CHAPTER FIVE: Conclusion and Recommendation

5.1 Major Findings

Specifically, this study has managed to derive into 4 major findings, namely;

a) The generalized four assumptions relating to the formal business planning practices. As what transpired in chapter four, the four assumptions are invalid and do not contingent to the existence of any formal business planning. The existence of any form of formal business planning are not determined by the type of firms, the level of firm's gearing ratio, the firm's market orientation and the firm's top management education level.

b) Local entrepreneurs believe that a formal business plan formulation is an added advantage for them to develop their business in term of seeking funding assistance, implementing business ideas into actual business practices as well as developing business strategy.

c) The most important factors should be incorporated in a formal business plan are description of business/product, the business competitive analysis, the firm's workforce capacity, the firm's business associates, the firm's operating budget, the firm's consumer behavior, the firm's financial management, the firm's top management quality, the firm's anticipated project killers and the firm's business location.

d) There exist tenuous relationship between business planning and firm's performance. Market planning seem to be the most highly correlated to the financial performance of a firm.
5.2 Implication

To recapitulate, it is prevalent to note that, the study has managed to identify the factors, which are perceived to be of importance in a formal business plan. It also revealed that there are tenuous relationships between business planning and business performance. Planning is no doubt a critically one of the important factors in business activity. This study mildly supports for a relationship between planning and performance. Both the correlational analysis and linear regression analysis indicate only limited support for a planning. However, although the study's findings are modest, they do indicate positive perceptions on a formal business planning.

However, the study revealed that, apart from business planning, there exist another factor that deemed to be of important in firm performance. The factor is "know-who" skill or relationships between the firm and highly connected individual. The validity of this observation requires further research and warrants an objective study.

If the results were to be scrutinized closely, one may find that, formal business plan is positively regarded as a tool for implementing business ideas and undertaking business strategy among the respondents. Then, why would they seem to be adamant about formal business planning roles in the firm performance. Probably this is due to the fact that, in our local business context, there exist a myriad of externalities and environments that appeared to be more important than business planning, such as political situation, biased business practices, monopolies among the bigger players and the like. What more important for them, is persons behind the business, the individual characteristic and human factors. This observation also needs further clarification.
5.3 Conclusions

Furtherance to the above observations, the study's result of tenuous relationship between business planning and firm performance is predictable, and conformed to the previous studies done by several renowned academicians. Several western academic studies explained that the formal business planning is more toward financing purposes and a process of revealing the firm's core competencies.

Another insight provided by these results is that, existence of formal business plan in a firm is not dependent on the firm's loan ratio to equity, top management education level as well as the firm's sales orientation. There exists obscure characteristics of business players that really conduct a formal business plan as their tool in strategic management planning.

Considering how important the business plan is to the process of entrepreneurship, and the perceived value towards the firm performance, further research into this important topic is clearly warranted. Learning more about types of business players and types of planning that can best contribute to entrepreneurial success is a fruitful area for future research.