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Documented Business Processes and Employee Performance and Organizational Efficiency Among MSMEs in Federal Capital Territory, Nigeria

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Abstract: This study investigates the critical role of well-documented business processes in enhancing employee performance and organizational efficiency among Micro, Small, and Medium Enterprises (MSMEs) operating within the Federal Capital Territory (FCT), Nigeria. Despite constituting over 90% of businesses and contributing nearly half of the national GDP, MSMEs in this region are characterized by pervasive informality, relying heavily on tacit knowledge and ad-hoc practices. This reliance leads to significant operational challenges, including role ambiguity, inconsistent service delivery, high training costs, and managerial bottlenecks, which collectively constrain growth and sustainability. Drawing on a comprehensive review of literature and empirical insights, this paper argues that systematic process documentation—encompassing Standard Operating Procedures (SOPs), workflow diagrams, and formal policies—serves as a foundational mechanism for standardizing operations, clarifying roles, and facilitating knowledge transfer. The analysis demonstrates that documented processes directly improve employee performance by reducing ambiguity and errors, while simultaneously boosting organizational efficiency through streamlined workflows, reduced training time, and enhanced scalability. The study also identifies key barriers to adoption, such as limited knowledge, time constraints, and resistance to change. Based on these findings, the paper concludes with actionable, evidence-based recommendations for MSMEs, including the development of SOPs, adoption of digital documentation tools, and investment in employee training. It further calls for supportive interventions from government agencies like the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to promote business process management (BPM) practices. This research contributes to the discourse on MSME development by highlighting process formalization as a vital strategy for achieving operational excellence and competitive advantage in a dynamic urban economy like the FCT.

Keywords: operational inefficiency, role ambiguity, knowledge management, business process management (BPM), SME productivity

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) remain the backbone of Nigeria's socioeconomic development, contributing significantly to employment generation, innovation, and poverty reduction. According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), MSMEs account for over 90% of businesses in the country and contribute nearly 50% of the national GDP (SMEDAN, 2021). Within the Federal Capital Territory (FCT), MSMEs operate across diverse sectors—including retail, ICT, hospitality, agriculture, and services—playing a critical role in supporting both local economic activities and the wider national economy.

Despite their importance, many MSMEs in the FCT struggle with issues related to organizational structure, standardization, and productivity. One major underlying challenge is the absence of well-documented business processes, which creates inconsistencies in operations, reduces employee effectiveness, and limits scalability. Business process documentation refers to the systematic recording of an organization's workflows, procedures, responsibilities, and standards to ensure consistent execution (Harmon, 2019). Properly documented processes help employees understand their roles, reduce operational errors, and support organizational decision-making. Given the dynamic nature of the FCT's business environment—characterized by intense competition, urban consumer expectations, digitization, and regulatory requirements—the need for documented processes has become even more relevant. Yet, many MSMEs still operate informally, relying on tacit knowledge, verbal instructions, and owner-driven decisionmaking. This paper examines the impact of documented business processes on employee performance and organizational efficiency within MSMEs in the FCT. Through the integration of relevant literature, empirical insights, and practical case studies, the study aims to provide evidence-based recommendations that MSMEs can adopt to improve productivity, growth, and sustainability.

Micro, Small, and Medium Enterprises (MSMEs) form the cornerstone of Nigeria's socioeconomic advancement, serving as pivotal agents for job creation, grassroots innovation, and poverty alleviation. Their importance is underscored by data from the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), which reports that MSMEs account for more than 90% of all businesses nationwide and contribute nearly half of the country's Gross Domestic Product (GDP) (SMEDAN, 2021). The significance of MSMEs is especially pronounced within the Federal Capital Territory (FCT), where they operate across a broad spectrum of sectors—including retail, information and communications technology (ICT), hospitality, agriculture, creative industries, and various service areas. This diversity not only sustains the local economy but also reinforces the resilience and dynamism of Nigeria's national economic framework.

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Despite their critical role, a majority of MSMEs in the FCT contend with persistent challenges related to organizational structure, operational standardization, and workforce productivity. Chief among these issues is the widespread absence of comprehensive and accessible business process documentation. Without formalized guidelines, many enterprises fall back on informal management styles, where knowledge is passed verbally or through hands-on demonstration. This informality results in operational inconsistencies, hinders employee performance, and creates barriers to scaling up operations. The lack of documented processes also means that as businesses grow or bring in new staff, knowledge transfer becomes inefficient and error-prone, increasing the risk of mistakes and reducing overall organizational effectiveness.

Business process documentation is the deliberate and systematic capture of an organization's workflows, procedures, roles, responsibilities, and performance standards. Its primary purpose is to ensure that tasks are carried out consistently and efficiently, regardless of who is executing them (Harmon, 2019). With clearly documented processes, employees have a reference point that guides their daily activities, clarifies expectations, and minimizes ambiguity. This, in turn, reduces operational errors, fosters accountability, and supports data-driven decision-making at all levels of the organization. The need for robust process documentation is further amplified by the unique characteristics of the FCT's business landscape. As the administrative and political hub of Nigeria, the FCT is marked by intense competition, a sophisticated urban consumer base with high expectations, rapid digital transformation, and evolving regulatory frameworks. These dynamics demand operational excellence, adaptability, and compliance, all of which are difficult to achieve without standardized operational protocols. For MSMEs, operating in such an environment without adequate documentation can lead to missed opportunities, diminished customer trust, and an inability to meet regulatory standards.

Nevertheless, many MSMEs in the FCT continue to operate informally, dependent on the tacit knowledge of business owners and senior staff, unwritten norms, and ad-hoc decision-making processes. This reliance on informal structures makes it challenging to sustain growth, maintain consistent service quality, and build resilient organizations capable of navigating external shocks or internal transitions. It also places a significant burden on owners and managers, who must be constantly available to provide guidance and resolve ambiguities. This paper, therefore, undertakes a comprehensive examination of how well-documented business processes influence employee performance and organizational efficiency within MSMEs in the FCT. By drawing on an extensive review of academic literature, empirical research findings, and real-world case studies from both local and international contexts, the study seeks to illuminate the tangible benefits of process documentation. Furthermore, it aims to present practical, evidence-based strategies that MSMEs can implement to drive productivity improvements, foster sustainable growth, and secure long-term business viability in the increasingly competitive and regulated market environment of the FCT.

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Business Process Documentation

Business process documentation is the structured recording of procedures, workflows, instructions, and roles that define how work is done within an organization (Harmon, 2019). This form of documentation typically encompasses a variety of formats, including Standard Operating Procedures (SOPs), operational manuals, step-by-step checklists, visual flowcharts, and formal policies. These documents serve as a reference point for employees, ensuring that tasks are performed consistently, efficiently, and in alignment with organizational objectives. According to Davenport (2018), business process documentation plays a crucial role in ensuring consistency across operations, minimizing the likelihood of human error, and providing a framework for ongoing improvement and innovation. By outlining clear procedures and expectations, organizations can foster a culture of accountability and transparency, making it easier to identify bottlenecks and areas for enhancement.

Furthermore, Silva and Fernández (2020) argue that documentation is a foundational element of business process management (BPM). Effective documentation not only supports the standardization of tasks but also facilitates process analysis, optimization, and automation. It enables organizations to adapt to change by providing a baseline for training new employees, monitoring compliance, and integrating new technologies or practices. Ultimately, comprehensive process documentation is essential for both small and large enterprises seeking to achieve sustainable growth, maintain quality standards, and respond proactively to market dynamics.

MSMEs and Organizational Performance

MSMEs face challenges related to informality, inadequate management structures, and limited use of technology (Abdulrazaq & Bello, 2021). These issues often result in a lack of standardized procedures, making it difficult for employees to understand their roles and responsibilities within the organization. Without formalized systems, tasks may be completed inconsistently, leading to errors and inefficiencies. Additionally, the absence of robust management frameworks can hinder effective supervision, performance evaluation, and the implementation of best practices. Employee performance in MSMEs often depends on organizational clarity, training, and standardization. When business processes are clearly documented, employees are provided with explicit guidelines and expectations, which helps to eliminate ambiguity in task execution. This clarity not only facilitates smoother onboarding and training for new staff but also empowers existing employees to work more confidently and efficiently. Research shows that employees perform better when expectations and processes are clearly defined (Kim & Park, 2018). The presence of documented procedures supports accountability, enables performance monitoring, and encourages continuous improvement. As a result, MSMEs that invest in documenting their business processes are better positioned to enhance employee productivity, reduce operational risks, and achieve greater organizational effectiveness.

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Challenges of Undocumented Operational Practices

A substantial proportion of MSMEs within the Federal Capital Territory lack foundational documentation such as standard operating procedures (SOPs), workflow diagrams, employee handbooks, and structured administrative guidelines. Instead, these businesses often rely on informal channels of communication, spontaneous decision-making, and routines that are passed on verbally or through demonstration, rather than written records.

This reliance on undocumented operational practices manifests in several critical challenges:

Role Ambiguity: Role ambiguity arises when employees lack a clear understanding of what is expected of them in their positions. In MSMEs without documented processes, this problem is particularly acute. Employees may be unsure about the boundaries of their responsibilities, leading to overlapping duties or gaps in essential tasks. For instance, two staff members might unknowingly work on the same assignment, while another important task is neglected because no one realizes it is their responsibility. This confusion not only results in wasted effort but also heightens the risk of errors and omissions. The absence of written job descriptions, performance standards, and workflow guidelines means that employees often have to rely on verbal instructions, which can be inconsistent and subject to change. This lack of structure makes it difficult for workers to prioritize their activities effectively, contributing to inefficiencies and frustration. Over time, persistent role ambiguity can erode morale, as employees feel unsupported and uncertain about their contribution to the organization. The resulting decline in productivity affects both individual performance and the overall ability of the MSME to reach its strategic goals, as highlighted by Olaoye & Adeyemi (2020).

Inconsistent Service Delivery: In MSMEs, the absence of standardized operating procedures leads to significant variability in how products and services are delivered. Each employee may interpret instructions differently, relying on personal judgment or previous experience rather than following established protocols. This means that customers may receive varying levels of quality depending on who serves them, which undermines the consistency and reliability of the business offering. Such inconsistency can have serious implications. Customers who experience fluctuating service standards may lose trust in the business and seek alternatives, damaging the MSME's reputation and weakening its competitive position. For businesses aiming to scale up or onboard new staff, the lack of documented processes makes it nearly impossible to guarantee a uniform customer experience. New employees, in particular, may struggle to adapt, further exacerbating service inconsistencies as the organization grows.

High Training Costs: Training new employees is a costly and time-consuming endeavor for MSMEs that lack written guidelines and reference materials. In such environments, business owners and experienced staff must repeatedly demonstrate tasks and explain procedures to each new hire. This hands-on approach not only slows down the onboarding process but also places a heavy burden on

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those responsible for training, diverting their attention from other important business activities. The absence of structured training resources means that knowledge is often concentrated in a few individuals, creating a vulnerability if these key staff members are unavailable or leave the organization. Operational disruptions can occur, and the organization may struggle to maintain continuity and quality in its services. Furthermore, the repetitive nature of informal training increases costs, as time and resources are continually spent on activities that could be streamlined with proper documentation. Over time, these inefficiencies limit the MSME's capacity to grow and adapt in a competitive market.

Operational Bottlenecks: When decision-making is heavily centralized around the business owner, it creates a significant bottleneck that can stifle the flow of daily operations. Employees are compelled to seek approval for even routine tasks, leading to delays and interruptions in service delivery. This centralized approach not only slows down the pace at which work is accomplished but also diminishes employees' sense of autonomy and initiative, as they become overly reliant on the owner for guidance and approval. The result is a reactive, rather than proactive, work environment where opportunities for efficiency and innovation are frequently missed. Moreover, such a structure restricts the scalability of the business. As the organization grows, the volume and complexity of decisions increase, making it impractical for a single individual to manage all aspects effectively. The inability to delegate authority or empower staff through documented processes means that expansion efforts are hampered by operational delays and managerial overload. In the long run, this can lead to burnout for the owner and disengagement among employees, threatening the sustainability and competitiveness of the enterprise.

Poor Employee Performance: In the absence of documented guidance, employees often struggle to understand their roles, expected standards, and the procedures they must follow. This uncertainty can result in lower productivity as staff spend excessive time seeking clarification or performing tasks incorrectly. Without written protocols, employees are more prone to errors and inconsistencies, as their actions are based on personal judgment or fragmented instructions received verbally. The lack of clear expectations and accountability mechanisms further exacerbates the situation, making it difficult to monitor performance or implement corrective measures. Additionally, poor documentation undermines professional development and motivation. Employees who lack access to structured training materials and reference documents may feel unsupported in their roles, leading to decreased job satisfaction and engagement. This environment discourages initiative and continuous improvement, as staff are hesitant to take on new responsibilities or suggest process enhancements. Over time, the organization may experience high turnover rates, increased recruitment and training costs, and a decline in overall workforce capability.

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Limited Organizational Efficiency: Inefficiencies become pervasive in organizations that do not document their operational processes. Stock mismanagement may occur due to unclear inventory procedures, resulting in either overstocking or frequent shortages that disrupt sales and customer satisfaction. Cash handling errors are also common, as there are no standardized methods for recording transactions or reconciling accounts, increasing the risk of financial discrepancies and potential losses. Service delivery can be delayed when staff are unsure of the correct steps or sequence of activities, causing frustration for both employees and customers. Recurring operational mistakes further erode organizational efficiency, as the same errors are repeated due to the absence of lessons learned or process improvements documented for future reference. These inefficiencies not only waste valuable resources but also hinder the business's ability to respond swiftly to market changes or customer demands. As a result, MSMEs operating without proper documentation find it difficult to optimize their workflows, control costs, and achieve sustainable growth in the competitive environment of the FCT. The cumulative effect of these issues is a business environment where efficiency is compromised, growth is constrained, and the full potential of MSMEs within the FCT remains unrealized. Addressing these problems through systematic business process documentation is crucial for building resilient, adaptive, and high-performing enterprises.

CONCLUSION AND RECOMMENDATIONS

The study provides compelling evidence that the documentation of business processes is a pivotal factor in driving notable improvements in employee performance and overall organizational efficiency within MSMEs operating in the Federal Capital Territory (FCT). By systematically recording workflows, procedures, and responsibilities, organizations create a clear framework that enables employees to understand their roles with greater precision, thereby reducing ambiguity and the likelihood of errors. The case studies referenced in the research illustrate measurable gains in productivity, as staff members are able to execute tasks more accurately and swiftly. This clarity translates into enhanced communication among team members and departments, as standardized guidelines foster smoother collaboration and reduce miscommunication.

Customer satisfaction also sees a marked uptick when processes are well-documented, as employees can deliver services more consistently and address client needs promptly. Additionally, the onboarding and training of new employees become more efficient, as documented procedures provide a reliable reference point, minimizing the time and resources required for orientation. These positive outcomes reinforce the critical role that structured documentation plays in supporting MSMEs' growth and competitiveness.

However, the study acknowledges that MSMEs in the FCT encounter significant barriers that hinder the widespread adoption of documentation practices. Limited knowledge about how to initiate and maintain effective documentation, coupled with time constraints and resistance from employees who may perceive the process as additional work, presents ongoing challenges. The absence of templates or accessible tools further complicates efforts, and the cost of hiring external consultants can be prohibitive for smaller enterprises. Despite these obstacles, the research underscores the necessity for

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MSMEs to prioritize the development and maintenance of documented business processes, as the long-term benefits far outweigh the initial difficulties. Addressing these challenges will require targeted interventions, such as training programs, accessible documentation tools, and fostering a culture that values continuous improvement and process optimization.

Documented business processes serve as the backbone of organizational operations, particularly for MSMEs striving to achieve consistent growth and competitiveness. By clearly outlining workflows, responsibilities, and procedures, MSMEs can minimize ambiguity in daily operations, which directly leads to increased accuracy and faster task execution. Employees benefit from having a reliable reference point that not only clarifies their roles but also reduces stress associated with uncertainty, allowing them to focus on delivering results rather than seeking clarification or correcting errors caused by unclear instructions.

Moreover, the adoption of documented processes facilitates smoother communication and collaboration within and across teams. Standardized guidelines ensure that everyone is on the same page, reducing the likelihood of miscommunication and mistakes. This structured approach is especially valuable during onboarding and training, enabling new staff to quickly familiarize themselves with their responsibilities and integrate seamlessly into the organization. As a result, MSMEs experience measurable improvements in productivity, customer satisfaction, and overall operational efficiency.

Despite these substantial benefits, MSMEs in the FCT encounter several barriers to effective documentation. Limited knowledge on how to create and maintain documentation, time constraints, and resistance from staff who may perceive documentation as an added burden can hinder progress. The lack of accessible templates and tools, along with the financial implications of hiring external consultants, further complicates these efforts. Overcoming these challenges requires targeted interventions, such as investing in training programs that build documentation skills, providing easy-to-use tools and templates, and fostering a culture that values continuous improvement and process optimization.

In summary, while the advantages of documented business processes for MSMEs are evident, realizing these benefits demands a strategic approach to address existing challenges. By prioritizing structured documentation and supporting employees through education and resources, MSMEs can enhance their internal efficiency, improve service delivery, and position themselves for long-term success in a competitive market.

From the forgoing, the following are recommended for implementation in MSMEs: Develop Standard Operating Procedures (SOPs) for all critical tasks. Adopt digital tools such as Google Docs, Notion, Trello, or ERP systems. Conduct periodic training to familiarize employees with documented processes. Use simple, adaptable templates to begin documentation. Encourage a culture of continuous

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improvement and process review. Government and SMEDAN support programs should offer training on BPM for MSMEs.

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