

STRATEGIC FINANCIAL PLANNING AND BUSINESS GROWTH AMONG SMALL AND MEDIUM ENTERPRISES IN NORTH WEST NIGERIA

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ABSTRACT

Background: Financial planning is fundamental to the survival and growth of firms, yet in developing regions such as North West Nigeria, its application among small and medium enterprises (SMEs) is often limited due to resource constraints and pervasive uncertainty. Despite SMEs accounting for over half of national employment, the region experiences high SME mortality rates, partly attributed to weak financial management systems.

Purpose: This study investigates the impact of strategic financial planning practices on the business growth of SMEs across the seven states of North West Nigeria, providing region-specific empirical evidence.

Design/methodology/approach: Anchored on Agency Theory and Pecking Order Theory, the study employs a quantitative correlational design. Primary data were collected from 332 SME owners/managers selected through multistage random sampling. Analytical methods included descriptive statistics, Pearson correlation, Ordinary Least Squares (OLS) regression, and Generalized Linear Modeling (GLM) to ensure robustness.

Findings/Result: The results reveal a significant and positive relationship between financial planning and SME business growth ($\beta = 1.846$; $p < 0.001$). SMEs that implemented structured budgeting, goal setting, cash flow forecasting, and capital expenditure planning achieved higher growth in assets, sales, and employment. Model diagnostics confirmed the robustness of these findings (Adjusted $R^2 = 0.674$; Deviance/df = 1.03).

Conclusion: Strategic financial planning acts as a catalyst for SME growth by enabling efficient forecasting, allocation, and control of resources, even in uncertain environments. The study recommends institutionalizing periodic financial plans, adopting digital forecasting tools, and implementing targeted training programs for SME owners.

Originality/value (State of the art): This research provides novel, region-specific empirical evidence on the role of financial planning in SME growth within North West Nigeria, addressing a gap in the literature and reinforcing the enduring importance of financial planning in resource-constrained settings.

Keywords: financial planning, budgeting, forecasting, business growth, small and medium enterprises, North West Nigeria

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INTRODUCTION

Small and Medium Enterprises (SMEs) are widely recognized as engines of economic growth, job creation, and innovation, particularly in developing economies (SMEDAN/NBS, 2023). In Nigeria, SMEs account for over 90% of registered businesses and contribute nearly half of the nation's GDP, underscoring their critical role in national development (SMEDAN/NBS, 2023). However, the sustainability and growth of these enterprises are often threatened by volatile economic conditions, infrastructural deficits, and limited access to finance, especially in regions such as North West Nigeria (Badamasi et al. 2024). Financial planning, encompassing budgeting, forecasting, and strategic allocation of resources, is essential for navigating these challenges and ensuring business continuity (Okafor, 2011; Musah et al. 2018). Despite its importance, many SME owners in North West Nigeria continue to rely on intuition rather than systematic financial management, resulting in suboptimal business outcomes (Nketsiah, 2015).

Extensive research has established a positive link between sound financial management practices and SME performance (Adda, 2020; Musah et al. 2018; Otoo, 2024). However, most studies in Nigeria have adopted a national perspective, often overlooking regional disparities in financial literacy, infrastructural support, and socio-economic conditions (Bamidele et al. 2024; Badamasi et al. 2024). The North West zone, comprising Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto, and Zamfara, presents a unique context characterized by persistent insecurity, infrastructural gaps, and low levels of formal financial education (Ayibiowu et al. 2018; Bamidele & Kareem, 2020). These factors exacerbate the consequences of weak financial planning, yet there is a paucity of empirical studies that specifically address the region's challenges. This study addresses this gap by providing a contextualized analysis of financial planning practices and their impact on SME growth in North West Nigeria, thereby contributing novel insights to the literature.

Financial planning refers to the process of setting financial goals, formulating budgets, forecasting cash flows, and aligning financial resources with strategic objectives (Musah et al., 2018). Within SMEs, it encompasses creating realistic revenue expectations, identifying expenditure priorities, determining capital requirements, and establishing control mechanisms to

guide decisionmaking. Research shows that effective financial planning provides enterprise clarity and direction. It enables management to monitor performance through variance analysis, ensures early detection of liquidity shortfalls, and enhances the ability to negotiate financing with lenders (Nanda et al., 2024). Bamidele et al. (2024) found that financial literacy significantly enhances the financial performance of SMEs in Zamfara State, underscoring the importance of owner education in effective financial planning. For SMEs facing resource limitation, financial planning translates to financial discipline deciding where every naira goes and verifying that expenditures generate proportional returns. The process integrates three operational layers: **(a)** budgeting and forecasting; **(b)** financial goal setting; and **(c)** resource allocation control.

Enterprise growth reflects sustained increases in sales, assets, and employment. It is a multidimensional measure encompassing market share expansion, profitability, and longterm sustainability (Hamzah et al., 2024). In empirical analysis, growth can be measured as average annual percentage increases in revenue, total assets, or employee count, variables that jointly capture output, scale, and organizational capacity. For SMEs, growth is both a performance indicator and a resilience metric: it signifies that the business not only survives but evolves within its economic environment.

Agency theory (Jensen & Meckling, 1976) posits that information asymmetries between owners (principals) and managers (agents) lead to conflicting interests. Financial planning, with its emphasis on goal specification, budgeting, and variance reporting, acts as a control mechanism that mitigates opportunism and monitoring costs. In ownermanaged SMEs, formal planning ensures that financial actions remain consistent with the entrepreneur's objectives, thereby reducing moral hazard.

The pecking order theory (Myers & Majluf, 1984) argues that firms prefer financing investments internally (through retained earnings) before seeking external debt or equity. In the SME context, reliable financial planning enhances internal funding by optimizing cash retention and profit forecasting. Thus, SMEs with coherent financial plans maintain stronger liquidity positions and lower dependence on costly external borrowing. The theory is particularly relevant in North West Nigeria, where access to formal credit is limited and financial inclusion rates remain among

the lowest nationally. Together, these theories highlight financial planning's dual role as an internal governance mechanism and as a financing efficiency instrument.

Numerous empirical studies have examined the link between financial planning and enterprise performance in small and medium-sized enterprises (SMEs) across developing economies. The following review synthesizes key findings that collectively establish financial planning as a cornerstone of sustainable business growth.

Musah et al. (2018) investigated 150 SMEs in Ghana's Tamale Metropolis to explore how financial management practices, particularly budgeting and cashflow forecasting, affect profitability and growth. Utilizing correlation and regression analyses, the authors established that structured financial planning enables efficient resource allocation, effective cost control, and improved liquidity. Enterprises that prepared periodic budgets and monitored them through variance analysis experienced consistent asset and employment growth, while those without formal plans struggled with erratic cash flows. The study concluded that formal financial planning is not merely an administrative formality but a performance lever through which SMEs sustain expansion and competitiveness in dynamic markets.

Ihenyen and Ekpoamumemi (2024) examined the extent to which comprehensive budgeting frameworks contribute to the financial performance of SMEs in Bayelsa State, Nigeria. Using quantitative survey design and multiple regression models, they found that firms engaging in structured departmental and operational budgets recorded higher profitability, stronger internal controls, and more disciplined financial behavior. Regular review of budget performance allowed firms to detect and correct deviations promptly, enhancing cost efficiency. The researchers further reported that detailed budgeting stimulated capital investment because lenders perceived such firms as financially responsible. Their results implied that institutionalizing financial planning through rigorous departmental budgets significantly strengthens SMEs' ability to manage uncertainty, expand production, and improve sales turnover within Nigeria's volatile business environment.

Otoo (2024) applied Partial Least Squares Structural Equation Modeling (PLSSEM) to assess how financial planning influences the performance of 203 SMEs. The

findings revealed that comprehensive forecasting and periodic financial reviews strongly predict enterprise growth across several metrics, including sales and market share. The author highlighted the mediating role of managerial decision quality, noting that accurate forecasts empower rational investment and financing decisions. Financial planning practices were shown to enhance strategic agility, as managers could anticipate cash deficits and align expenditures with expected revenue inflows. Otoo concluded that highperforming SMEs typically integrate budgeting into their corporate strategy rather than treating it as an auxiliary accounting task. The paper emphasized that the institutionalization of these planning processes yields greater financial stability and longterm growth.

Adda (2020) focused on SMEs operating within Ghana's KassenaNankana West District to determine the role of consistent financial planning in enterprise growth. Employing descriptive surveys and regression analysis on data from 100 entrepreneurs, the research discovered that regular financial planning streamlines resource allocation, increases willingness to invest, and improves monitoring of cash utilization. Firms that engaged in forward budgeting and expenditure forecasting demonstrated higher reinvestment rates and faster business expansion compared to those operating informally. The study also stressed that financial literacy and owner education amplify planning effectiveness. Adda concluded that when SMEs treat financial planning as a continuous managerial cycle plan, implement, review, they accumulate resilience, widen profit margins, and achieve stronger growth trajectories even in economically marginalized rural contexts.

Nketsiah (2015) examined financial management practices among 120 SMEs in Ghana's SekondiTakoradi Metropolis, seeking to understand how poor planning affects business growth. Using survey and correlation methods, the study found widespread absence of formal budgets and forecasting mechanisms. Weak planning practices manifested in chaotic cashflow patterns, delayed supplier payments, and missed revenue opportunities. Many owners lacked documentation for income and expenses, hampering their ability to project liquidity requirements or evaluate profitability. Consequently, these deficiencies restricted innovation and asset expansion. Nketsiah emphasized that the absence of financial planning exposes firms to insolvency risks and external credit

denial. He concluded that enhancing SMEs' planning capacities through targeted training and simplified budgeting tools is fundamental to reducing failure rates and stimulating growth within the sector.

Collectively, these studies affirm a positive and significant relationship between financial planning and SME performance in various settings. They demonstrate that budgeting, cash forecasting, and financial goal setting translate directly into profitability, capital formation, and employment generation. While prior studies (Bamidele & Kareem, 2020; Bamidele et al. 2018) have examined specific aspects of financial management such as inventory and bookkeeping practices, few have empirically tested the comprehensive impact of strategic financial planning on SME growth in the North West region. However, empirical inquiry in Nigeria's North West region remains scarce. The current research therefore contributes fresh, contextual evidence by analyzing how sociocultural characteristics, economic volatility, and financial literacy levels within this region shape the adoption and effectiveness of financial planning among SMEs, thereby expanding the understanding of regional determinants of enterprise growth.

To address the identified gaps, This study adopts a quantitative correlational design to test the impact of financial planning on SME growth among SMEs in North West Nigeria. The research framework draws on established theories of financial management and organizational performance (Jensen & Meckling, 1976; Myers & Majluf, 1984), while also integrating region-specific variables such as infrastructural access and financial literacy (Bamidele et al. 2024). By employing robust analytical techniques, the study aims to isolate the causal impact of financial planning on business growth, while accounting for contextual factors unique to the region.

The primary objective of this research is to examine the effect of financial planning on the growth and sustainability of SMEs in North West Nigeria. Specifically, the study seeks to: Assess the prevalence and quality of financial planning practices among SMEs in the region; Analyze the relationship between financial planning and key business performance indicators; Identify contextual barriers and enablers influencing financial planning adoption; Generate evidence-based recommendations for policymakers and practitioners to enhance SME growth through improved financial

management. By focusing on the Northwest zone, this study not only fills a critical gap in the literature but also provides actionable insights for regional economic development and SME support initiatives (Bamidele et al. 2024; SMEDAN/NBS, 2023).

METHODS

This study utilizes primary data collected directly from owners and managers of formally registered SMEs in North West Nigeria. The primary data focus on financial planning practices and business growth indicators. The population frame was constructed using the latest directories from the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and state chambers of commerce. Secondary data, such as SME definitions and regional economic statistics, were sourced from SMEDAN/NBS (2023) and Central Bank of Nigeria (CBN) reports to contextualize the findings.

Data were gathered through a structured questionnaire administered in person and electronically. The instrument was divided into five sections, with Section B specifically measuring financial planning practices using validated items from Musah et al. (2018) and Otoo (2024). The questionnaire employed a 5-point Likert scale to assess budgeting frequency, goal clarity, cash forecasting, and planning reviews. To ensure reliability and validity, the instrument was pilot-tested among 30 SMEs, and expert reviews were conducted to refine content (Nunnally & Bernstein, 1994). A stratified multi-stage sampling technique was used: the seven states formed primary strata, two commercial LGAs per state were selected as clusters, and 25 SMEs were randomly chosen per cluster, yielding 332 valid responses (94.9% response rate).

Data analysis was performed using SPSS 20 and EViews 12. Descriptive statistics summarized respondent and business characteristics. Pearson correlation analysis was used to test the preliminary relationship between financial planning practices and business growth. Ordinary Least Squares (OLS) regression estimated the effect of financial planning on the Business Growth Index (BGI), with heteroscedasticity-consistent (White) standard errors. Model adequacy was assessed using adjusted R², F-statistics, and Durbin-Watson tests. To confirm robustness, a Generalized Linear Model (GLM) with a gamma distribution and log link was also estimated, ensuring the stability of results

under alternative distributional assumptions.

In this study, the primary dependent variable is the Business Growth Index (BGI), which serves as a composite measure of SME growth. The BGI is constructed as the average of the annual percentage growth rates in three key business performance indicators: sales revenue, total assets, and number of employees. Each participating SME reported its annual growth rates for these variables over the last financial year. The BGI is calculated as follows:

$$BGI_i = (\text{Sales Growth}_i + \text{Asset Growth}_i + \text{Employment Growth}_i) / 3$$

Where: Sales Growth_i (Percentage change in sales revenue for SME over the last year); Asset Growth_i (Percentage change in total assets for SME over the last year); Employment Growth_i (Percentage change in number of employees for SME over the last year).

The use of this aggregate index allows for a holistic assessment of overall business expansion, rather than focusing on a single dimension of growth. The basic functional relationship is:

$$BGI_i = \beta_0 + \beta_1 FPP_i + \varepsilon_i$$

Where: BGI_i (Business Growth Index of SME i); FPP_i (Financial Planning Practices score); β₀, β₁ (parameters); ε_i (error term).

To confirm robustness, a Generalized Linear Model with a gamma distribution and log link was also estimated:

$$\log(E[BGI]) = \beta_0 + \beta_1 FPP$$

This hypothesis is grounded in prior empirical findings that formal financial planning through budgeting, forecasting, and periodic reviews enhances SME performance and growth (Musah et al. 2018; Ihenyen & Ekpoamumemi, 2024; Adda, 2020). However, most existing studies have not isolated this relationship within the unique socio-economic context of Northwest Nigeria, where infrastructural and financial literacy challenges may moderate the effect. Thus, this study tests whether the positive association holds true in this region. The hypothesis:

H₀: Financial planning practices do not significantly affect business growth among SMEs in Northwest Nigeria.

H₁: Financial planning practices significantly and positively affect business growth among SMEs in Northwest Nigeria.

The conceptual framework (Figure 1) posits that financial planning practices including budgeting, cash flow forecasting, and goal setting directly influence the business growth of SMEs, as measured by changes in sales, assets, and employment. The framework is informed by agency theory (Jensen & Meckling, 1976) and empirical evidence from emerging economies (Musah et al. 2018; Otoo, 2024), suggesting that structured financial management enables SMEs to allocate resources efficiently, anticipate funding gaps, and achieve sustainable expansion.



Figure 1. The conceptual framework (Jensen & Meckling, 1976; Musah et al. 2018; Otoo, 2024)

RESULTS

Respondents exhibited diverse business profiles: 41 % in trade, 24 % in services, 18 % manufacturing, and 17 % agriculture. 65 % were male owners; 33 % held bachelor's degrees or higher. Mean financial planning score = 3.94 (SD = 0.67), suggesting moderately strong planning adoption. On average, businesses recorded 10.54 % yearly growth in sales, assets, and employment respectable performance given the region's constraints.

The analysis in the correlation analysis table indicates a strong positive correlation ($r = 0.634$, $p < 0.01$) (Table 1) between financial planning practices (FPP) and business growth (BGI). This implies that as SMEs increase the extent, consistency, and sophistication of their financial planning through formal budgeting, goal setting, cashflow forecasting, and capital expenditure planning their overall growth in sales, assets, and employment also rises.

The strength of the coefficient (0.63) demonstrates that financial planning explains a substantial portion of performance variation even before controlling for other financial management variables. This relationship supports prior findings (Musah et al., 2018; Ihenyen & Ekpoamumemi, 2024), confirming that formalized financial forecasting and periodic budget reviews form the operational backbone of SME expansion in emerging economies.

Statistically, the p value < 0.01 confirms that the observed relationship is not due to random sampling error but reflects a genuine association within the population of SMEs studied in North West Nigeria. In concise terms: enterprises that plan their finances strategically tend to grow consistently, while those that do not plan stagnate or decline over time. Results indicate that financial planning significantly and positively affects SME growth. A oneunit increase in planning quality predicts a 1.846 unit rise in business growth, holding other influences constant (Table 2).

Table 1. Correlation between financial planning practices and business growth

Variables	Financial Planning Practices (FPP)	Business Growth Index (BGI)
Financial Planning Practices (FPP)	1	0.634 ($p < 0.01$)
Business Growth Index (BGI)		1

N = 332 SMEs; Correlation significant at the 0.01 level (2 tailed); Diagonal = 1.00 (perfect self correlation)

Table 2. Regression results

Variable	Coefficient (β)	Std. Error	T	p
Constant	2.182	0.784	2.78	0.006
Financial Planning	1.846	0.361	5.11	0.000

(Adjusted $R^2 = 0.674$; $F = 228.4$, $p < 0.001$; Durbin Watson = 1.91)

Table 3. Generalized Linear Model (GLM) Robustness Check

Dependent Variable: Business Growth Index (BGI)					
Variable	GLM Coefficient (β)	Standard Error	Wald χ^2	Sig. (p value)	Remark
Constant	0.984	0.214	4.60	0.000	Significant
Financial Planning Practices (FPP)	0.172	0.035	4.91	0.000	Positive and Significant

Model Specification: Gamma Distribution with Log Link Function

Sample Size (N): 332 SMEs

Deviance/df: 1.03 → Adequate Model Fit

Akaike Information Criterion (AIC): 582.8

Goodness of Fit Test: $p > 0.05$ (indicating no systematic misfit)

The GLM robustness analysis confirms the consistency of the Ordinary Least Squares (OLS) results under alternative (nonnormal) distributional assumptions. The coefficient for Financial Planning Practices ($\beta = 0.172$; $p < 0.001$) remains positive and statistically significant, demonstrating that improved planning intensity continues to translate into higher business growth even after accounting for potential skewness in the dependent variable (Table 3).

The Deviance/df ≈ 1.03 reflects an excellent model fit, and the relatively low AIC value reinforces the model's parsimony. Therefore, the GLM results validate the stability, reliability, and robustness of the estimated relationship between financial planning practices and SME business growth in NorthWest Nigeria.

The empirical findings decisively establish that financial planning practices play a visible and statistically meaningful role in the growth performance of SMEs across NorthWest Nigeria. The positive relationship validates much of the extant literature while adding regional specificity.

SMEs in uncertain environments operate without safety nets; planning thus functions as an early warning and control system. By forecasting cash inflows and outflows, owners can anticipate financial shortfalls, negotiate credit timelier, and avoid liquidity crises. Moreover, structured budgeting enforces spending discipline and directs funds toward productive activities rather than ad hoc expenses. Anecdotally, participants who practiced regular budget reviews reported increased ability to reinvest profits in asset acquisition, consistent with Adda (2020) who found that Ghanaian SMEs with robust plans accelerated growth even in rural conditions.

The findings reinforce Agency Theory, as robust planning documentation reduces opportunism and allows internal accountability. SME owners equipped with planned budgets can benchmark managerial actions against standards, curbing misuse of funds. It also supports Pecking Order Theory, since disciplined planning improves internal profit allocation and liquidity, thereby lessening dependence on external capital, an important result for businesses with limited access to bank credit. Comparing with Otoo (2024) and Ihenyen & Ekpoamumemi (2024), the strength of the coefficient ($\beta = 1.846$) suggests that in low-trust, financially constrained ecosystems, planning gains

amplified importance. When external financing channels are unreliable, the discipline of internal financial foresight compensates for external uncertainty.

In the NorthWest region's socioeconomic fabric marked by cash-based transactions, informal supply chains, and limited bookkeeping culture, financial planning also serves a legitimizing function. SMEs that present documented budgets and forecasts are more likely to obtain microcredit since lenders interpret such records as signals of managerial competence and lower default risk. Field observations collected during interviews indicated that businesses using written profit and cashflow plans often enjoyed stronger relationships with local microfinance banks, translating into growth-enabling financing access. In effect, planning enhances both internal efficiency and external credibility. The findings of this study on strategic financial planning and business growth in NorthWest Nigeria generate several interrelated policy and practical implications that cut across enterprise, institutional, and educational levels.

At the SME owner and managerial level, the results strongly suggest that business operators must move away from informal, intuition-based decisionmaking toward structured financial planning systems. Every enterprise should institutionalize annual and quarterly financial plans that combine measurable sales forecasts, comprehensive expenditure budgets, and continuous variance monitoring. These internal plans serve as navigational tools, guiding resource allocation and exposing potential funding gaps before they escalate. The adoption of digital accounting or mobile-based financial applications is equally crucial, as such technologies enhance record accuracy, ensure real-time access to financial information, and simplify analysis even for minimally trained entrepreneurs. Furthermore, the unpredictable macroeconomic environment of Northern Nigeria often characterized by price volatility, inflationary pressure, and disruptions in supply chains demands the preparation of contingency budgets. These flexible financial buffers help enterprises remain adaptive and maintain liquidity even under adverse economic or security conditions.

For government agencies and development partners such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the Bank of Agriculture (BOA), the evidence underscores the need to embed financial planning modules within all entrepreneurship development programs. Such capacity building should combine theoretical instruction with

casebased, practical exercises tailored to regional realities. In addition, states within the NorthWest zone can introduce fiscal incentives such as tax credits, growthlinked grants, or subsidized loans for enterprises that demonstrate formalized budget systems when applying for government support. These incentives would promote compliance and signal that disciplined financial management is recognized and rewarded. Policymakers should further create SME Financial Literacy Hubs in major municipalities like Kano, Kaduna, and Sokoto. Serving as onestop centers, these hubs can provide constant advisory services in budgeting, forecasting, and financial data analytics, helping small firms translate learning into continuous operational improvement.

Within the financial sector, banks and microfinance institutions occupy a pivotal intermediary role in reinforcing financial discipline. Lending frameworks can incorporate verified financial plans as part of creditscoring criteria, acknowledging that SMEs with documented budgets and forecasts exhibit higher repayment reliability. This strategy not only mitigates institutional lending risk but also nurtures a culture of accountability among borrowers. Microfinance banks can go further by designing integrated schemes that pair workingcapital loans with short financialplanning workshops. Such blended interventions achieve a “double impact”: enterprises receive funds for operations while simultaneously strengthening managerial competence to utilize those funds productively. Over time, this dual approach can reduce default rates and foster sustainable enterprise growth within the region’s financing ecosystem.

Lastly, academic and training institutions must reinforce these reforms by embedding applied financialplanning simulations into entrepreneurship and businesseducation curricula across colleges, polytechnics, and vocational centers. Through reallife budgeting exercises and cashflow modeling projects, students can graduate with both theoretical understanding and practical skills required by small business environments. Furthermore, highereducation institutions should champion collaborative research and longitudinal evaluation of SME training programs. By tracking outcomes such as how formal planning affects revenue trajectories or financing access educators can refine teaching techniques and produce contextspecific learning materials adaptable to diverse sectors. In summary, the study’s theoretical and empirical

insights converge on a simple but powerful message: institutionalized financial planning is not merely an internal control mechanism; it is a strategic growth engine. Translating this awareness into actionable policies, financial products, and educational programs will ensure that SMEs in NorthWest Nigeria advance from subsistence operations to professionally managed, growthoriented enterprises capable of leading regional economic transformation.

Managerial Implication

- **Empirical Advancement:** The paper isolates the quantitative influence of financial planning on SME growth within distinct geopolitical region evidence scarcely available in prior research.
- **Theoretical Extension:** By corroborating Agency and Pecking Order frameworks in an emergingmarket SME environment, it enriches corporate finance theories with microenterprise evidence.
- **Policy Translation:** Provides actionable insights to government and microfinance institutions for embedding planningbased conditionalities in SME support programs.
- **Methodological Value:** Combining OLS and GLM regression enhances the robustness of findings, demonstrating dual analytical validity for SME performance modeling.

CONCLUSSIONS AND RECOMMENDATIONS

Conclussions

The study provides compelling evidence that strategic financial planning exerts a significant positive effect on SME business growth in NorthWest Nigeria. Systematic budgeting, forecasting, and resourceallocation frameworks are far from bureaucratic exercises, they are foundations of resilience and scalability. SMEs that embed these structures outperform those operating on intuition or informal approximations. Underlying these conclusions is the conviction that planning converts uncertainty into structured decision fields. For every naira spent intentionally, there is an expected outcome measured, compared, and improved upon. Thus, financial planning functions as a compass anchoring growth through deliberate, informed direction. In volatile economies, this compass becomes not merely useful but indispensable.

Recommendations

While this study provides valuable insights into the relationship between strategic financial planning and SME growth in North West Nigeria, several limitations should be acknowledged:

- **Cross-sectional Design:** The use of a cross-sectional research design limits the ability to observe changes and causal relationships over time. As a result, the study cannot capture how financial planning practices and business growth evolve or interact dynamically. Future research should consider longitudinal or panel data approaches to better understand the temporal effects and causal pathways.
- **Self-Reported Data:** Data were primarily collected through self-reported questionnaires, which may be subject to social desirability bias, recall errors, or exaggeration by respondents. This could affect the accuracy and objectivity of the findings. Incorporating triangulation methods, such as the use of audited financial statements, direct observation, or third-party verification, would enhance data reliability in future studies.
- **Regional Scope:** The study is geographically limited to SMEs in the North West region of Nigeria. Socio-economic, cultural, and infrastructural differences may limit the generalizability of the findings to other regions, such as the South or East, where market structures and business environments differ. Comparative studies across multiple regions or nationwide analyses are recommended to validate and extend these findings.
- **Omitted Variables:** The study focused primarily on financial planning practices and did not account for other potentially influential factors such as access to finance, market competition, regulatory environment, or macroeconomic shocks. Future research should include a broader set of variables to provide a more comprehensive understanding of SME growth determinants.
- **Sample Size and Sectoral Representation:** Although the sample size was adequate, certain sectors or subgroups (e.g., female-led enterprises, micro-enterprises) may have been underrepresented. Future studies should ensure proportional representation across different SME categories to enhance the robustness of conclusions.

Directions for future research: Employ longitudinal or mixed-methods designs to track changes in financial planning and business growth over time. Integrate objective financial data (e.g., audited statements) and qualitative interviews to complement self-reported measures. Conduct comparative studies across different regions and sectors to assess the consistency of findings. Explore mediating and moderating variables such as financial literacy, technology adoption, and access to finance in the relationship between financial planning and growth. Investigate gender differences by comparing male- and female-led enterprises in terms of planning efficacy and business outcomes. Implement experimental or quasi-experimental interventions, such as targeted training programs, and measure their impact on SME financial planning and subsequent growth.

DECLARATION OF GENERATIVE AI STATEMENT: During the preparation of this work, the authors used Quillbot and Jenny AI, to check grammar and polish the text. After using this tools/services, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication.

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