

**IMPLEMENTING BUSINESS PLAN AS AN ENTREPRENEURIAL PRACTICE FOR
IMPROVING PUBLIC SECTOR PERFORMANCE IN LAGOS STATE**

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ABSTRACT

The approach of the public sector to entrepreneurship lacks the drive with which private establishments pursue entrepreneurship. The public sector is characterized by weak performance reflected in inefficient services in spite of adoption of entrepreneurship in certain quarters. This study investigated the potential of business plan to improve performance in the public sector. A major objective of the study was to determine the extent to which business plan can improve the performance and productivity of public sector entrepreneurship. The study was restricted to three ministries in the Lagos State public service. Data was obtained by field administration of research questionnaire. The study adopted purposive and judgmental sampling techniques to incorporate respondents from the selected ministries. Analysis was done using Partial Least Square Structural Equation Modelling with the beta value of the relationships, t-statistic and adjusted r square. Results of the tested hypotheses revealed that is significant correlation between business plan and public sector productivity. As part of observations, corrupt practices and bureaucratic bottlenecks largely constrain entrepreneurial initiatives and performance objectives in the public sector. In conclusion, entrepreneurship cannot improve the performance of the public sector as presently structured, but application of business plan with commitment could improve public sector entrepreneurial performance. It was recommended that, most sector would perform better by adopting entrepreneurial practices including strategic review of environmental/market scenarios.

KEY WORDS: Entrepreneurship, Performance, Business, Plan, Public sector

1. INTRODUCTION

The public sector is entirely under the administration of the government at the federal, state and local levels. Nigeria's public sector is the business side of government when viewed in the light of the social services that government offers citizens (Dokun, 2017). Even though government controls both administration and management of resources, and determines the cost of social services, it still charges certain fees for social services demanded and consumed by members of the public (Agades, 2019). Most public organizations provide essential services which if left solely in the hands of private organizations could lead to exploitation of the populace.

The government provides social services without the profit motive. Prior to the present dispensation, the priority of government was the provision of social/essential services to promote standard of living and national productivity (Alabi, David & Aderinto, 2019). Consequently, most of the social services were subsidized. But for the private sector profit motive and sustainability are key considerations. In the light of dwindling resources at the disposal of the various governments, and considering the outcry against poor performance and corruption in the public sector, public policy analysts have argued for viable options to improve both performance and productivity of the public sector (Drowson, 2019).

Introduction and application of entrepreneurship into the public sector could transfer the methodology of doing things. Indeed, the principles embedded in entrepreneurship as applied in the private sector are further driven by preparation of, and adherence to business plan. Government's consideration of improving resource generation by means of commercialization of its services can bear results when the concept of public sector entrepreneurship is put into practice (Gasparin, 2019). Government business is bureaucratic and largely policy-driven, but entrepreneurs rely on business plan which is the product of environmental scanning, feasibility study and strategic insight.

An organization that prepares a robust business plan and is guided by it, although with review when the need arises, can derive competitive advantage. However, the business plan must demonstrate the organization's understanding of the market and its requirements. Government's provision of social services is not guided by any articulate document that specifies objectives and is guided by any market survey (Olsen, 2019). The bureaucratic structure of government and rigid reliance on policies that appear to be out of tune with the environment make government business vulnerable to losses. Given the current volatility of the business environment and impact of technology on business across the globe, government's running of social services or any other essential business cannot keep afloat sustainably with competition except new strategies are adopted (Alabi et al., 2019).

The government is specifically responsible for the establishment of ministries, agencies, commissions and corporations that are structured to carry out its policies and governance objectives. Traditionally, the government has no profit objective in dispensing social services. As a result, it does not fix or charge fees with the objective of earning profits. Given also that it generates revenue from other sources to pay and maintain its workforce, and has constitutional control over all natural resources, its employees tend to take government for granted that in the payment of welfare packages. There seems to be no accountability from employees on the use of resources unlike what obtains in the private sector. Employees in the public sector seem to lack entrepreneurial discipline and business focus because such orientation is not given. They are usually unconscious of market competition because government commands monopoly of most

essential services, and can choose to dictate the terms of entry into any legitimate business. There is apparently no rigid adherence to performance and productivity metrics against any corporate target that can be pursued with a sense of discipline.

Moreover, government agencies and ministries in Nigeria have had over the years and decades to rely on subventions and yearly budget for operations. It is evident that corrupt practices and other unethical engagements have equally had negative impact on the performance of public establishments. These appear to be short-comings that have crippled productivity, performance and growth of the public sector. In the light of dwindling resources from government, public policy analysts have suggested the introduction of measures to improve performance such as the use of business plan. The study was designed to: i) Assess the extent to which business plan can improve the performance of public sector entrepreneurship; ii) Determine how entrepreneurship can improve the performance of the public sector; and iii) Determine the correlation between business plan and public sector productivity.

2. LITERATURE REVIEW

The level of ineptitude, laxity and low productivity exhibited in the public sector has attracted research attention in certain quarters. Such weak performance prompts demand for measures of improvement in public entrepreneurship and introduction of business plan.

Theoretical Framework

Agency and transaction theories suffice as they are applicable to organizations in which socio-economic goals are in focus. Evidently, they address the interests of stakeholders within and outside the organization. Some scholars, however, see both theories as variants from the economic perspective.

The agency theory is well-established in corporate governance and all aspects of management studies (Robertson, 2018). Agency theory is among the management accountability theories that suggest the role of employees in tasks assigned based on competence and objectives. Indeed, human resource management activities equally find expression in the application of the agency theory. The theory is used to explain situations in which a principal (business owner or business owner's representative) assigns tasks to employees (agents) (Agades, 2019). Such tasks involve planning and fitting the man to the task.

The implication of agency theory is that careful consideration must be given to qualification and capability of the employee as he assumes the role of an agent on behalf of the owner of work, and to carry out tasks in pursuit of organizational objectives. The agency theory is applicable to manpower planning as it helps to reduce the conflict of interest between the principal and the agents when responsibilities are delegated (Bells, 2019). Manpower planning clarifies attributes, responsibilities and determines the appropriateness of the human factor. For these tasks, the manpower planner acts as an agent of other agents (employees). In the same vein, controlling behaviours and employee relations are clearly clarified and defined to avoid conflicts. By means of agency theory, roles of both the agents (employees) and the principal (managers, representing the business owner(s)) are equally clearly highlighted.

The theory introduces an element of division of labour, standardization and professionalism. This is because jobs are assigned to people who are best qualified and experienced to handle them. The principal or representative of the principal may not be able to handle all jobs at the same time. This

evidently informs the rationale for delegation to agents. Such delegation saves time, cost and improves both productivity and performance in the long-run. However, the agency theory specifies monitoring of work, procedures and performance appraisal to ensure that the principal's value expectation is followed without compromise.

The theory has implications for both individual employee and the organization. The gives insight into a strong benefit for the organization because it is tied to goals, participation in work and the demand for good employee attitude (Drowson, 2019). The limitation for employees is that they are under close monitoring and cannot be at liberty to display any inimical attitude. At it may seem, the strength of the theory lies in its link of employee goals to organizational goals. By this link, employees (agents) become risk-bearers and are compelled to behave and act in the interest of the organization. The agency theory indirectly promotes and strengthens manpower planning and corporate performance. The agent must either perform or produce result or his position is determined by disengagement and replacement with a more promising alternative.

Employees are agents of both the owners of business and managers. But in its application, managers are responsible for designing work roles and engaging employees who fit properly into such roles (Fowler, 2015). It is by means of manpower planning that managers recruit the right employees as agents engaged to pursue corporate objectives. There is consequently a corporate alignment between the agency theory, manpower planning and pursuit of corporate objectives. The theory as extended to human resources management assumes that employees are under contractual obligation to assist organization cum principal business owners or shareholders attain corporate goals for which they are paid as agreed. As agents, they are bound by agreement to operate within set boundaries. The corollary of the agency theory is the transaction cost theory (Christen, 2018).

Transaction cost theory emanated from the fields of economics and organizational theory. The theory is credited to the works of Donald Coarse, Williamson Oliver and Cyert, R. M. (Rindfleisch, 2019). It posits that an organization comprises individuals with differing views and objectives. Each individual seems to seek an opportunity and a platform to realize personal objectives. Once within the organization, and in the process of working for the realization of organizational objectives, each individual pursues his personal goals, aspirations and objectives. If there is no clear control, monitoring and appraisal system, organizational objectives may be compromised. In essence, how well an organization is structured determines its control over transactions.

The core of transaction theory is rationality. It canvasses the conception of rationality for every decision, action and policy. Proponents and executors of the theory are deemed as economic agents whose philosophy gives attention to rational profit maximization as the basic objective of business. Transactions are viewed in terms of exchange, opportunities and benefits available to organizational members. Transactions also clearly define the rationale for the allocation of human, material and financial resources as well as what factor takes priority over others. While critiques argue that transaction cost theory is economic in orientation, organization theorists have found in it some realistic human behavior.

Conceptual Review

A business without a plan is doomed to fail because it apparently shows that the venture has neither direction nor mission nor vision (Alabi et al., 2019). A business plan is the outcome of a rigorous analysis of the business environment, collecting data, making forecast and quantitative measures. Primarily, a business plan gives in detail descriptions of an existing business or one that is about to

commence, its products, services, structure, market, marketing strategies and financial statement (Anyim, Mba & Ekwoaba, 2012). Every firm operates in a risky environment. Therefore, it should be able to make analysis of the risks and uncertainties and how it intends to navigate these challenges. In the main, responsibility for the feasibility study, survey of the environment and preparation of a detailed business plan lies with the owners of business or professional managers hired for the purpose of managing the business.

A business plan is conceived as a blue print that shows the preparedness of any firm or investor to compete in the volatile business environment (Agwu & Emeti, 2014). With a business plan, there are expectations of continuity, profitability, growth and expansion. The business plan creates a sense of urgency and demands proactive action in response to market changes, consumer/client needs, government policies and global impact among others. Business plans generally show what a firm is set to do, its methodology or approach and industry of focus (Christen, 2018). It specifically seeks to identify factors that are considered critical to the success of a firm. In essence, the focus of any good business plan is how the firm can be strategically positioned and equipped to compete favourably in the business environment.

Business plans characteristically address the cutting-edge approach that can enhance a firm's capability to penetrate the market and capture sustainably a reasonable proportion of the market. Business plans outline the goals of business organizations with a statement of the rationale for actions. However, such plans evidently reveal direction or pathway to realize these goals. Every firm has a background profile and a mission which the business plan needs to state in clear terms. One of the documents that can motivate external investors to invest in a firm is the business plan which shows purpose, direction, corporate governance and firm's capability to chart through a constantly changing and sometimes an unpredictable economic environment.

Empirical Review

Individual studies, empirical observations and meta-analyses on the potential of the phenomena of business plans and business planning indicate diverse findings (Brinckmann, Grichnik & Kapsa, 2010). In their study, Rulka and Evanda (2020) from a robust econometric approach found a strong correlation between business planning and corporate performance, suggesting that adherence to the contents of business plan could result in the attainment of goals and objectives. Nonetheless necessary changes in the business plan could be influenced by internal and external factors. Largely, the firm's ability to interpret changes and make modifications in line with market demands is critical. These findings further suggest that responses to business plans by service and product industries are diverse, and need not be stereotyped. (Gasparin, 2019). Findings from empirical studies indicate that different methods of business planning yield different performance outcomes with implications for business. Caveat has been expressed from quantitative business planning research to alert investors and managers over non-adherence to business plans.

3. METHODOLOGY

The study adopted a survey design combined with quantitative approach. The study was restricted to three ministries namely, housing, health and water resources in the Lagos State Public Service. The total population of civil service commission in Lagos state is estimated at about 100,433 (PM News 2017, May 16) with various ministries whose population were not specified. In order to incorporate subjects into the study, the researcher adopted purposive, judgmental and random sampling techniques. These techniques were found adaptable to reach members of staff of the selected ministries. In the first instance, these ministries were selected because of people's demand

for their services. They provide basic needs for the populace. Rationally, a sample size of 65 respondents per ministry was deemed manageable by the researcher, giving a total of 195 respondents. However, estimated adjustment was made by increasing the sample size to 200 thereby increasing health ministry to 70 in view of the numbers of government hospitals spread across Lagos state and workforce personnel. A research instrument developed to elicit data from respondents is questionnaire. Primary data were obtained and subjected to collation and analysis. Partial Least Square Structural Equation Modelling (PLS-SEM) was used to analyze data on SmartPls3. The research hypotheses were tested, using the structural model. Each test of hypothesis revealed the beta value of the relationships, t-statistic and adjusted r square.

4. RESULTS

Table 1 presented the results of the structural model with the beta value of the relationships, t-statistic and adjusted r square.

Hypothesis 1

Construct	Beta Value	t-statistic	Adjusted R Square	Decision
H ₁	0.00	0.00	0.00	Accept
H ₂	0.00	0.00	0.00	Accept
H ₃	0.00	0.00	0.00	Accept

H₁: Entrepreneurship cannot improve the performance of the public sector

$$*** p < 0.01, ** p < 0.05$$

Source: Partial Least Squares Model (PLS).
From Table 1, it is seen that Entrepreneurship has no significant relationship with performance of public sector. Therefore, H₀₁ that states that Entrepreneurship has no significant relationship with performance of public sector is accepted. Business plan has a significant relationship with performance of public sector. Therefore, H₀₂ that states that Business plan has no significant relationship with performance of public sector is rejected.

Hypothesis 2

H₂: Business plan cannot improve the performance of public sector entrepreneurship.

Table 2: Effect Size for Direct Relationships

Construct	f ²	Effect Size
ENTRE ->PP	0.00	None
BP->PP	0.31	Medium

Effect sizes of the exogenous variables on the endogenous variables were assessed through f². According to Cohen 1988, the f² values of 0.02, 0.15, and 0.35, indicate small, medium, and large effects respectively.

Hypothesis 3

H₃: There is no correlation between business plan and public sector productivity.

Table 3: Predictive Relevance of Exogenous Variables

Construct	SSO	SSE	Q ² = 1-SSE/SSO
Performance	1146.000000	739.442978	0.354762

Note: SSO represents Sum of squared of observed omitted values; SSE represents Sum of Squared Error
Source: Partial Least Squares Model (PLS).
Table 3 presents the result of cross-validated redundancy of the model. Q² is greater than zero which shows the predictive relevance of the path model. The model has medium degree of predictive relevance on firm performance (Cohen, 1988).

Hypothesis 3

H₃: There is no correlation between business plan and public sector productivity.

Table 4: Path Coefficient

Hypotheses	Beta Value	Standard Error	T Stat	P Value	Decision
H ₀₃ : BP ->Prod	0.30	0.04	11.5	0.00	Rejected

From Table 4.4, it is seen that Business Plan has a significant relationship with the Productivity of Public Sector. Therefore, H₀₃ that states that Business Plan has no significant relationship with Productivity is rejected.

Table 5: Effect Size for Direct Relationships

Construct	f ²	Effect Size
BP->Prod	0.33	Medium

Effect sizes of the exogenous variables on the endogenous variables were assessed through f². According to Cohen 1988, the f² values of 0.02, 0.15, and 0.35, indicate small, medium, and large effects respectively.

Table 6: Predictive Relevance of Exogenous Variables

Construct	SSO	SSE	$Q^2 = 1 - SSE/SSO$
Productivity	1332.000000	847.344335	0.42

Note: SSO represents Sum of squared of observed omitted values; SSE represents Sum of Squared Error

Discussion of Findings

Public sector establishments are not generally known to adopt entrepreneurial practices. Bureaucratic structure and adherence to policy regimes constrain the use of initiatives for advancement and attainment of goals. Results of the test of hypotheses have implications for the performance of government-run establishments. In the first instance, test of hypothesis showed that entrepreneurship cannot improve the performance of the public sector. Justification for the result may be found in the degree of bureaucracy associated with the administration of the public (Dokun, 2017). In the same vein, politicization of the public sector is an associate factor. This study, by the parameters engaged, not without limitations, shows that entrepreneurship in the public sector cannot improve performance. The result should be held as sacrosanct considering the contribution of entrepreneurship to economic growth across other economies (Todaro & Smith, 2011; Olsen, 2020). New studies would be required in the public sector to confirm or refute the existing result. Although this study was restricted to selected agencies, and considering the methodology and type of data used, the result may not be validly generalized.

However, the result gives insight into the need for application of entrepreneurial initiatives in public sector management and relationship with members of the public who are the clients/customers. Analysis and test of hypothesis confirmed that business plan can improve the performance of public sector entrepreneurship. Theoretical and conceptual literature has established the potential of business plan to improve the practice of entrepreneurship in the public sector, provided the principles of entrepreneurship and strongly followed (Brinckmann, *et al.*, 2010; Olsen, 2020). That there is correlation between business plan and public sector productivity only confirms both theoretical assertion of the potential of business plan to motivate both productivity and performance irrespective of sector (Alabi *et al.*, 2019).

5. CONCLUSION

In the light of the investigation and analysis, some findings were revealed. The public sector is highly bureaucratic and rigid adherence to bureaucracy is a stumbling block to initiatives for improvement in performance. Adherence to policies and fear of sanction tend to forestall personal motivation for creativity, innovation and performance inspiration. The public sector does not apply contingency approach to work performance. Members of the workforce rely strictly on laid down directives without consideration for exceptional cases.

Corrupt practices, ineptitude and non-challant attitudes among employees across the hierarchy tend to hinder productivity. The study found that entrepreneurship cannot improve the performance of the public sector. There is also a strong correlation between business plan and productivity of the sector. Application of business plan and adherence to its contents have proved to be successful, and studies have shown this evidence (Dokun, 2017). In spite of attempts to imbibe the principles of

entrepreneurship in the public sector, performance of the sector is still below stakeholders' expectation. Poor performance is attributed to non-commitment to the principles, policies and standards that drive entrepreneurship to generate good performance. Evidence of politicization and bureaucratic bottlenecks among other factors tend to limit entrepreneurship in the public sector. Consequently, entrepreneurship cannot improve the performance of the public sector as it is presently structured and handled.

6. RECOMMENDATIONS

The following recommendation can be inferred from the study:

- With adherence to business plan, performance of the sector could be improved. This evidently will require a new sense of business orientation. Indeed, correlation exists between business plan and public sector entrepreneurship. There are therefore prospects for improvement in public sector entrepreneurship performance with a change in attitude and methodology of service.
- As is done in most private sector organizations, the contingency approach should be adopted to address situational problems. This will however require policy changes to empower employees in the public sector to respond to situational issues, guided by new rules.
- Performance measurement is also strongly recommended. The present system of performance appraisal is laden with subjectivity, nepotism and politics. A new system of performance measurement should be tied to attainment of objectives.
- There should be regular forum for administrators of public sector establishments to meet members of the public for interaction and review of intents. Such line of communication will help key officials to review policies and address performance issues. However, prompt treatment/response to such complaints is critical for the image of public offices and loyalty of members of the public who are not only stakeholders, but equally constitute the market for public sector establishments.
- The present dispensation dictates the adoption of entrepreneurship initiative and policy review for entrepreneurship activation in the public sector. With liberalization of trade, globalization and the disruption of ways of doing business by technological intervention, service delivery is no longer by traditional methodology. In the light of current economic realities public sector establishment should learn proactive approaches to doing business from the private organisation and adapt same in their practices..
- Engagement of business consultants and researchers on professional contract basis to drive service delivery and performance initiatives has become sacrosanct. Such a transaction is imperative to reposition public enterprises and the entire public service.
- Replication of this study is suggested in most parastatal as it will provide the platform for comparison of results and findings.

Lastly, as the engine room of the national economy, the performance of the public sector has to be significantly improved. Indeed, every measure suggested should be applied strategically to improve performance.

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