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### EXECUTIVE SUMMARY

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# Small Business Planning is Sticky but neither a Universal Practice nor a Guaranteed Path to Success.

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### **ABSTRACT**

Business planning is widely promoted as a hallmark of good management and a prerequisite for small firm success. However, prior research offers mixed evidence on its effectiveness, and some studies suggest that planning may be more symbolic than functional. While planning has been linked to venture survival and growth, other work highlights the persistence of non-planning behaviour and the existence of successful firms that operate without formal plans. This study adopts a behavioural and contingency-based approach to examine planning persistence, its relationship with productivity, and the characteristics of successful non-planners.

Using longitudinal panel data on small firms, we analyse planning behaviour over time, productivity (measured by turnover per employee), and firm attributes, including age, size, exporting, and technology use. Methods include latent class analysis, fixed and random effects regressions, and treatment effects modelling to estimate causal impacts.

We find that planning is sticky: firms that plan tend to continue planning, while non-planners rarely adopt planning. Planning is not consistently associated with higher productivity, and in some cases, non-planners outperform planners. Notably, a distinct group of older, export-orientated, highly productive firms emerges that do not engage in formal planning. However, treatment effects models suggest that planning may confer productivity benefits when adopted, particularly for micro and small firms.

These findings challenge the assumption that planning is universally beneficial and highlight the need for more nuanced, inclusive models of small business strategy. By identifying successful non-planners and disentangling planning's behavioral and performance effects, this study contributes to theory and policy by showing that planning is neither a universal practice nor a guaranteed path to success.