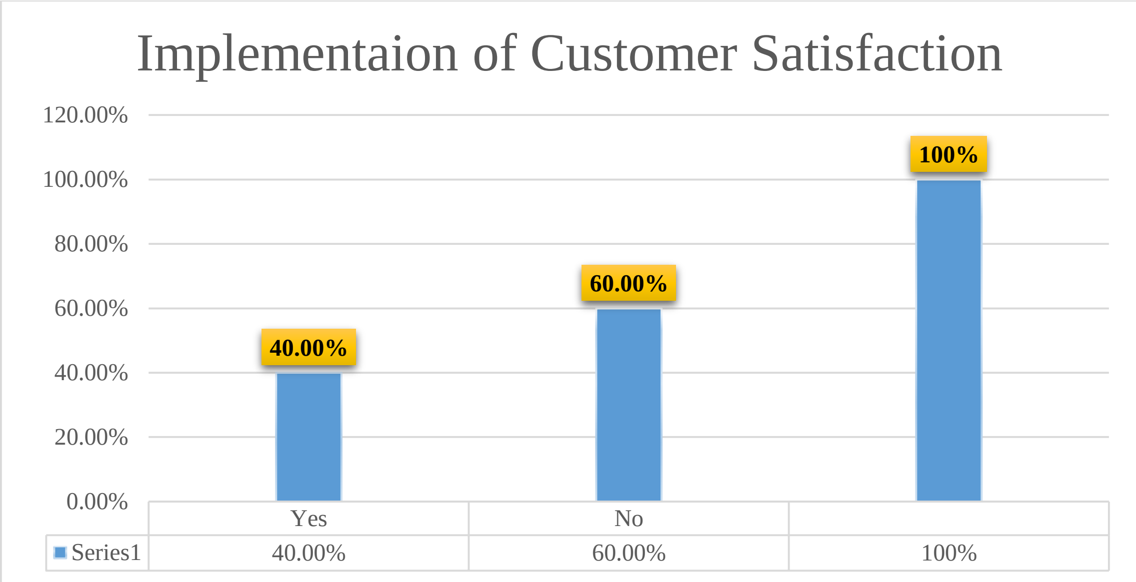

Figure 5 Implementation of customer satisfactions

The figure 6 delineates the strategic priorities companies in bosaso allocate in their competitive analysis strategies. It reveals a distinct focus on product quality and promotional activities, each receiving a considerable emphasis of 40%. In contrast, pricing is allocated a relatively minor emphasis of 18.3%. This distribution indicates a deliberate strategic orientation where companies prioritize product quality and promotional efforts over pricing considerations. Product Quality (40%), the substantial emphasis on product quality underscores its pivotal role in achieving a competitive advantage. Companies recognize that high product quality is integral to enhancing customer satisfaction, fostering brand loyalty, and differentiating their offerings from those of competitors. In industries where product differentiation is a key competitive factor, maintaining superior product quality is essential for sustaining long-term success. By prioritizing product quality, companies aim to build a reputation for excellence and reliability, which can significantly influence consumer preferences and drive market leadership. Promotions (40%), the equal emphasis on promotions highlights their critical role in influencing market dynamics. Effective promotional strategies are instrumental in boosting brand visibility, attracting new customers, and retaining existing ones. This focus suggests that companies are actively engaged in developing and executing comprehensive marketing campaigns and sales promotions. By investing in promotional activities, companies seek to enhance their market presence and create a competitive edge through strategic consumer engagement and brand positioning. Pricing (18.3%), the relatively lower emphasis on pricing indicates a strategic preference for prioritizing other factors over cost considerations. While pricing remains an important aspect of competitive strategy, particularly in price-sensitive markets, the reduced emphasis suggests that companies view product quality and promotional efforts as more impactful in differentiating themselves. This approach reflects a market environment where competition is increasingly driven by value propositions and customer experience rather than solely by price. In summary, the strategic emphasis distribution demonstrates that companies prioritize product quality and promotional strategies to strengthen their competitive positioning. Pricing, while still relevant, is secondary to these primary focus areas, illustrating a strategic approach centered on value and market differentiation.

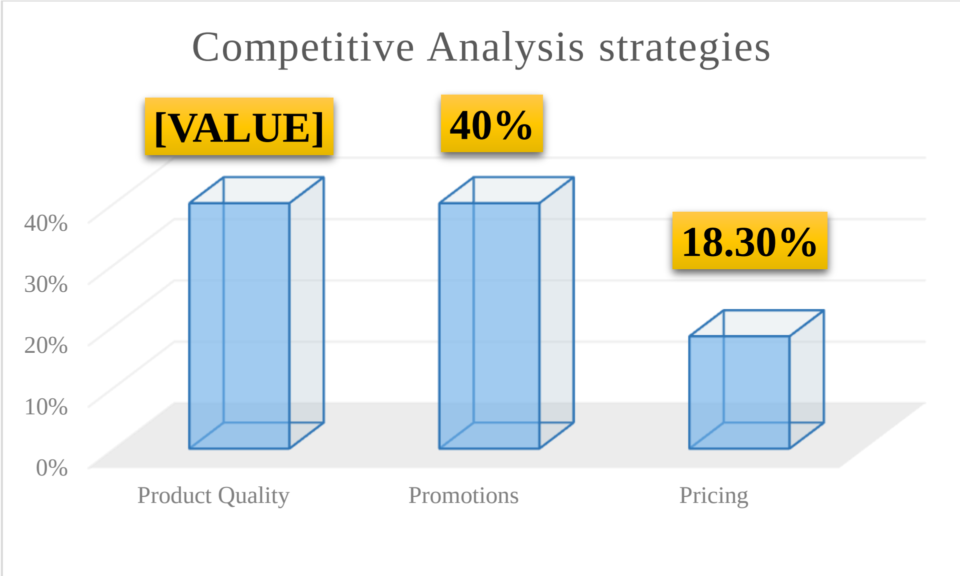

Figure 6 competitive analysis strategies

Figure 7 presents an insightful overview of business alignment with strategic clarity, specifically concerning the presence of a defined mission, vision, and strategy. According to the graph, 61.7% of businesses have articulated a clear mission, vision, and strategy, while 38.3% have not. Businesses with a Clear Mission, Vision, and Strategy (61.7%), the majority of businesses in this category demonstrate a significant level of strategic maturity. These organizations have established a coherent mission that defines their core purpose, a vision outlining their long-term goals, and a strategy detailing actionable plans to achieve these objectives. This clarity is essential for providing organizational direction and aligning efforts across different levels of the business. It facilitates a unified approach to decision-making and resource allocation, which is crucial for maintaining a competitive advantage and driving sustainable growth. The presence of a well-defined strategic framework reflects an understanding of the value of strategic planning in achieving operational effectiveness and long-term success. Businesses without a Clear Mission, Vision, and Strategy (38.3%), conversely, the 38.3% of businesses lacking a clear mission, vision, and strategy may face considerable challenges. The absence of these critical elements can lead to ambiguity in organizational goals, misalignment among employees, and inefficient resource utilization. Without a structured strategic framework, these businesses might experience difficulties in making consistent decisions and could struggle with positioning themselves effectively within the market. This segment underscores a potential gap in strategic planning and suggests that these businesses might benefit from dedicating resources to the development of a comprehensive strategic plan. Such an investment could improve operational coherence and enhance their competitive positioning. In summary, while a majority of businesses demonstrate strategic alignment through clear mission and vision statements, a notable minority remain without such clarity, potentially facing strategic and operational inefficiencies.

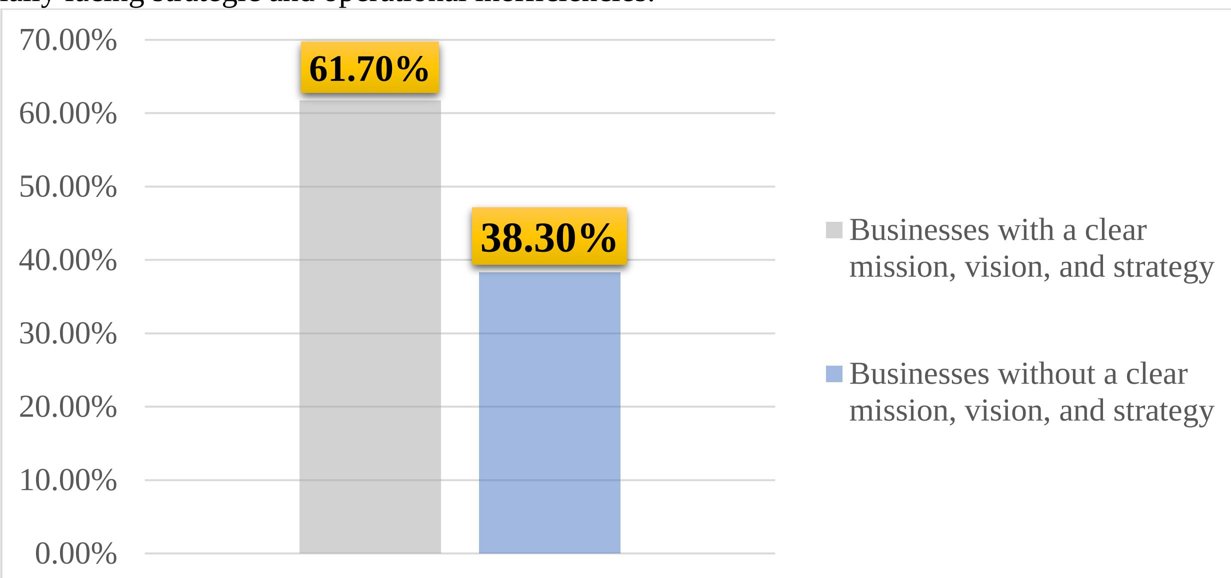

Figure 7 Mission, Vision, and Strategy

The figure 8 provides an overview of the extent to which businesses align their objectives with their mission and vision. According to the data, 60% of businesses have successfully aligned their objectives with their mission and vision, whereas 40% have not achieved this alignment.Objectives Aligned with Mission and Vision (60%), the alignment of objectives with the mission and vision for 60% of businesses indicates a significant level of strategic integration. This alignment is crucial as it ensures that organizational goals are consistently directed towards the company's overarching purpose and long-term aspirations. Effective alignment fosters a unified organizational direction, which facilitates coherent decision-making and efficient resource allocation. When objectives are aligned with the mission and vision, businesses are better positioned to maintain strategic focus, enhance performance, and capitalize on market opportunities. This level of alignment demonstrates that these organizations recognize the importance of strategic coherence and are actively working to align their operational goals with their broader strategic objectives. Lack of Alignment (40%), On the other hand, the 40% of businesses that do not align their objectives with their mission and vision encounter considerable strategic challenges. Misalignment can lead to dispersed efforts, operational inefficiencies, and a lack of organizational cohesion. When objectives are not synchronized with the mission and vision, businesses may face difficulties in achieving long-term goals and may experience reduced overall effectiveness. This discrepancy underscores a potential area for improvement, suggesting that these organizations could benefit from revisiting and refining their strategic planning processes. Enhanced alignment could improve focus and efficacy in driving towards desired outcomes. In conclusion, while a majority of businesses exhibit alignment between their objectives and their mission and vision, a significant portion still lacks this alignment, indicating a need for strategic refinement and improved coherence.

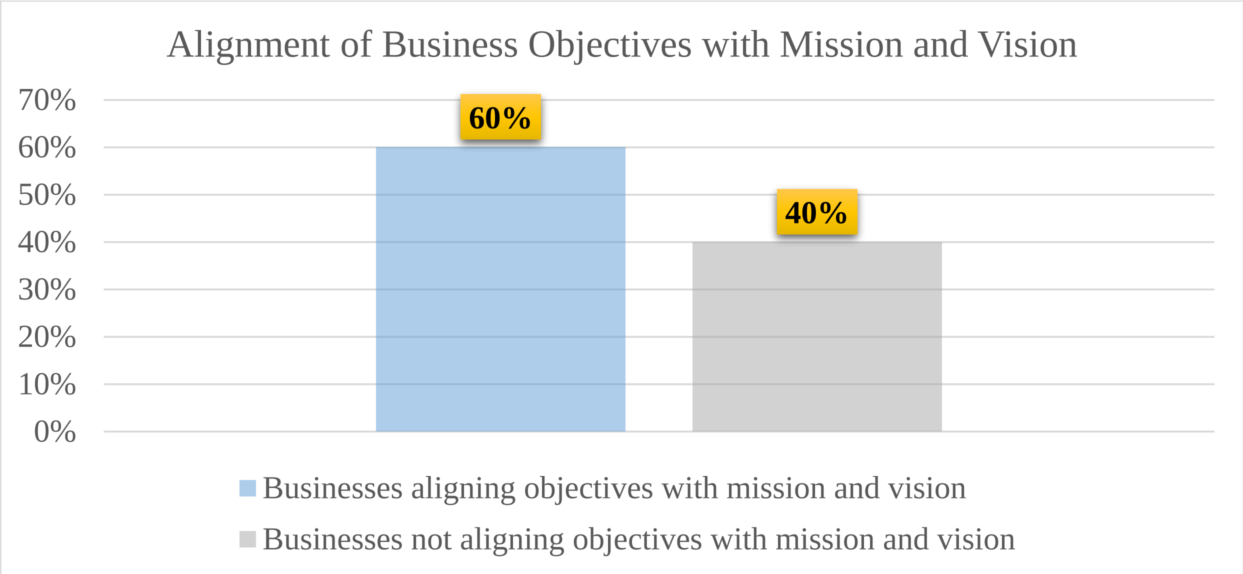

Figure 8 Business Objectives Alignment with Mission and Vision

The graph 9 provides a detailed breakdown of employee performance with respect to excellence standards. According to the data, 55% of employees meet the excellence standards, whereas 45% do not. Employees Meeting Excellence Standards (55%), the fact that 55% of employees meet or exceed the excellence standards reflects a strong performance baseline within the organization. This majority indicates that over half of the workforce adheres to high-quality benchmarks, demonstrating effectiveness and proficiency in their roles. Such a performance level suggests that these employees are well-aligned with organizational goals and contribute significantly to maintaining high operational standards. This alignment can serve as a model for best practices and highlights the effectiveness of current performance management strategies. Employees Not Meeting Excellence Standards (45%), conversely, the 45% of employees who do not meet excellence standards represents a significant portion of the workforce. This figure indicates a considerable gap in performance, suggesting potential issues with task execution, consistency, or alignment with established standards. Addressing this discrepancy may involve targeted strategies such as enhanced training programs, improved performance metrics, or more defined operational guidelines. By focusing on these

areas, the organization can work towards elevating the performance of this segment to better align with overall excellence standards.
In summary, while a majority of employees meet the excellence standards, the substantial proportion of those who do not points to a critical area for organizational improvement, emphasizing the need for strategies aimed at enhancing performance consistency and effectiveness.

Figure 9 Distribution of Employee Performance Relative to Excellence Standards

In the realm of financial management, budget adherence is a crucial metric that reflects a company's ability to manage its financial resources effectively. According to figure 10, 55% of companies manage to complete their projects within the allocated budget, while the remaining 45% fail to do so consistently. This disparity underscores significant implications for both managerial practices and financial planning. The 55% of companies that achieve budget adherence demonstrate effective cost control and project management strategies. These organizations are likely employing robust financial monitoring systems, accurate forecasting methods, and stringent oversight mechanisms. Their success in adhering to budget constraints can be attributed to well-defined project scopes, disciplined financial planning, and efficient resource allocation. This group of companies sets a benchmark for industry best practices and highlights the importance of maintaining financial discipline to achieve desired economic outcomes. Conversely, the 45% of companies that do not complete projects within budget face several challenges. These organizations may struggle with unforeseen expenses, project scope changes, or ineffective financial management practices. Such budget overruns can lead to diminished profitability, strained financial resources, and potential operational inefficiencies. It is imperative for these companies to reassess their budgeting processes, enhance their financial planning capabilities, and implement more rigorous cost control measures to mitigate these issues. Overall, the data suggests a substantial gap in budget adherence within the industry. Companies that consistently adhere to their budgets demonstrate effective financial stewardship, while those that do not may benefit from revising their budgeting practices. Addressing these discrepancies is essential for improving overall financial performance and achieving sustainable business success.

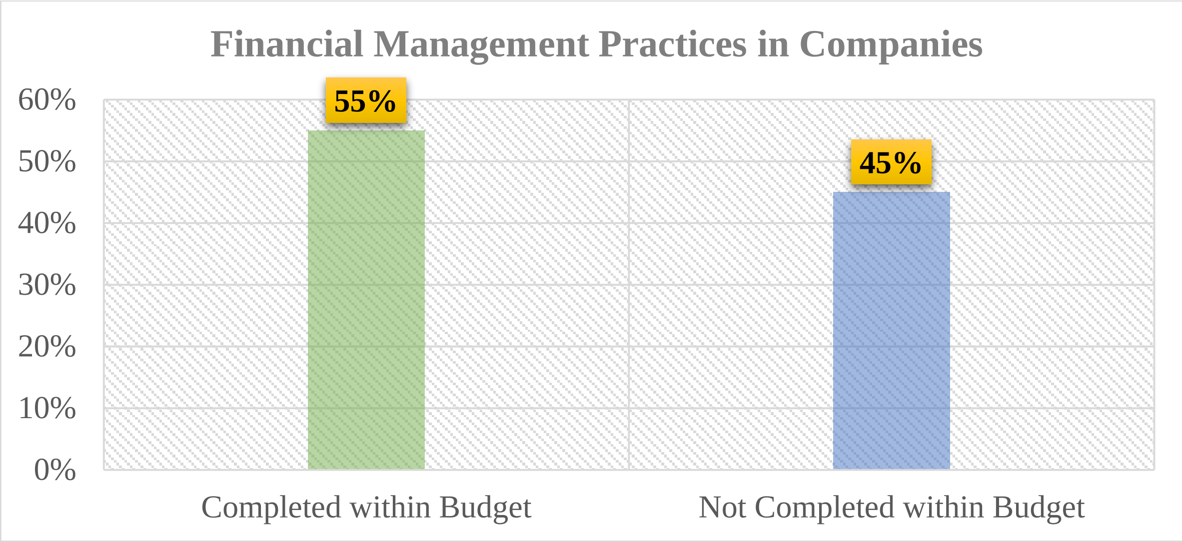

Figure 10 Financial Management Practice in Companies

Customer growth is a pivotal indicator of a company's market performance and strategic effectiveness. Recent data reveal that 56.7% of companies are experiencing an increase in their customer base, while 43.3% are not seeing similar growth. This distribution highlights a significant divide in customer acquisition success across the industry. Companies achieving an increase in customer numbers likely benefit from effective marketing strategies, enhanced product offerings, or superior customer service. These organizations are successfully attracting and retaining clients, which is indicative of strong market positioning and competitive advantage. The positive growth trend among these companies suggests robust business practices and an alignment with market demands. Conversely, the 43.3% of company's not experiencing growth may face several challenges, including ineffective marketing strategies, limited product appeal, or operational inefficiencies. This stagnation in customer acquisition could reflect underlying issues such as inadequate market research, insufficient investment in customer engagement, or competitive pressures. Addressing these challenges is crucial for companies seeking to reverse stagnation and stimulate growth. Strategic adjustments in marketing, product development, and customer relations could help bridge the gap between growing and stagnant companies, fostering a more competitive and dynamic market environment.

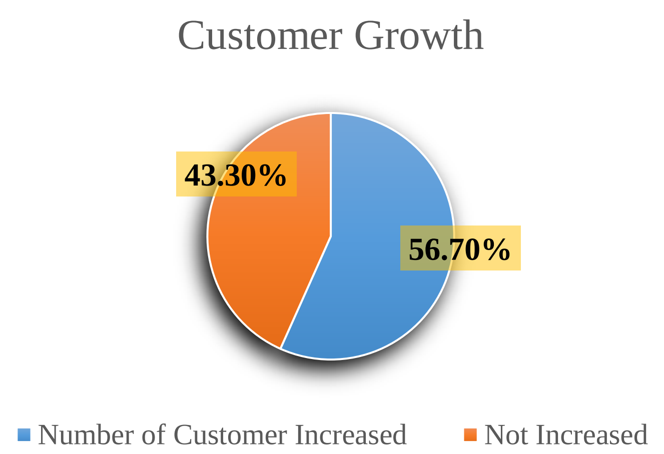

Figure 11 Customer Growth

The figure 12 provides a clear delineation of performance in terms of return on capital across different organizations. Specifically, 51.7% of these enterprises are experiencing a rising return on capital. This indicates a favorable trend where capital is being utilized more effectively to generate returns. Such positive movement often reflects successful financial strategies, which might include enhanced operational efficiencies, strategic investment decisions, or other proactive measures to optimize capital use. Conversely, 46.7% of entities are not witnessing an increase in their return on capital. This significant proportion suggests that these entities are struggling with capital efficiency. The lack of improvement in return on capital may signal various underlying issues such as inadequate capital allocation, operational inefficiencies, or strategic misalignments. Addressing these challenges is crucial for enhancing overall financial performance. A closer examination of financial strategies, capital deployment practices, and operational processes may be necessary to identify and correct inefficiencies. The data highlights a noteworthy disparity in return on capital performance. While a majority of entities are showing progress, nearly half are not, pointing to areas where financial strategies may need revision. For those with rising returns, continued focus on maintaining and further improving capital efficiency will be important. For those without improvement, a strategic overhaul might be required to boost capital returns and achieve better financial outcomes. This analysis underscores the importance of ongoing evaluation and adjustment of financial strategies to enhance capital efficiency and overall business performance.

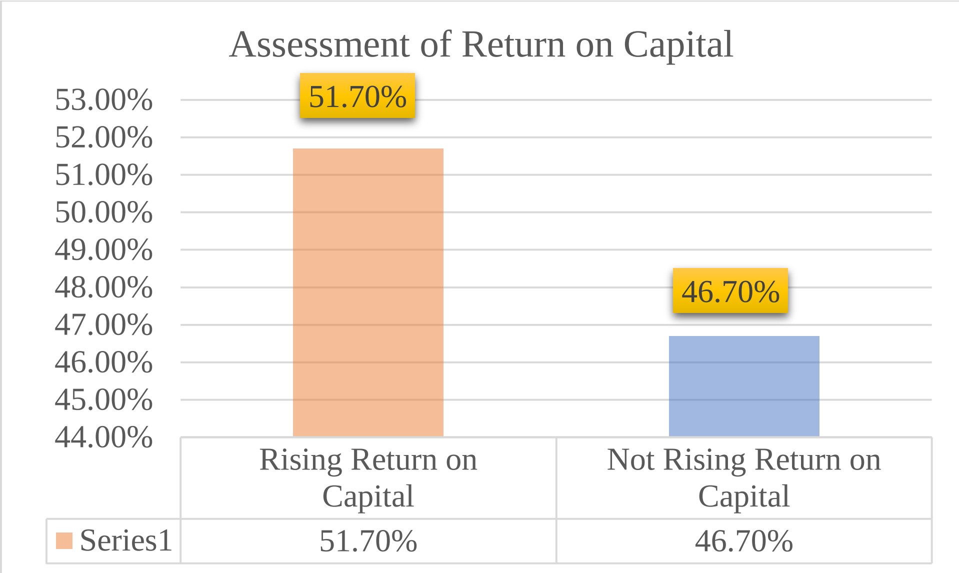

Figure 11 Assessment of Return on Capital

The Figure 13 reveals a significant variance in sales performance among entities. 56.7% of the entities are experiencing periodic sales growth, which suggests that their sales strategies are effective and yielding positive results. This group benefits from consistent increases in sales, indicative of successful market positioning, effective customer engagement, and possibly innovative sales tactics. Regular growth in sales underscores the efficacy of these strategies and the ability of these entities to adapt to market conditions and consumer demands. In contrast, 43.3% of entities are not experiencing periodic sales growth. This substantial portion points to potential deficiencies in their sales strategies or market approaches. The stagnation or decline in sales could be attributed to various factors, such as ineffective marketing campaigns, inadequate customer retention efforts, or misaligned sales strategies. This stagnation suggests a need for a thorough review and potential overhaul of sales tactics to identify and address underlying issues. Overall, while a majority of entities show positive sales growth trends, a significant minority does not. This disparity highlights the importance of continuous evaluation and refinement of sales strategies to ensure sustained growth and competitiveness in the market. Addressing the challenges faced by the latter group will be crucial for enhancing overall sales performance and achieving better market outcomes.

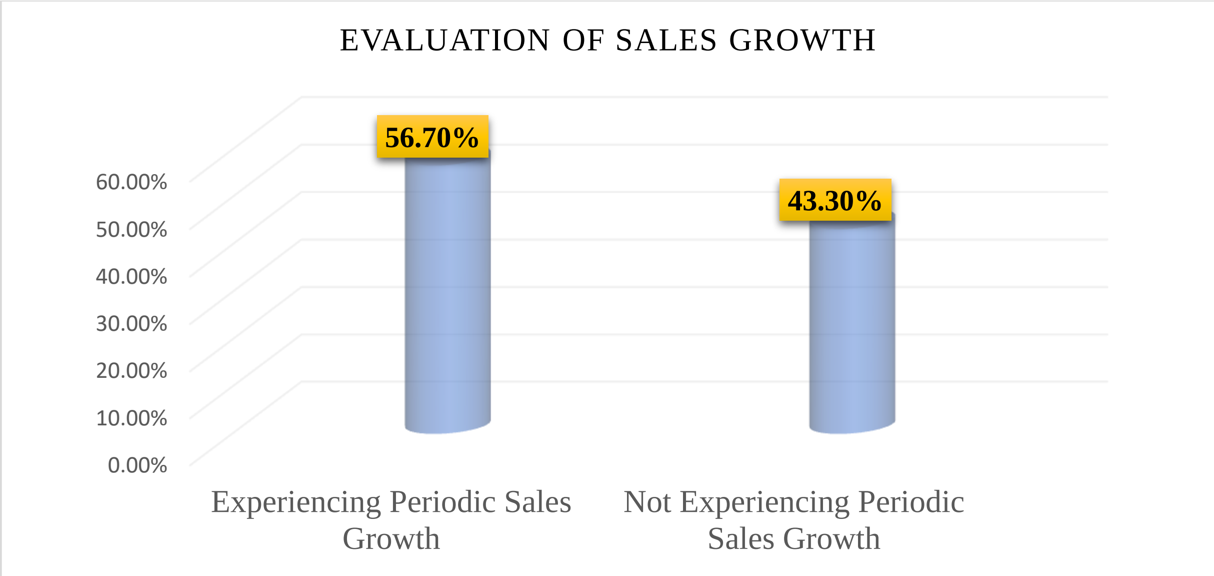

Figure 13 Evaluation of Sales Growth

The figure 14 illustrates a notable divergence in employee retention outcomes among entities. 51.7% of the entities report increased employee retention, indicating that their retention strategies are effectively engaging and retaining staff. This positive trend suggests that these organizations have successfully implemented practices contributing to a more stable workforce, such as competitive compensation, career development opportunities, or a positive work environment. Conversely, 46.7%of the entities do not see improvements in employee retention. This significant proportion highlights potential deficiencies in their retention strategies. The stagnation in retention could be attributed to factors such as inadequate employee engagement initiatives, insufficient career advancement opportunities, or issues with workplace culture. Addressing these factors may be crucial for improving retention rates. The disparity in retention outcomes underscores the need for ongoing assessment and enhancement of employee retention strategies. While a majority of organizations benefit from increased retention, nearly half face challenges that could affect their overall performance and stability. Entities experiencing stagnation should evaluate and refine their strategies to better meet employee needs and expectations, ultimately fostering a more engaged and loyal workforce.

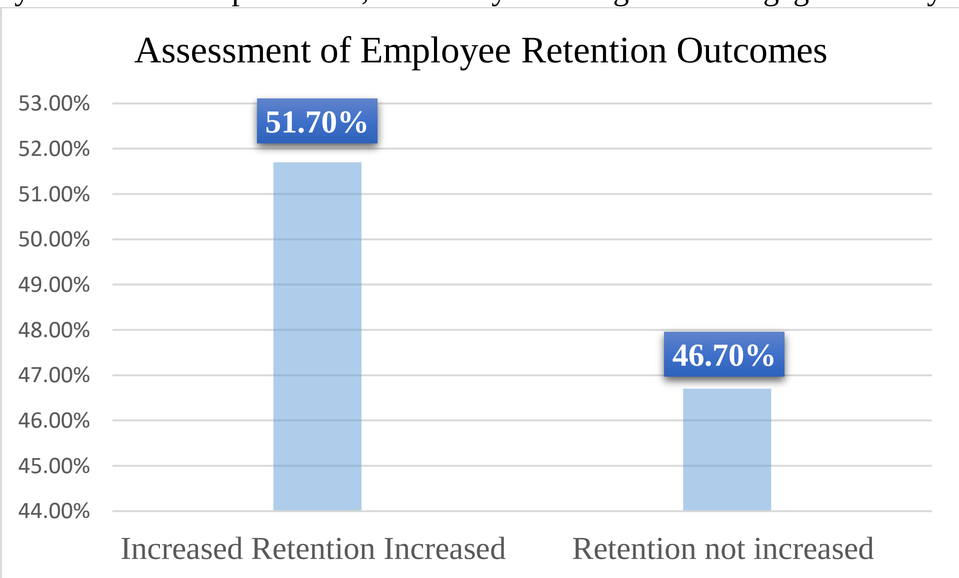

Figure 14 Assessment of Employee Retention Outcomes

The table presents a clear distinction in the prevalence of employee training among entities. 46.7% of organizations have conducted training in the past year, indicating that these entities are actively investing in the development of their workforce. This engagement in training likely reflects a commitment to enhancing employee skills, improving performance, and fostering career growth. Regular training programs can contribute to increased employee satisfaction, productivity, and overall organizational effectiveness. In contrast, 53.3% of organizations did not conduct any training in the past year. This substantial proportion points to a significant gap in employee development efforts. The absence of training initiatives may suggest a lack of emphasis on professional development or potential resource constraints. Without ongoing training, employees may face stagnation in their skills, which can adversely affect job performance and organizational competitiveness. The disparity in training activities highlights a critical need for more consistent and widespread employee development initiatives. Organizations that have not engaged in recent training should evaluate the potential benefits of implementing or expanding their training programs. By addressing this gap, they can enhance workforce capabilities, improve employee engagement, and ultimately contribute to organizational success.

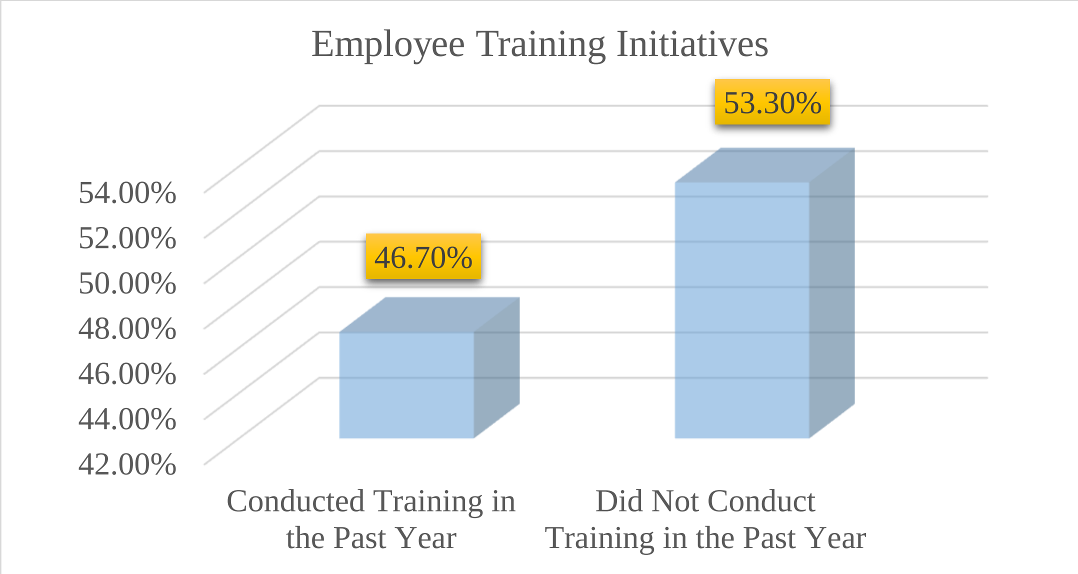

Figure 15 Employee Training

5- Reliability Testing

Internal Consistency Reliability: Internal consistency reliability, commonly assessed using Cronbach's alpha, measures how well items within a scale or questionnaire correlate with each other. A higher Cronbach's alpha value signifies greater internal consistency. For this study, Cronbach's alpha values were calculated to evaluate the reliability of the scale items. Specifically, Cronbach's alpha was used to determine whether the variables accurately measure what they are intended to measure. As depicted in Table 4.33, the Cronbach’s alpha values for the independent variable (strategic planning) and each dependent performance variable—financial perspective, customer perspective, internal processes perspective, and learning & growth perspective—are notably similar. The overall Cronbach’s alpha score for all variables is 0.763, which exceeds the 70% threshold, thereby indicating strong reliability. According to Sekaran and Bougie (2016), Cronbach's alpha values are categorized as weak if below 60%, acceptable between 60% and 70%, good between 70% and 80%, and excellent above 80%.

Table 1 Analysis of Cronbach’s Alpha Values for Strategic Planning Variables

Variables	**Cronbach’s Alpha**	**Number of Items**
Strategic Planning/Financial	0.717	2
Strategic Planning/Customer	0.721	2
Strategic Planning/Internal Business	0.676	2
Strategic Planning/Learning and Growth	0.961	2

- Strategic Planning/Financial (α = 0.717) and Strategic Planning/Customer (α = 0.721) both demonstrated good internal consistency, indicating reliable measures for evaluating financial and customer aspects of strategic planning. Strategic Planning/Internal Business (α = 0.676) showed moderate reliability, suggesting that while it is acceptable, there is room for improvement in measuring internal business processes. Strategic Planning/Learning and Growth (α = 0.961) achieved an excellent level of internal consistency, reflecting a highly reliable measure for assessing learning and growth dimensions. Overall, the analysis indicates that most variables related to strategic planning are reliably measured, with the learning and growth dimension showing exceptional consistency. The internal business process dimension, while acceptable, could benefit from further refinement.

6- Correlations

6.1 Strategic Planning and Financial Perspective

To address the first research question, "How does strategic planning affect the financial performance of SMEs?", Table 2 reveals a constant with a T-value of 11.056 and a significance level of 0.000, which is below the 0.05 threshold, indicating statistical significance. The T-value for the regression coefficient of the independent variable (strategic planning) is 11.056 with a significance level of 0.000, confirming its significance. This result suggests a statistically significant interaction between strategic planning and financial performance. The correlation coefficient of 0.001 indicates a strong positive relationship, suggesting that improvements in strategic planning are directly associated with enhanced financial performance. The determination coefficient of 0.686 signifies that approximately 68.6% of the variance in financial performance can be attributed to strategic planning.

Table 2: Dependent Variable - Financial

Model	Coefficient	T	Sig.	F	Sig.	R	R^2
Constant	6.978	6.522	0.000	144.555	0.000	0.828	0.686
Strategic Planning	2.132	11.056	0.000				

6.2 Strategic Planning and Customer Perspective

For the second research question, "To what extent does strategic planning influence customer satisfaction in SMEs?" Table 3 shows a significance level of 0.000 with a T-value of 0.33 for the constant. The regression coefficient for strategic planning has a T-value of 8.77 with a significance level of 0.000, indicating significant results. This implies a significant interaction between strategic planning and customer satisfaction.

Table 3: Dependent Variable - Customer

Model	Coefficient	T	Sig.	F	Sig.	R	R^2
Constant	0.675	0.33	0.000	76.2	0.000	0.759	0.576
Strategic Planning	2.535	8.77	0.000				

6.3 Strategic Planning and Internal Business Perspective

Regarding the third research question, "How does strategic planning enhance business processes in SMEs?" Table 4.37 reveals a constant T-value of 13.528 with a significance level of 0.001. The regression coefficient of strategic planning also shows significant results with a T-value of 2.750 and a significance level of 0.000, indicating a notable interaction.

Table 4. Dependent Variable - Internal Business Process

Model	Coefficient	T	Sig.	F	Sig.	R	R^2
Constant	13.528	7.781	0.000	7.561	0.000	0.353	0.353
Strategic Planning	0.586	2.750	0.000				

4.4 Strategic Planning and Learning and Growth Perspective

For the fourth research question, "How does strategic planning contribute to the learning and growth of SMEs?" Table 4.38 presents a constant T-value of 4.655 with a significance level of 0.000. The regression coefficient for strategic planning is significant with a T-value of 7.014 and a significance level of 0.000, indicating a strong positive relationship.

Table 5: Dependent Variable - Learning and Growth

Model	Coefficient	T	Sig.	F	Sig.	R	R^2
Constant	7.458	4.655	0.000	49.194	0.000	0.690	0.477
Strategic Planning	3.077	7.014	0.000				

7- Conclusion
The study highlights the critical importance of strategic planning for Small and Medium Enterprises (SMEs) in Bosaso, Somalia, demonstrating that a well-structured approach to strategy significantly improves performance across multiple dimensions. By systematically evaluating their financial outlook, SMEs can better manage costs, optimize revenue streams, and ultimately enhance their overall financial health. This financial stability creates a solid foundation for refining internal processes, which, in turn, boosts operational efficiency and effectiveness. The correlation between financial management and process optimization highlights the cascading benefits of strategic planning, where sound financial practices directly contribute to improved operational performance and customer satisfaction. Additionally, the study reveals that a focus on continuous learning and growth is integral to sustaining long-term success. SMEs that embrace strategic planning are more likely to foster a culture of innovation and adaptability, which is crucial in a rapidly changing business environment. By investing in employee development and leveraging feedback from customers, these enterprises can stay ahead of market trends and address emerging challenges more effectively. This ongoing commitment to improvement not only enhances internal processes but also drives higher levels of customer satisfaction. As SMEs in Bosaso implement and refine their strategic plans, they position themselves for enduring success and increased competitiveness in the market.

8- Recommendations
In addition to focusing on financial perspectives, SMEs should prioritize the development of a strategic framework that integrates both short-term and long-term goals. Effective strategic planning involves setting clear objectives, aligning resources, and developing actionable plans to achieve these goals. Regularly reviewing and updating these plans in response to changing market dynamics ensures that the business remains agile and can capitalize on new opportunities. Leveraging technology can also play a crucial role in enhancing performance. Implementing advanced software for financial management, customer relationship management (CRM), and project management can streamline operations and provide valuable insights for decision-making. SMEs should explore technological tools that align with their business needs and budget constraints. Another critical aspect is strengthening customer relationships. Building a loyal customer base not only helps in sustaining revenue but also in gaining valuable referrals. Personalized customer service, loyalty programs, and proactive communication can foster stronger connections and enhance customer satisfaction. SMEs should also focus on building a resilient organizational culture. Encouraging employee engagement through recognition programs, professional development, and a positive work environment can lead to higher productivity and lower turnover rates. An engaged workforce is more likely to contribute innovative ideas and drive the company's strategic initiatives forward. Lastly, effective risk management cannot be overlooked. SMEs should identify potential risks, both internal and external, and develop strategies to mitigate them. This includes having contingency plans for economic downturns, supply chain disruptions, and other unforeseen events. By implementing these comprehensive strategies, SMEs can enhance their competitive edge, drive sustainable growth, and achieve their performance goals. Adopting a proactive approach to strategic planning and continuous improvement will position SMEs for long-term success in a dynamic business environment.

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