

# Product Planning and Development on the output of Small scale and Medium Enterprises in Uganda case study Northern Division Kabale municipality

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**Abstract:** *The purpose of study was to establish Product Planning and Development on the output of small scale and medium enterprises in Northern division Kabale Municipality. The research study was guided by the following research objectives which; to identify the problems experienced by the small and medium enterprises in planning and development of new products in a competitive and depressed economy like ours, to establish the possible solutions for effective planning and development of new products in a competitive environment and to examine the relationship between product planning and development and output of Small scale Enterprise. The study deployed both qualitative and quantitative designs. The methods used in the collection of data included Questionnaires, focused group discussions and interviews. The findings revealed that there is a high level of relationship between product planning and development and the output levels of Small and Medium enterprises in Northern Division Kabale Municipality. Product planning and development are very important for the increase in the level of output since it helps in enhancing increased sales volume and thereby leading to more revenue. Therefore all the owners and operators of small and medium scale enterprises should conduct research and innovation so as to be able to come up with new products that are in line with the needs of their consumers so as to be able to retain and maintain them. This can be realized by conducting marketing research and intelligence by moving in the field to establish the needs and the changes in the preferences of the consumers.*

**Keywords:** Product Planning, Product Development, Output, and Small scale and Medium Enterprises

## 1.0 Background to the Study

According Lawal (2000), expresses that failure to plan is planning to fail. There is nothing on earth that does not need appropriate planning. If such thing determined goal must be achieved, appropriate planning is one of the most important aspects of a product life cycle. As it is important for somebody who intends to build a house, to draw a plan of the house it is also very important to conduct planning in order for any organization to achieve its goals and objectives and to also remain sustainable in the market. It is quite very important for an organization intending to develop a product to make a necessary and adequate planning for such product so as to be able to compete favorably in the market.

Bayati & Taghavi, (2007), mentioned that a strong Small and Medium Enterprises (SMEs) sector contributes highly to the country's economy, contributing to the Gross Domestic Product (GDP) by reducing the level of Unemployment, reduction in poverty levels and promotion of entrepreneurship activity. The role of Small and Medium Enterprises in the development of the country is significant Small and Medium Enterprises in Uganda and across the globe still encounter many challenges, despite their importance and significance of Small and Medium Enterprises and their contribution to economic growth which hinder business growth. It is obvious that hurdles in the business success are far more than it was previously. The environments, as well as some factors, are very complex and dynamic. Small and Medium Enterprises have the ability to make a meaningful reduction in the high level of unemployment and contribute to the Gross Domestic Product of the local economy in Uganda.

The research study considered the two variables such as product planning and development and output of small and medium scale enterprises in Northern Division Kabale Municipality.

Northern Division is found in Kabale Municipality Kabale District. It has four wards including Upper Bugongi, Lower Bugongi, Kijuguta and Rutoma Wards. From the observations conducted it is noted that all small and medium scale enterprises should conduct product planning and development with the aim of increasing output and overall performance of organizations. Inadequate planning and development hinder the levels of out of organizations which limit their overall development.

## 2.0 LITERATURE REVIEW

### 2.1 Need for New Product planning and development.

Every organization whether profit oriented or not exist for the society in which it operates. Garba (2000) asserts that the purpose of an organization is to provide benefit and or value to the society. In essence, the continued relevance of any organization lies in its

ability to develop in line with the needs and changes of the society. This is in agreement with the view of Drucker (1975) that product policy is the core of a company's approach to the market place and a determining factor in its overall business strategy while Levitt (1975) opines that since the market place determines whether companies live or die all corporate decisions must be based upon the needs in the market. Therefore, the ever changing consumer needs and the quest by organizations to accommodate and satisfy these needs, demands for development of new product.

Storely (1997), emphasizes that in response to these environmental changes organizations must initiate changes, innovations and renewed emphasis in customer orientation to improve their viability. Reaffirming similar view

Lear (1963), says that any organization lacking in product planning and development as still operating on the basis of product orientation which he described as a hangover from an earlier economy, and as being a "management by convenience" that ignore the fundamental principle that Businesses exist to serve customers efficiently with maximum accommodation. Also, it could be deduced that companies not involved in product planning and development still depend on Chance occurrence to succeed, which unfortunately no longer holds in today's business environment. Hence, Akadiri, (1999) advised that as long as you live you keep learning how to live.

Drucker (1979), in his own contribution said that if the business entrepreneur succeeds it is not by chance it is because the business grew from not only meeting the needs of the future but shaped the future as well. In addition, Levitt (1975) submits that to continue growing companies must ascertain and act on their customers' needs and desires not banking in the prescriptive longevity of their products.

International labor organization (1984) in Nigeria oil and gas directory 1992 first edition suggest that a new type of material may lead to new product ideas. For example, the properties of synthetic fibers such as nylon, made it technically possible to produce drip-dry shirts, seamless stockings and a variety of other products which did not exist thirty years ago.

Grazia (1975), commented on how this has led manufacturers to seek constantly to be innovators and to introduce new products while Ogiluy offered what he called a practical advice which is "Always try to inject news into your headline, because the consumer is always on the lookout for new products or new ways to use and not old product".

## 2.2 Strategies that can be applied in new Product development.

### Application Engineering;

Gaba (2000) says that basing on product modification there is need to produce goods that fit the needs of particular consumers in a mature market. This strategy implies; Substantial product design and engineering resources but no research and little real development, Ready access to product users within customer companies, Technically perceptive salesmen and sales engineers who link closely with product designer, Good product line control to prevent costly proliferation, Considerable cost consciousness in deciding what application to develop, An Efficient oriented manufacturing organization, A flair for minimizing development and manufacturing cost by using the same parts or elements in many different applications. This strategy avoids innovative efforts in the interest of economy, planning is precise, assignments are clear and new technology is introduced cautiously well behind the economy of state of the art and management is product oriented.

**Diversification;** This strategy requires diversifying into new markets and needs consideration of four important factors which Corey stated in question form for managers to ask. Does the market have high growth potential?, Is the market currently dominated by large and powerful competitors or is it still possible to claim a large market share so as to enjoy large return on investment than competitors with low market share. In the words of Corey, having large market share enable a company enjoy low unit cost position, support large Research and development effort and exercise some price leadership, Is the market easy or difficult for competitors to enter?, How high is the value added by manufacturers and vice-versa. According to him, low value low value added tends to make the product market opportunity less attractive and vice versa.

**Product Line Proliferation;** This strategy he says may be in response to any of the following. An extension of a product line to provide a range of sizes; models or specification each designed for some particular market segments and use as a competitive weapon to fight for market share, Growth in product line, in larger and large unit, as technology permits and market needs of growth. This is often used to achieve overall market leadership, preserving a dominant market share and increased profits, defense of market position against competitors as a result may suffer a sharp drop in market share or add products to match competitive offerings and suffer a lost in Profits.

### Innovation Strategy.

In the words of Levitt, (1975) this strategy occurs only when something is entirely new, having never been done before. It is research and development undertaken to create what might be referred to as breakthrough newness.

Innovative Imitation: This strategy occurs when other competitors in the same industry subsequently copy the innovator even though it is something new for them. According to Levitt, (1975) this strategy is nothing more than simple design and development. This

strategy is adopted by companies where they are self-consciously aware, that the possibilities of innovation within their companies are in some important ways limited.

Levitt (1975) has variously termed this strategy “The watchful waiting business strategy” and “The used apple policy” .According to him, a company consciously and carefully adopts this practice of never pioneering a new product. It says in effect, you don’t have to get the first bite on the apple to make out. The second or third juicy bite is good enough. Just be careful not to get the tenth skimpy bite. That is, if the innovators product is rotten apple, the imitator lost nothing, if it is healthy, he is prepared to move quickly and get an early and profitable price of it.

### 2.3 Relationship between product planning development and output of Small Scale Enterprises

Wheelwright et al (1992) argues that product planning helps to create competitive advantage in several ways. Some of them include the following;

They hold the views that an entrepreneur needs to plan effectively its product policies so as to be able to offer the best services to its clients and at the same time add value to the product being offered for sale. That the worth of a company depends largely on the kind of services it gives out to its customers and as such proper planning and implementation of product going out to the company enhance self-services to customers.

There is the need or desire to gain consumer’s affluences. A consumer expresses their loyalty by purchasing product of a particular company. This type of affluence being demonstrated by consumers is an example of market acceptability of a product which can only be achieved through improved planning and development. Good product planning and development policy enhances the company image in today competitive and dynamic market place. For an organization to gain wider acceptance in the market and for it’s products to get the largest market share, the producer need to plan and implement an effective product planning strategies aimed at positioning the companies developmental programs toward a successful market acceptance.

Product planning and development enhance addition to a company’s product line.

Furthermore, product planning and development are two essential tools with which organization empowers itself to get the largest share in a particular market The producer with the largest share makes the largest sales and ultimately gets the biggest profit in return.

Yoram (1982) also point out the need to venture into a new area of business interest coupled with the need to engage in other line of production as an alternative way to show the financial responsibility of a producer. He said that this could be attained through product planning and subsequently developing a new product. The present economic situation of the market requires a diversionary approach to marketing as a result of this dynamism. Procedures are expected to regularly diversify production in order to be able to keep up to the challenges.

## 3.0 RESEARCH METHODOLOGY

### 3.1 Research Design

The research Study used a descriptive research design which specified the methods and procedures for acquiring the required and needed data.

### 3.2 Location of study

This study was carried out Kabale Municipality Northern division.

### 3.3 Population of the study

The population of the study was 80 respondents from Northern Division Kabale Municipality involved in Small and Medium Scale enterprises.

### 3.4. Sample Size

Category	Population	Sample	Sampling Technique
Owners of SMES	70	35	Simple random Sampling
Employees of SMES	100	56	Simple Random Sampling
Customers	180	120	Simple Random Sampling
Total	350	201	

Source; Field (2022)

### 3.5 Method of Data Collection

Data was collected using observation and questionnaires methods.

### 3.6 Data Processing and Analysis

Data obtained was analyzed by simple categorization such as frequency distribution table and simple percentage. *The data was sorted, edited and coded and presented in written form and also analyzed using SPSS V 17.0.*

## 4.0 Presentation, Analysis and Interpretation of findings

### 4.1 Age of the respondents

**Table 4.1 Showing age of respondents**

	Frequency	Percentage
Valid 14-23	17	8.5
24-33	35	17.4
34-43	113	56.2
44-53	29	14.4
Above 53	7	3.5
<b>Total</b>	<b>201</b>	<b>100.0</b>

*Source: Primary data, (2022)*

From the table above it is noted that majority of the respondents were in the age bracket of 34 – 43 as shown by 56.2%, 14 – 23 represented by 8.5%, 24 – 33 stipulated by 17.4%, 44 – 53 asserted by 14.4% and 53 years and above as expressed by 3.5%

### 4.2 Sex of the respondents

**Table 4.2 Sex of the respondent**

Description	Frequency	Percent
Male	109	54.2
Female	92	45.8
<b>Total</b>	<b>201</b>	<b>100.0</b>

*Source: Primary Data, 2022*

As stipulated above, it is observed that 54.2% of the respondents were Males and Females were 45.8%.

### 4.3 Marital status of the respondents

**Table 4.3 Marital status of the respondents**

Description	Frequency	Percentage
Valid Single	70	34.8
Married	121	60.2
Others	10	5.0
<b>Total</b>	<b>201</b>	<b>100.0</b>

*Source: Primary Data, 2022*

From the illustration above it is noted that 60.2 % of the respondents were married, 34.8% were single and 5.0 % were among the others.

### 4.4 Education level of the respondents

**Table 4.4 Education level of the respondents**

Description	Frequency	Percentage
Non-formal	23	11.4
Primary	45	22.4
Secondary	48	23.9
Diploma	28	13.9
Degree	54	26.9
Others	3	1.5
<b>Total</b>	<b>201</b>	<b>100.0</b>

Source: Primary Data, 202

As seen above it is noted that 11.4% of the respondents had no formal education, 22.4% were primary holders, 23.9% were secondary level leavers, 13.9% were Diploma holders, 26.9% were Degree holders and 1.5% were in the others category.

#### 4.5 Occupation of the respondents

Table 4.5 Occupation of the respondents Table showing occupation of respondents

Description	Frequency	Percentage
Transport	24	11.9
Hair dressing (Saloon)	12	6.0
Welding, metal work and fabrication	21	10.4
Mechanic and wood work	7	3.5
Business (Shops, selling in markets)	130	64.7
Grain milling and bakery	7	3.5
<b>Total</b>	<b>201</b>	<b>100.0</b>

Source: Primary Data, 2020

As observed above, it is seen that 11.9% of the respondents were engaged in transport, 6.0% were involved in Hair Dressing, 10.4% were in welding, metal work and fabrication, 64.7% participated in Business (Shops, and selling in the markets) and 3.5% were involved in Grain milling and bakery.

#### 4.6 Need for product planning and development

Table 4.6 The need for product planning and development

Need	Frequency	Percentage
Profit Maximization	46	23
Environmental change management	54	27
Meeting the needs of the consumers	35	17
Assists in product orientation	32	16
Encourage innovation	34	17
<b>Total</b>	<b>201</b>	<b>100</b>

Source: Primary Data, 2022

From the table above it is noted that 23% of the respondents exemplified that product planning and development helps in profit maximization, 27% asserted that it assists in environmental change management, 17% came up with helps in meeting the needs of the consumers, 16% noted that it aids product orientation and 17% stated that it helps in encourage innovation.

#### 4.7 Strategies used product planning and development

4.7 Table showing the strategies used in product planning and development

Strategy	Frequency	Percentage
Application engineering	40	20
Diversification	55	27
Product line proliferation	45	22
Innovation strategy	61	30
Total	201	100

Source: Primary Data, 2022

The table shows that a number of strategies may be used in product planning and development. It is noted that 20% of the respondents stipulated that application engineering may be used, 27% expressed that Diversification strategy can also be adopted, 22% put forward that Product line proliferation is very core in as far as promoting product planning and development is concerned and 30% stated that the innovation strategy can also be incorporated in enhancing the exercise of product planning and development.

#### 4.8 The relationship between product planning and development and output of SMEs

Table 4.8 shows the *relationship between product planning and development and output of SMEs*

Description	Frequency	Percent
New product is produced and sold in the market	49	24
Product that has been developed for one geographical market	48	24
Employment excluding rural small agriculture and pastoralists activities	50	25
Packaging enhances production of new products	54	27
<b>Total</b>	<b>201</b>	<b>100.0</b>

Source: Primary Data, 2022

As stated above, it is seen that Product Planning and development is core in as far as the level of output is concerned. This is because it helps in coming up with new product as shown by 24% of the respondents, 24% came up with product development for one geographical area, 25% stated that it helps in creation of employment opportunities and 27% stipulated that it helps in promoting packaging which leads to production of new products.

### 5.0 Conclusion & Recommendations

#### 5.1 Conclusion

There is a significant and big relationship between product planning and development and the levels of output of small and medium scale enterprises in Northern Division Kabale Municipality. Product planning and development is very necessary for the levels of output of Small and Medium Scale enterprises as it helps in addressing issues concerning with quality and quantity levels of production in many businesses.

The owners of small and medium scale enterprises have problems relating to planning and development of their products which has greatly affected the levels of output and also their growth. Therefore Small and medium scale enterprises are advised to make sure that they conduct research and innovation strategies in order to be able to produce products and render services that are demand driven. This will help in increasing Sales volume, customer satisfaction and retention and also achieve high levels of profitability. This is because product planning and development is very important in as far as profit maximization is concerned due to an increase in the levels of sales volume and high levels of output.

#### 5.2 Recommendations

The research study recommended that: there is need to widen market to reduce competition, reduce or control interest rate, encourage and promote saving culture among the people with the aim of starting up income generating activities, put in place favorable policies and regulations to promote the private sector.

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