Chapter 2: Strategic Planning and Its Impact on the Performance of an Organisation: A Review

The chapter will focus on the review of relevant literature relating to strategic planning and its effect on the performance of an organisation citing related studies. Jankowicz (2000) contends that "knowledge does not exist in a vacuum, and your work only has value in relation to other people's. Your work and your findings will be significant only to the extent that they are the same as, or different from, other people's work and findings". Macmillan and Schumacher (1992) note that literature review "serves to illuminate and discuss both the strength and limitation of the knowledge of the problem" In this instance the impact of strategic planning on the performance of SMEs, the literature on the subject will be reviewed to examine the different to schools of thought and the theoretical frameworks.

Strategic planning is a specific function in the strategic management process and it is critical to know the architecture of strategic management process to zero-in on strategic planning and its relationship with performance. There are several theories on strategic management and for the purposes of the study; the researcher will focus on the theories which touch on the variables of interest relating to strategic planning and performance as proposed in the conceptual framework.

Developed in the 1980s by Tom Peters, Robert Waterman and Julien Philips, the model is one of the most popular strategic planning tools. The 7S model theory shows how the elements of the company: Structure, Strategy, Skills, Staff, Style, Systems and Shared values can be aligned together to achieve effectiveness in an organisation. The 7S model is hinged on the importance of strategic planning giving emphasis on critical issues such as the Structure, Strategy and Shared values. As noted by Jurevicius (2013), "the key point in the model is that all the seven areas are interconnected and a change in one area requires a change in the rest of a firm for it to function effectively" the diagram below shows the representations of the connection in the McKinsey model and the shape of the model determines the interconnectedness of the elements.

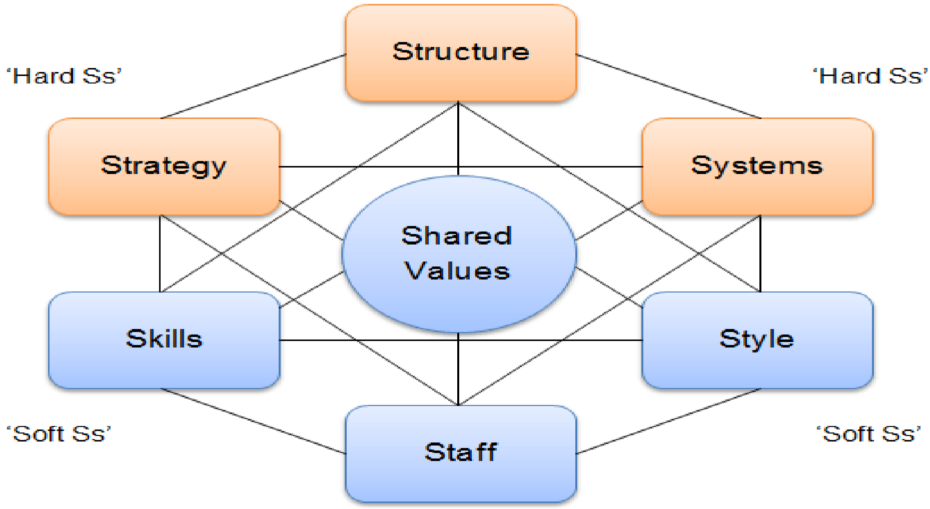

Figure 2.1: McKinsey 7 "S" Model (Jurevicius, 2013)

Jurevicius (2013) observed many different uses of the framework which may include; the facilitation of organisational change, helping implement new strategy, identifying how each area may change in the future and the facilitation of the merger of organisation. In the model, strategy refers to the plan developed by a firm to achieve sustained competitive advantage and successfully compete in the market. Jurevicius (2013) argues that strategy in the context of the model must be clearly articulated, be long-term in nature and must be in apposition to help the firm to achieve a competitive advantage and should be backed up by a strong vision, mission and values. Kaplan (2005), determines that structure is the way in which tasks and people are specialized, divided and how authority is distributed by grouping and coordinating activities through setting up of reporting relationships. Organisational structures, according to Duggan (2017), can inhibit or promote performance, depending on how effectively the supervisory relationships and workflow influence productivity. These define departmental structure and the reporting hierarchy as reported by Speklé and Verbeeten (2014). Performance is a combination of goal-setting activities and periodic reviews by managers in the reporting hierarchy (Duggan, 2017). Organisational performance or effectiveness as a variable dependent on structure has been envisioned and measured in various ways. The "structural" qualities of an organisation are its physical characteristics, such as size, span of control, and flat/tall hierarchy (Julian, 2014). In contrast, "structuring" refers to policies and activities occurring within the organisation that prescribe or restrict the behaviour of organisation members (Speklé &Verbeeten, 2014).

Systems in an organisation are important to the extent that they provide a passage for all activities carried out in an organisation. Systems are referred to as both formal and informal procedures used to control and manage the organisation to enhance performance (Kaplan, 2005). In the absence of well-defined systems that are consistently enforced throughout the organisation, performance management strategies can fail to achieve their desired goal of improving product and service quality for end-user customers (Speklé &Verbeeten, 2014). In the model, we find the component of skills which Jurevicius (2013) refers to as the abilities and the competencies and capabilities performed well by the employees of the organisation. Organisations need to align the skills of the employees with the strategy and structure of the firm to achieve performance Jurevicius (2013). Another key factor in the 7 S Model is staff, this refers to the people, their history and capabilities and their fit in the organisation (Kaplan, 2005. Human resources is an important aspect of the organisation and organisations the world around whether big or small aspires to hire the best staff compliment so they can have a competitive advantage in the industry of choice (Muchira, 2013).Style is also an important element in the model and Jurevicius (2013) observes that it is the way an organisation is being led and managed by its top level managers; the interaction, actions of the company’s leaders. Shared values are an important aspect of an organisation and they are the fundamental set of values shared across the organisation which provide a sense of purpose for all employees and serve as the guiding principles of what is important (Kaplan, 2005). Muchira (2005) observes that if all members of the organisation share common guiding principles of the business, this will help to improve the general performance of the organisation as a whole as everybody will be focused on a common goal for the organisation.

According to Muchira (2005), the 7 S Model states that there are the three hard "S,s" of strategy, structure and systems and the soft "S's" of skill, staff, style and shared values and the achievement of harmony between the hard S's" and the soft "S's" will ensure that organisations are successful. The strategic planning process should be a people process and should be a combination of all the aspects of the 7 "S" Models to achieve performance in an organisation (Kaplan, 2005).

Any organisation putting a business strategy forward aims to achieve competitive advantage through the proper use of organisational resources. Akio (2005) recognises that the RBV do offer some insight as to what contains strategic resources and how resources help firms to achieve above average performance through proper application of resources. Barney (1991) and Draft (1983) as cited by Akio (2005) determines that the concept of resources encompasses all assets, capabilities, firm's processes, organisational attributes, information and knowledge controlled by the firm that enables the organisation to conceive of and implement strategies that improve its efficiency and effectiveness.

The concept of the Resource-Based View (RBV) of a firm is further illustrated by a study conducted out by Greene *et al*. (2015) where, in general, the RBV considers a firm as a collection of resources and capabilities and more specifically, the RBV theory is considered as the process of maximizing the income through highlighting strategic alternatives and assigning the critical task of defining, improving, and implementing the main organisational resources to management or the decision makers. Greene *et al*. (2015) reported that RBV implies that resources are the base of success for organisations. Similarly, Sahebjamnia *et al*. (2015) contend that the success of a company's strategy depends on its collection of resources. Akio (2005) is of the strong opinion that the top management must carefully consider what resources are at the company's disposal and how they may be converted to achieve operational value through strategic processes. Hoffer and Schendel (1978) observed that the RBV suggests that the resources possessed by an organisation are basic determinants of performance and the resources play a central role to the firm's performance.

"The resource-based theory which stems from the principle that the source of firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment which is simply evaluating environmental opportunities and threats in conducting business" Porter (1985). Competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin *et al*., 2007). Akio (2005), is of the view that RBV, in the strategy context "holds company assets as the primary input for overall strategic planning". Akio (2005) recognises the unique characteristics that define RBV in trying to make a competitive advantage process sustainable and the characteristics have described as; valuable, rare, inimitable and non –substitutable.

Indeed, RBV assumes that a sustainable competitive advantage results from the required outputs of the management activities of the organisation. The relationship between profitability and competitive advantage can provide a good understanding of the role of resources in strategy. To illustrate, although a positive relationship exists between profitability and the market share, the main objective of "competitive position analysis" is to provide a measurement method for continuing growth and profit instead of analysing the market share (Alidrisi, 2010). Consequently, a firm's profitability may be affected negatively if its competitive advantage is lost. This is the reason that a failing firm can be defined as a one whose profitability is considerably lower than its rivals" average profitability when an ability to produce and manage the resources is absent (Alidrisi, 2010). Further, Sahebjamnia *et al*. (2015) have declared that competency consists of a collection of resources and the methods by which these resources cooperate to provide outputs.

Raduan *et al.* (2009) have noted that according to (Barney, 1986, 1991, 2001a; Conner, 1991; Mills, Platts and Bourne, 2003; Peteraf and Bergen, 2003), the resource-based view stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy and if properly administered , the RBV offers the organisation a good chance of achieving above average performance.

The Max Weber theory of management, also referred to as bureaucratic management theory, is built on principles outlined by Frederick Taylor in his scientific management theory. Like Taylor, Weber advocated for a system based on standardised procedures and a clear chain of command. Weber stressed efficiency, as did Taylor and this also speaks to employee participation in the conceptual framework diagram.

Key elements of the Max Weber management theory include:

- Clearly defined job roles;
- A hierarchy of authority;
- Standardised procedures;
- Meticulous record-keeping;
- Hiring employees only if they meet the specific qualifications for a job.

The Max Weber theory seems to be employee-centric in a way hence without the full participation of employees, organisational performance can fail.

Based on the evidence of previous researches, there is positive relationship between employee participation and firm's performance (Suclev & Debarliev, 2012). It is believed that employee's participation on strategic planning will be able to contribute to the effectiveness of the development of strategy and will, in return, lead for better effectiveness of implementation. Detachment from the company may also represent a problem for growing numbers of companies. Employee participation can therefore be seen as an umbrella title under which can be found a wide range of practices, potentially serving different interests (Amin *et al.*, 2014). Any exploration of 'employee participation' has therefore to encompass terms as wide-ranging as industrial democracy, cooperatives, employee share schemes, employee involvement, and human resource management HRM) and high-commitment work practices, collective bargaining, employee SMEs sector in Zimbabwe.

A plan of action an organisation prepares in response to, or anticipation of changes obtaining in the external environment is referred to as a "strategy" and its nature is differentiated by operational actions being pre-meditated, well thought and practically rehearsed (Kaplan, 2005). According to Kaplan (2005), a strategy should answer three major questions for an organisation; where are we, where do we want to be and How to get there? Rouse (2016) defines strategic planning as "a process in which organisational leaders determine their vision for the future and identify their goals and objectives for the organisation." The process should include the establishment of a defined procedure or sequence in which firm's goals should fall so that the organisation is enabled to reach its stated vision (Rouse, 2016). Drucker (1954) simply refers to strategic planning as management by plans with an analytical process focusing on making the most favourable strategic plans. An organisational strategy according to Kaplan (2005) is a derived approach to achieving objectives of the firm and Ansoff (1970) reveals that strategic planning is a process of finding a better match between an organisation's products or technology and its increasingly turbulent markets. The product of a strategic planning effort is typically a document (a *strategic plan*) that elaborates a high-level strategy and articulates the elements that influence it—it is a full description of the organisational environment and intentions (Gates, 2010). A strategy is directional in nature; although descriptions and analysis of the present situation are included, a strategic plan does not merely endorse the status quo, it directs change of some kind (Cassidy 2006).

Strategic planning is not only an important foundation for executing work; it also sets the stage for enterprise architecture, process improvement, risk management, portfolio management, and any other enterprise-wide initiatives (Gates 2010). Hofer & Schendel (1978) are of the opinion that strategic planning is an evolution of managerial response to the firm's environmental change with a view of internal structure and production efficiency. Strategic planning is also a systematic, more formalised effort of a firm to establish basic organisation purposes, objectives, policies and strategies (Steiner, 1979). Steiner (1979) further established that the strategic planning process includes developing of detailed plans to implement policies and strategies to achieve firm's objectives. In a broader view Bateman & Zeithml (1993) state that planning is a conscious, systematic process during which decisions are made about goals and activities that an individual, group, work unit or organisation will pursue in the future. Strategic planning is a disciplined and a well-defined organisational effort which seeks to achieve specific firm strategies and execution through assignment of responsibilities (Hax and Maluf, 1996).

Strategic planning takes different approaches and a typical strategic planning processes examine an organisation's current environment and abilities (the present situation), considerations about how it would like to grow or evolve (the desired future), its aspirations as an organisation (what it will strive to do), and its intentions for moving forward (how it will move forward) (Gates, 2010). These high-level elements have been summarised by the author as; the what, the present, the future and the how. Wendy (1997) reveals that strategic planning contains three main dimensions which are; strategic analysis, strategic choice and strategic implementation. Expanding on Wendy's view, Arasa and K'Obonyo (2012) broke down the three elements into; the firm's direction, appraisal of the business environment, analysis of the firm's strategic issues, strategy choice and development of implementation, evaluation and control systems and concluded that these elements are at the heart of strategic planning.

A common criticism of strategic planning is that it is overly involved with extrapolation of the past and present and can create the illusion of certainty regarding the future (Heracleous, 1998). A good strategic planning process does more than produce a tangible output (a documented plan); it supports ongoing strategic thinking, discussion, and behaviour. In a good strategic process, the strategic plan provides a dynamic map for an organisation's considered movement through time and sets the stage for enterprise architecture and organisational improvement efforts Gates (2010). CFAR (2001) defines strategic thinking as the focuses of finding and developing organisational opportunities and creating dialogue about the organisation's direction. Strategic thinking is creative, divergent, and synthetic while strategic planning is conventional, convergent, and analytical (Liedtka, 1998). When strategic thinking is employed, according to Gates (2010) citing Liedtka (1998), the planning process provides critical value but strategic planning is still required for effective strategic work. If nothing else, the divergent results of strategic thinking must be made operational through convergent strategic planning (Liedtka, 1998).

As cited by Gates (2010), Liedtka (1998) provides a thoughtful analysis of the essential differences between traditional strategic planning and strategic thinking. She explains that strategic thinking involves five elements: a systems perspective, a focus on intention, a focus on time, a focus on opportunity, and hypothesis testing. She presents a framework for creating a strategic process that continually examines the tension between aligning to a plan and fostering change and adaptability (Liedtka, 1998). Conway presents a framework that links strategic thinking to the articulation of options, and strategic planning to the generation of actions (Conway, 2004). A high-level strategic planning process must allow a balance between strategic thinking and strategic planning.

The role of strategic planning is to allow an improvement in organisational performance. Neil (2008) indicates that, "Strategic management is the process and approach of specifying an organisation's objectives, developing policies and plans to achieve and attain these objectives and allocating resources to implement the policies and plans" and this is confirmed by David (2005). Strategic planning, according to many researchers has proved that it is a vital tool for organisations to achieve better performance (Signhvi, 2000; Miller & Cardinal, 1994; Wang, Walker & Redmond, 2007). Researchers such as Wang *et al.* (2007), Sandada *et al.* (2014), Poku(2012) have empirically proved that strategic planning is central to the performance of the organisation. Planning in its nature is a characteristic of a thinking and progressive organisation and strategic planning becomes the source of power to engine room hence in the absence of strategic planning it will be difficult for a firm to step into the future with certainty and perform. The role of strategic planning is not divorced from its importance as highlighted by Eezokonkwo (2010) in his study. As quoted by Otaigbe and Chinedu (2015) in a study on strategic planning, Eezokonkwo (2010) determined that strategic planning carries much importance as it facilitates company growth, helps the company to capitalize on opportunities and cope with threats, leads a company to act rather than react, provide early indications on needs, ensures the setting and acceptance of common goals, provides a basis for measuring performance and trains a manager/owner to think ahead.

Although SMEs typically employ a major share of an economy's total employees, Brinkmann (2002), opined that formal plans and cost controls are often only provided on a regular basis and planning tools are usually only used by a small number of individuals and developed rather intuitively. These shortcomings point towards the importance of examining the value of strategic planning for SME's in detail. Odame (2007), states that strategic planning is a method of formulating and implementing long-term plans in a broad and flexible manner to achieve the aspirations of the organisations. Every organisation aspires to achieve efficiency and effectiveness in its operations.

Langat and Auka (2015) argue that strategic planning is there for provision of direction so that organisation members are aware of the organisation's objectives and where they should focus their major efforts. They further asserted that strategic planning defines the business the firm is in, the end it seeks and the means it will use to accomplish those ends. Consequently, strategic planning specifies the basic conditions and the scope for future business activities and thereby is a central instrument for strategic management that, in turn, is responsible for goals and visions.

Mintzberg (1994) observes that the fast-changing requirements in the world of small enterprises calls for a strategic emergent way of doing things in line with the changes hence special interest should be focused on strategic planning as a way of managing getting through. In line with Berry (1998), the following stages of planning can be delineated:

1. Simple financial plans;
2. Planning based on forecasts;
3. Externally oriented planning (the entrepreneur begins to think strategically);

4. Pro-active planning of the corporate future (instead of reactions to market-based changes);
5. Strategic planning as a systematic instrument of strategic management.

Sekeran and Bougie (2013) contends that a conceptual framework represents the beliefs of the researcher on how certain phenomena (variables or concepts) are linked to each other(a model) and provides an explanation of why the researcher believe that these variables are associated with each other (a theory).The conceptual framework should provide a descriptive representation of the researcher's theory and also provide an explanation for relationships between the variables of interest (dependent and independent) of the model (Sekeran & Bougie, 2013). The conceptual framework was formulated to investigate the link between strategic planning (independent variable) and organisational performance (dependent variable) of the SMEs. The framework below reveals the relationship between the independent variables which are: Strategic planning, Firm's objectives, Resource allocation, Firm's structure, Implementation and review of plans, Environmental scanning and Employee participation and the dependent variable; Organisational performance. Performance of SMEs was measured by their ability and success in applying the concept of strategic planning through application of the independent variables of interest and the moderating variable as shown in the following conceptual framework:

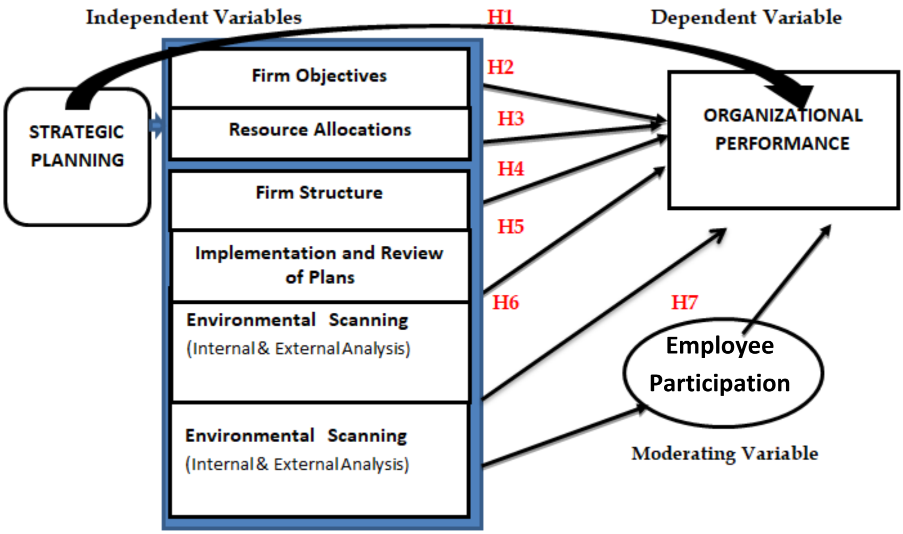

***Figure* 2.2** Conceptual Framework (Author, *Own Conceptualisation)*

The organisation's ability to acquire and utilise its scarce resources and valuables as expeditiously as possible in pursuit of its operational goals can also be described as organisation performance (Griffin, 2006). While organisational performance can be viewed as the actual output or results of an organisation as measured against its intended outputs, organisational performance varies from one firm to another (Langat & Auka, 2015). Aaltonen and Ikåvalko (2002) define organisational performance as the prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance and also performance as the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. Langat and Auka (2015) observe that organisational performance is a product of strategic management, proper planning and implementation and can be measured from both financial and non-financial aspects depending on the objectives of the particular organisation. Further studies reveal the same sentiments as observed by Sandada (2014) where Rujonen (2008) asserts that organisational performance is an indication of measurement of business' efficiency and effectiveness in achieving its goals while O'Regan *et al*. (2008) have indicated that organisational performance is an analysis of a business' capacity and ability to produce results in relation to set targets. Another view by Wongrassamee *et al*. (2003) as noted by Sandada (2014) refers to organisational performance as how well the business satisfies the needs of its workers, customers and other stakeholders and achieving intended targets.

Different researchers had varying views on the ways of determining performances and Sandada (2014) also stressses that fact. There are two different ways of classifying performance measurements that is the 'objective' aspect which is based on financial aspects such as revenue turnover, profits, return on investment, return on capital, inventory turnover, according to Falshaw *et al*. (2006), and the 'subjective' aspects which are based on management's view, understanding or perception of performance (Tang and Zhong, 2005). Through extensive literature review, Sandada (2014) discovered the immense justification of the 'subjective' measures of performance by several researchers (Chong, 2008; Chow & Van der stede, 2006; Falshaw *et al.,* 2006; Tang & Zhong, 2005; Tapinos *et al.,* 2005; Phillips, Davies, & Moutnho, 1999). While it clear that performance of an organisation dependence on the definition adopted by the management or owners in view of the objectives of the organisation, it is on the basis of the justification given in the reviewed literature that the researcher will adopt and rely on the 'subjective' aspect of measurement of performance in defining organisational performance metrics as according to the perceptions of the managers/ owners of the organisation.

Literature relating to the performance of SMEs is not as abundant as the one relating to big corporates. The conceptual framework formulated by the researcher reveals the relationship between strategic planning and organisational performance which forms the basis of the hypotheses outlined for the study. The researcher seeks to explore the relationships strategic planning and organisational performance and the variables of interest linking the two.

Arasa & K'Obonyo (2012) reveals that many studies in the past (Hofer & Schendel, 1978; Henderson, 1979; Greenley, 1986; Miller & Cardinal, 1994; David, 1997) have asserted that organisations which effectively employed strategic planning achieve better performance as compared to those that have not, The authors, according to Arasa & K'Obonyo (2012), argue that performance is automatically improved the moment firms embrace and practice strategic planning which facilitates the realisation of organisational effectiveness. The perceived benefits of strategic planning practice on the performance of the organisation have resulted in many firms embracing it worldwide and empirical studies has favoured the position that strategic planning enhances performance (Arasa & K'Obonyo; 2012). Khaled (2015) argues that a significant number of researches and more practical experiences in business prove that an efficient and effective strategic planning can increase profitability. Khaled (2015) further argues that recent experimental proofs indicated that corporates that adopt planning system perform well and achieved their goals in terms of sales and profit growth more than the other corporates that do not. Therefore, it's obvious that practicing the strategic planning in any business will show better performance compared with to non-planning system, also it helps the corporates to get back on track and to enhance the business ability to predict changes in the environment. Poku (2012) noted that "strategic planning is a management function that focuses on the growth and future sustained well-being of an organisation" The well-being of an organisation would refer to its functioning properly and achieving its performance objectives. Sandada, Pooe and Dhurup (2014) in a study, found out that increased practices of strategic planning lead to high levels of business performance and the research encouraged SMEs owners and managers to fully understand the strategic planning factors to establish how they can apply each factor to improve performance .Sandada (2014) separately in another study noted a positive correlation between the practice of strategic planning and performance improvements and those organisations should not think that it is irrational to plan. He found out that strategic planning cushions business from the turbulent environment through the generation of relevant information that is helpful in identifying weaknesses and strengths, opportunities and threats to the business.

The need for proper growth direction and a well-defined scope within an organisation gave birth to the vast interest in strategy according to Ansoff (2003). Drucker (2004) observed that an organisation cannot be content with plans for a future they can predict but emphasized the need to prepare for all possible and impossible contingencies. From the literature available to the researcher, it is clear that there is general belief among researchers that strategic planning has a bearing on the performance of an organisation. Modern day organisations from both private and public sectors have seriously taken the strategic planning practice as a key tool that can be employed to speed up their performances (Arasa & K'Obonyo; 2012). As a vehicle that drives improved firm performance, Greenly (1986) discovered that strategic planning has potential benefits and intrinsic values that eventually transform into organisational performance.

Miller and Cardinal (1994) have pointed out that the "firm's performance in the present is a function of past and not current planning practices". This means that organisation performance is a result of past planning unfolding in the present and without strategic planning it is difficult to affirm the firm's performance. The researcher relied on the data and reports available from the SMEs databases to conclude that most SMEs in Zimbabwe are struggling on organisational performance. The researcher is of the opinion that strategic planning is a combination of factors aimed at achieving the objectives of the organisation. In the study, the researcher formulated six factors of strategic planning from accessed literature and from the analysis of the conceptual framework above it is clear that organisational performance is as a result of the application of the determined factors of interest between strategic planning and the achievement of intended results. The subject of strategic planning and organisational performance have various authors arguing about how strategic planning assist in providing direction for organisation members to concentrate their efforts where it matters most. (Bryson, 1989; Stoner, 1994; Viljoen, 1995). Therefore, the first hypothesis of the study which is based on the above reviewed literature is stated as follows:

H1: Strategic planning has a bearing on the performance of SMEs

Nyameh *et al*. (2014) defines firm's objectives as the desired state of affairs that the organisation attempts to realise. Barney and Griffin (1992) observed that "the real goals of the organisation are those future states toward which a majority of the organisation's means and the major organisational commitments of the participants are directed, and which, in cases of conflict with goals that are stated but command few resources, have clear priority". Rouse (2014) determined firm's objectives as the strategic goals that a company's management establishes to outline expected outcomes and guide employees' efforts. Rouse further states the advantages of establishing organisational goals and they include guiding employee efforts, justifying company's activities and existence, defining performance standards.

Rouse (2014) further determines that there are "two main types of organisational goals: official and operative. Official goals detail a company's aims as described in their public statements, such as the corporate charter and annual reports. They help to build the organisation's public image and reputation. Operative goals are the actual, concrete steps a business intends to take to achieve its purpose. A company's operative goals often don't parallel its official goals; for example, while a non-profit volunteer organisation's main official goal may be community service, limited funding might mean that its operative goal of fund raising will take precedence."

In her observation Rouse (2014) concludes that organisations should clearly communicate organisational goals to engage employees in their work and achieve the organisation's desired ends. Other researchers encouraged organisations to interact with their environments in pursuit of goals of the organisations (Bourgeois, 1985; Brown & Eisenhardt, 1997). Kaplan and Norton (2001). Barney and Griffin (1955) determined that organisational objectives serve four main purposes which are: providing guidance and direction facilitate planning, motivating and inspiring employees, and helping organisations to evaluate and control performance. The setting of organisational objectives is an important role to be undertaken by managers and individual employees and those organisational goals should direct the efforts of the employees (Nyameh *et al.,* 2014).

Nyameh *et al*. (2014) stress the fact that for an organisation to perform well, there is need for individual employees to have personal goals which fit into the firm's objectives. He further advocates for the alignment of employee goals to that of the organisation as it brings out the larger context of the employee's work. Goal setting is a very crucial activity to every organisation that intends to succeed and in designing organisational performance, it is important to reflect on the objectives as they provide a means for managing performance (Nyameh *et al.,* 2014). Nyameh is convinced that no organisation can succeed in managing organisational performance effectively without constantly referring to the firm's objectives as they form the basis of performance management. It is very clear that if an organisation lacks performance management mechanisms which are hinged upon the firm's objectives; it has little chance of achieving its intended performance goals. Consequently, based on the above literature survey, the following hypothesis is formulated:

H2: Well-articulated organisational objectives directly influence the overall performance of the organisation

Organisation's structure is the way business divisions and units are organised and include information of who is accountable to whom and in brief it is the chart of the organisation (Jurevicius, 2013). Greenberg (2011) determines that organisational structure is a formal configuration between individuals and groups concerning the responsibilities, allocation of tasks and authority in the organisation. Other researchers according to Maduenyi *et al*. (2015) do concur that organisational structure is a combination of job positions, their relationships to each other and accountabilities for the process and sub process (Gerwin *et al*., 1992, Geenberg; 2011, Long *et al.,* 2012). Maduenyi *et al.* (2015) contend that an organisation cannot operate without a definite structure and further affirmed "that the purpose of structure is for the division of work among members of the organisation and the co-ordination of their activities so they are directed towards the goals and objectives of the organisation." Organisational structure of a firm depends on the nature that particular organisation hence there is no overall prescription of structure to be used by organisations (Martinelli, 2001). Mintzberg (2009), has noted that organisational structure is meant to define how people are organised or how jobs are divided and coordinated while Organisational structure therefore should seek to satisfy the performance expectation of an organisation. In the absence of clear structures, it will be difficult for an organisation to achieve good results. Ajagbe (2007) reveal that for a corporate to achieve organisational goals, there is need for a formal system of task and relationships that controls, coordinates and motivates employees and he refers to this system as the Organisation structure. Csaszer (2008) found out that organisational structure shapes and influences performance in an organisation and if an organisation is poorly structured even good performers will assume the shape of poor structure.

Walton (1986) has noted the inseparable bond between organisational structure and performance and concluded as reference by Maduenyi *et al.* (2015) that the restructuring of management in an organisation is designed to improve on both the efficiency and effectiveness of the management of the organisation. Anderson and Zbirenko (2014) found out that structure, communication and leadership affect productivity and efficiency and structure explains how productive the operational processes are in the organisation. Maduenyi *et al*. (2015) strongly observed that, effective organisational structure facilitates proper working relationships among various sub- units in the organisation and this is a key for organisational performance. She further reveals that effective organisational structure has an impact on organisational performance and when there is a clear structure; people perform better and productivity increases. Maduenyi *et al*. (2015) recommend that suitable organisational structures are a prerequisite if there is long-term success ambitions in the organisation. Laid down objectives are achievable if organisations put in place structured mechanisms aimed at aiding the achievement of organisational goals.

While there is limited literature which touches specifically on SMEs structure, the researcher is of the belief that SMEs do aspire to be big one day, therefore issues to do with proper organisational structure for performance enhancement are equally crucial to their day-to-day operations. Therefore, on the basis of the reviewed literature, the researcher outlines the fourth hypothesis as follows:
H4: How an organisation is structured influences its performance.

Barney (1991) defines Resources as "the firm's assets, capabilities, organisational processes, firm attributes, information, knowledge controlled by a firm that enable the firm to conceive of and implement strategies" Simply this refers to the firm's finance, human capital, machinery and equipment and time as well. Resource allocation in relation to strategic planning can be referred to as a plan for using available resources especially in the near term, to achieve goals for the future. It can also be described as a process of allocating scarce resources among the various projects or business units in an organisation (anonymous). The ultimate performance of an organisation is a combination of all other factors of strategic planning and the ability of the firm to distribute resources appropriately to achieve its objectives. No matter what volume of resources a firm acquires, if it fails to allocate them according to the demands of each organisation process, those resources will be of no meaning benefit in trying to drive performance. Barney (1991) in Resource Based View Theory (RBV) of the Firm asserts that the resources should be valuable, difficulty to imitate, rare and not easily substitutable for them to create a sustained competitive advantage. According to the RBV model, resources increase the organisation's capacity to outwit competition and perform better than rivals. Coff (1999) strongly assumed that there is a strong relationship between having strategic resources and firm's performance but however this researcher further thinks that the ability of a firm to allocate resources plays a key role in achieving performance and the study seeks to unearth that. Bridoux (2004) suggests that resources should be at the heart of competitive strategy thus should be part of strategic planning factors. In view of the above, the researcher outlines the third hypothesis of the study hereunder:

H3: Organisational performance is influenced by the existence of a plan for allocation and utilisation of resources.

"Implementing your strategic plan is as important, or even more important, than your strategy. The critical actions move a strategic plan from a document that sits on the shelf to actions that drive business growth. Sadly, the majority of companies who have strategic plans fail to implement them." Buuni *et al*. (2015). Bhasi (2009) defines implementation as the process through which a chosen strategy is put into action. He further observes how implementation involves the design and management of systems to achieve the best integration of people, structure, processes and resources in achieving organisational objectives which is in essence organisational performance. A strategic plan alone does not guarantee organisational performance if not implemented, therefore organisations should strive to put in place mechanisms that encourage rapid implementation of strategies to enhance and accelerate performance. Gregory (2007) observes how creating a brilliant strategy is nothing compared to executing it successfully and this puts weight to the cat that organisational performance is as a result of implementation of strategies.

Njagi and Kombo (2014), observed that without proper implementation of good strategies, intended results cannot be achieved and strategy implementation involves converting the strategic plan into action and then into results.

The relationship between organisational performance and implementation is based on the activities which seeks to establish organisational goals, monitoring of progress toward the goals, and making adjustments to achieve the goals more effectively and efficiently (Njagi and Kombo; 2014). Noble (1999) observed that even the best formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented and according to Okumus and Roper (1999), great strategies are worth nothing if they cannot be implemented. Njagi and Kombo assert that the job of strategy implementation is to translate plans into actions and the achievement of the intended results; they further suggested that shortfalls may signify weak strategy or weak implementation. Njagi and Kombo (2014) formulated frameworks determining the relationship between implementation and organisational performance and it is illustrated in diagrammatic form shown on Figure 2.3;

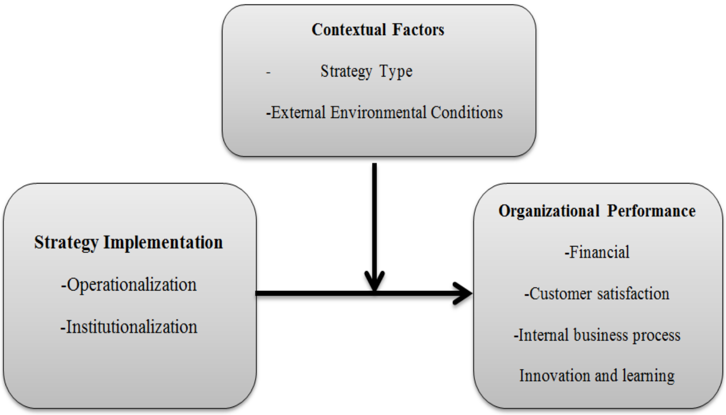

Figure 2.3: Implementation and organisational performance (Njagi and Kombo, 2014),

Kahneman, Slovic & Tversky, (1982) aver that many companies rarely track performance against long-term plans and tracking of performance is the necessary review needed. According to Buuni *et al.* (2015) conceptual framework, there are four key variables that affect or determine the performance of an organisation and implementation and these are Leadership, Organisation structure, policy and procedure and resource allocation.

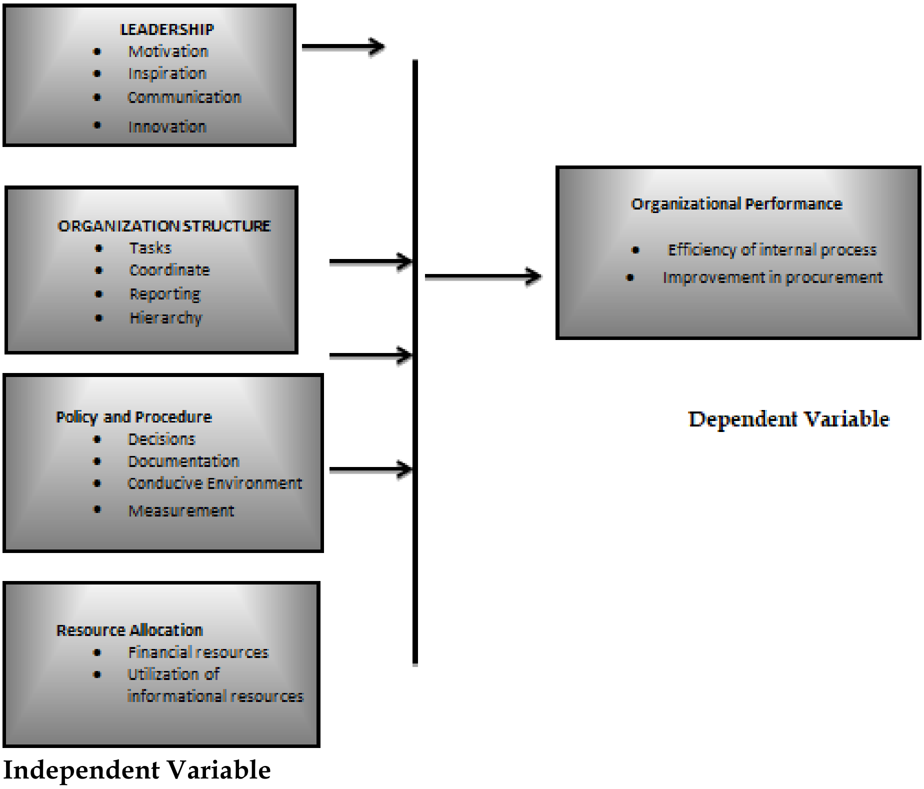

Figure 2.4: Variables of organisational performance (Buuni *et al.*, 2015)

On the strength of the above literature and illustrations in the diagram, the fifth hypothesis of the study is thus formulated:

H5: Effective plan for implementation and review influences the good performance of the organisation.

The importance of environmental scanning in business cannot be overemphasized, much literature speaks about the key role environmental scanning plays in enhancing organisation performance whether with big corporate or SMEs (Thomas, 1977; William, 1983; Steiner, 1997; Grant, 2002; Kothari, 2010; Kazmi, 2008). Environmental scanning, according to Kazmi (2008), is the monitoring, evaluating, and disseminating of information from the external and internal environment to key people within the corporation or organisation. Babatunde *et al.* (2013) determined that environmental scanning is a process of gathering, analysing, and dispensing information for tactical or strategic purposes. Oladele (2006) defines environmental scanning as a process of dealing with the measurement, projection and evaluation of changes in the different environment variables.

Without doubt, for any business whether small or big to survive and outclass competition, there is need for an organisation to determine its strengths and weaknesses in view of the operating environment. Alluding to the importance of environmental scanning, Babatunde *et al.* (2012) determined that "Proper planning must put in place to ensure that the business environment is conducive enough and ready to put the organisation to the best position in the market place. Any business that is not aware of its environment is bound to run into some crisis that will definitely arise from the increasing complexity of the environment in which such business operates."

Two critical components of environmental scanning are: SWOT-information regarding the firm's resources and capabilities (Humphrey, 1960) and PESTEL-the macro environment of the organisation (Aguilar, 1967).

Environmental scanning is critical in that it informs the organisation on whether to enter a market or further educate the organisation on the condition of its environment. According to Dess *et al*. (2005), strategies employed by management should consist of the analysis, decision-making and action to be undertaken by the organisation to perform well. Adebis (2011) as referenced by Babatunde *et al*. (2013) argues that strategic management is also about assessing why some organisations are doing fine and why some are doing otherwise in the same environment with opportunities and threats. On performance, Babtunde *et al*. (2012), in their research conclude that effective growth and performance of an organisation depends on the kind of environment in which it operates. He further affirms that management should be very alert to the environmental dynamics and adopt strategies accordingly. Babatunde *et al*. (2013) firmly determine the strong relationship between environmental scanning and organisational performance and points to the fact obtained through research that strategic environmental scanning is responsible for effective organisation performance. This research will determine whether SMEs are equally affected on their performance by environmental analysis factors.

Babatunde *et al* aver, "In view of this, the researcher can rightly conclude that if the organisation can strategically, periodically, and always be involved in strategic environmental scanning and pay strong attention to the threats (to avoid) and opportunities (to seize) in the environment, the level of such organisation performance will be very high at all ratification" (Babatunde *et al.,* 2013).

It is on the premise of the above reviewed literature that the sixth hypothesis if formulated and stated hereunder:
H6: Effective environmental scanning is critical for organisational performance.

Sofijanova and Chatleska (2013) are of the view that "employee participation is a process of involvement and empowerment of employees to use their input towards achieving higher individual and organisational performance". They further asserted that participation is when an employee is involved in decision making and problem solving, and increased autonomy in work processes. As a result, employees are expected to be more motivated, more committed, more productive and more satisfied with their work if they are highly involved, they concluded. Other authors as cited by Ojokuku & Sajuyigbe (2014) describe employee participation as a process which allows employees to exert some influence over their work and the conditions under which they work (Heller *et al.,* 1998) or alternatively, as a process in which influence on decision making is shared between hierarchical superiors and their subordinates (Wagner & Gooding, 1987).

Further observation by Sofijanova and Chatleska (2013) revealed that employee participation is a management initiative and workers should have the opportunity to discuss issues relating to their work. For the purposes of achieving organisational performance, their study encouraged modern managers, business owners and leaders to act as facilitators rather than controllers of the work processes. Many studies provide evidence of employee participation affecting the organisational performance (Cully *et al.,* 1999; Ojokuku & Sajuyigbe, 2014; Gollan & Wilkinson, 2007; Kim, McDuffie & Pil, 2010; Bhuiyan, 2010;). Participation of employees is a key enabler for the organisation to have a better insight about the way of functioning and making improvements that would be beneficial for both, the organisation and the employees (Ojokuku & Sajuyigbe, 2014). Cooke (1994) in a study on several companies in Michigan found out that employee participation programs contribute strongly to firm's performance. Sofijanova *et al.* (2013) found out that that there is a significant difference between the employee performances before and after implementation programs which were meant to encourage employee participation. Much literature on employee participation suggests a positive relation as a sure outcome in view of organisational performance; therefore, according to Sofijanova *et al.* (2013), employee participation is beneficial to the organisation. Employee participation as determined by Robbins (2007) cannot be the only means of improving performance. Using evidence from the above literature review, the seventh hypothesis and final hypothesis of the study is formulated as below:

H7: Employee participation in planning influences the performance of SMEs in Zimbabwe.

Kraus *et al.* (2006) discovered that formal planning is mostly regarded as being only applicable to big enterprises and/or bureaucratic organisations and thus not transferable to the requirements of the fast-moving and flexibly structured SMEs. According to his study from the entrepreneur's perspective, three major objections are expressed against the use of strategic processes in SMEs:

- Strategic measures and instruments constrain flexibility and the ability for improvisation;
- It makes more sense to use the limited time resources for operational or sales activities or R&D rather than for strategy-formulation processes;
- Strategic management is too bureaucratic

Table 2.1 Problems and opportunities of SMEs (*Kraus et al., 2006*)

Problems	**Opportunities**
Limited resources, time and means	High customer proximity
Limited know-how and methodological	High market knowledge
Knowledge	Strong influence by the entrepreneur(engine of change)
Focus mainly on only one market or	High identification and motivation of employees
	Quick implementation possible

Despite their relatively small market power, SMEs' small size and flexibility permits them to specialize in narrow niches that are generally uninteresting for big companies due to the relatively small sales volumes and their high fixed costs (Kraus *et al.*, 2006). In addition, SMEs' limited resources result in a concentration on a small product range where strong competitive advantages and specific problem-solving competencies can be built up, for instance, with regard to qualitative market leadership (Kraus & Shwarz, 2005). Also, higher decision flexibility and direct customer contacts are particularly helpful for the conversion of R&D results into marketable innovations, although risks remain in terms of over-dependency on only a few products and the resulting lack of loss compensation (Kraus *et al.*, 2006). However, a major weakness often inherent in SME management is the absence of top management's economic knowledge or its over-orientation towards technical problem solving without consideration of business problems. Formal plans and/or market-related result or cost controls are often only provided on an irregular basis. Additionally, the respective instruments are usually derived by a small number of individuals and developed rather intuitively than in a theoretically driven manner (Kraus *et al.,* 2005). Building on this, an important issue to address is the value of strategic planning for SMEs. The successful performance of SMEs has been of big interest to economists, governments, financial institutions and other stakeholders. Kraus *et al.* (2005) observes how most concepts and instruments of strategic management are considered to be important irrespective of company size. However, SMEs in particular often cannot acquire all required resources which prevent successful implementation of actions. Kraus *et al.* (2005) further observes how in contrast to bigger companies, SMEs normally dispose of a lower level of resources, lower access to human and financial capital and to the selling markets, and possess an insufficiently developed administration. Thus, the application of formal planning mechanisms is often missing, especially up to a certain 'critical size' (Kraus *et al.,* 2005).

The presented unique characteristics of SMEs are likely to impact on the design of strategic planning in SMEs which, in turn, is considered to affect company success as shown in Figure 2.5 below. The application of formal planning mechanisms is often missing in SMEs as compared to big companies, SMEs tend to offer a more limited range of products on a more limited number of markets and rather use market penetration and product development strategies instead of market development or diversification strategies. Moreover, SMEs mainly operate in a single or a limited number of markets with a limited number of products or services – often even in a market niche – they usually cannot afford central service departments that are able to conduct complex market analyses and studies (Johnson & Scholes, 1997). In addition, they usually have a lower level of resources and lower access to human and financial capital. As a result, particularly up to a certain 'critical size', the application of formal planning mechanisms is often missing. The most important success factor for a 'small business owner' is time. Consequently, it has a big influence on the result of any 'activity-optimising' considerations of the entrepreneur (Delmar & Shane, 2003). The process of strategic decision-making in SMEs is often based on experience, intuition or simply on guessing (Welter, 2003). These arguments entail unique problems but also opportunities for strategy development in SMEs.

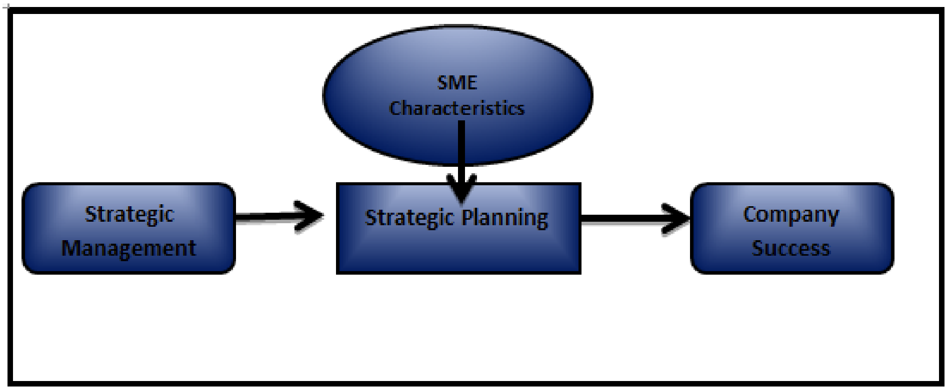

Figure 2.5: Strategic Planning and Company Success in SMEs (*Haake, 1987)*

Haake (1987) argues that there is a link between company size (independent of whether it is measured based on total capital, revenues, or number of employees) and the use of strategic instruments. Robinson *et al.* (1984) also indicate that the type and degree of formality of planning are dependent on the company's development stage. Matthews and Scott (1995) even state that formalisation is the most common dimension of strategic planning. The formalisation increases, according to their results, with increasing enterprise growth since bigger enterprises possess more resources and internal differentiation. This reasoning entails the notion that smaller companies possess fewer resources in terms of time, personnel or knowledge and will thus carry out less (formalised) planning activities (Robinson & Pearce, 1984). Building on these notions, it can be assumed that people in most SMEs think strategically. A conscious or formal strategic process, however, mostly takes place in the head of a very limited number of employees. Due to the well accepted view that strategies limit an SME's scope of activity too much, thereby reducing its flexibility, many SMEs are still lacking written strategic plans (Pleitner, 1986). Refusing to use strategic planning can be explained by various reasons according to Robinson & Pearce (1984): Insufficient knowledge; Distrust; Personal over-estimation and refusal of external assistance; Tradition-based thinking; Fear of radical change; Fear of loss of flexibility, restriction of scope of action, high costs; Lack of time or overload for management.

In this regard, Gibb and Scott (1985) are of the opinion that strategic awareness and the involvement of the entrepreneur offsets the lack of formal strategic planning as an output of strategic management. The degree of the entrepreneur's strategic orientation thus seems to be a key factor for the strategic focus of the enterprise.

Mazzarol (2004) contends that SME owner-managers have been accused of being strategically myopic and lacking the long-term vision as to where their company is headed to. The shallow idea possessed by the majority of SMEs owners and managers on strategic planning and the thinking that strategic planning is meant for big corporations has resulted in many SMEs ignoring the practice of strategic planning and attributing their failure to other issues. Empirical studies accessed reveal the link between strategic planning and success (Rue & Ibrahim, 1998; Bracker, Keats & Pearson, 1998; Lyles *et al.*, 1993; Schwenk & Shrade, 1993). Berry (1998) observes how by neglecting strategic management and planning, SMEs may not achieve their full performance and growth potentials, and their survival could be placed at risk. Besides some isolated cases of lack of resources by SMEs to continuously apply strategic planning, most SMEs seem not to be interested or are not aware of the benefits. Kraus, Reiche and Reschke (2007) noted that planning in SMEs does not always take place in a highly sophisticated or formal ways. Strategic planning in SMEs is rather unstructured, sporadic and not formalised as highlighted by Njoroge and Wario (2015). In reality, many SME owner-managers are in business to pursue primarily personal, non-economic goals and most have "capped" or "limited" desires in relation to business performance and expansion. Beyond a certain point, these owner-managers will deliberately ignore opportunities to increase profits and growth and, likewise, deliberately ignore any exultation to apply 'best practice'. Figure 2.6 shows reasons for lack of strategic planning by SMEs.

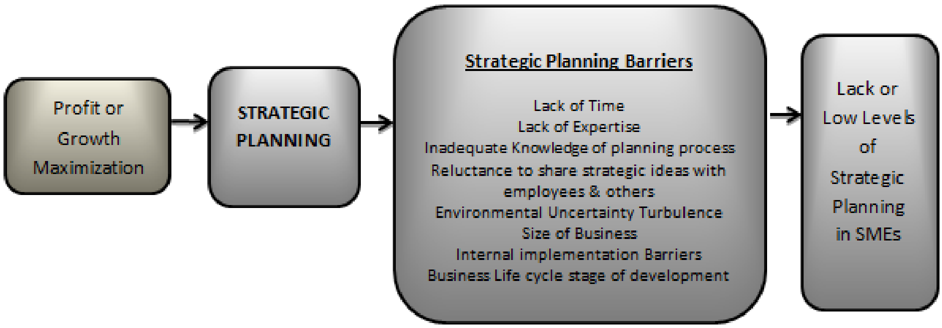

***Figure:* 2.6** Extant Approaches to Explain Lack or Low Levels of Strategic Planning in SMEs (*Wang, Walker & Redmond, 2007)*

Many researchers (Wang, Walker & Redmond, 2007; Sandada, 2016; Storey, 1994; Mhizha, 2014) have highlighted inherent problems of why SMEs do not strategically plan. Ownership motivations are central to understanding the planning practices in SMEs and these are an alternative explanation to the common focus on barriers to strategic planning to account for the lack or low levels of such planning in many SMEs (Julius, Agbolade &Johnson, 2016) . The article argues that levels of strategic planning are higher in SMEs which have owner-managers who are growth orientated and lower in those which have owner-managers who pursue non-economic personal agendas. What should be acknowledged is that many owner-managers of SMEs do not want to grow, are happy with staying small and at one end of the continuum, some are simply creating employment for themselves (Wang, Walker, & Redmond, 2011). This is not necessarily a bad thing but highlights that many businesses are not 'entrepreneurial' and will never engage in active growth activities including strategic planning. Consequently, ownership motivation and not organisational barriers to planning must be taken as a starting point to understanding and 'solving' the issue of why most SMEs do not engage in strategic planning. Storey (1994) noted that there is an assumption that the majority, if not all, of SMEs wish to grow but are prevented from so doing by several types of barriers. This position is supported in the studies of SME strategic planning and is underscored by an economics perspective where profit maximization is seen as classic economic 'rational behaviour' and business growth as a natural pursuit to achieve this. It is pertinent to note that, while concerns regarding profitability are necessary to ensure the viability and continuity of SME operations, profit maximization *per se* often ranks far behind more personal, non-economic goals such as autonomy or independence, personal satisfaction and achievement, work flexibility and lifestyle, and contribution to society as drivers for owner-managers to be in business (Walker & Brown, 2004).

The pursuit of personal non-economic goals is something for which some owner-managers are willing to sacrifice the prospect of greater financial rewards to achieve. Rather than economic rationality, this behaviour is more aptly described as economic irrationality by Holmes (2001) and a strong argument can be made that SME owner-managers are certainly not economic individuals as described by Schumpeter (1946). This is substantiated by studies into the growth aspirations (or lack thereof) of SME owner-managers. For example, Rosa, Carter and Hamilton (1996) reported that only a third of SMEs in their study had intentions to expand; Gray (1998) reported that 33% of SMEs in their study could be classified as growth-orientated while the remaining 67%

were either growth-averse or were exiting/retiring or selling their businesses; and, Holmes and Zimmer (1994), and Sexton (1989) noted Wang, Walker & Redmond (2011) that most SMEs were interested only in 'limited', 'incremental' or 'satisfactory' long-term growth.

Clearly, assumptions regarding SMEs' pursuit of profit and growth maximization in the economic rational sense need to be challenged, as do assumptions that SMEs do not strategically plan because they are prevented from doing so by planning 'barriers' (Wang, Walker, & Redmond, 2011). The researchers further observed the possibility of a more fundamental explanation for the apparent lack of strategic planning in SMEs may be closely related to owner-managers' personally defined 'non-rational' motivations for being in business for which strategic planning is perceived as unnecessary. Motivations for being in business are complex and often, business ownership is inextricably tied up with the personal lives of owner-managers and their families (Culkin & Smith, 2000). According to other authors (Islam, 2012; Wang, Walker, & Redmond, 2011; Turner, 1993; Epstein, 1993) broadly, motivational factors can be categorized as either pull or push. Pull factors are associated with owner-managers having a strong positive internal desire go into small business and push factors are linked to similarly strong desires but based on external negative reasons (Islam, 2012). The most common 'pull' factor cited in the literature is independence or wanting to be one's own boss. Additional 'pull' reasons have been the desire to achieve job satisfaction, the desire to have a flexible lifestyle, the desire for personal challenge; a need for personal development, a need for approval, a wish for autonomy and a desire to use existing experience and knowledge (Kumar, 1995). These reasons are internally focused and are not generally related to a financial imperative.

Although personal financial motives can exert a 'pull' force, this is more fundamentally related to the ability of owner-managers to take control of their lives and 'do something for themselves'.

Overall, financially-framed motives are often secondary to more personal and internal drivers as factors for being in small business (Carter & Burns, 1994). In contrast to 'pull' factors, 'push' factors centre on an element of frustration for individuals with being in paid employment. Factors such as constraints of being in a subservient role, perceived lack of opportunity for advancement, avoidance of low-paid occupations and escape from supervision typically 'push' individuals to leave paid employment and venture into business for themselves.

An important 'push' factor in business ownership is job loss. Redundancies or retrenchment often create both huge emotional and financial crises which are compounded when individuals are unable to find alternative employment over prolonged periods. In such instances, businesses are started as a means for owner-managers to be self-supporting which, in some cases, create distressed, unwilling or reluctant entrepreneurs (Stanworth & Stanworth, 1997). In a parallel situation, racial or ethnic minorities and new immigrants are often frustrated by 'social marginalization' in finding employment. Marginalization factors such a s unaccredited education qualifications or professional skills, limited language abilities and discrimination by the 'non-ethnic' labour force typically restrict most 'mainstream' employment opportunities and 'push' this group of individuals to be self-employing (Johnson, 2000).

In these examples, many owner-managers are simply 'buying' employment. Rather than profit maximizing, such enterprises are often associated with low growth and profitability. With respect to both 'pull' and 'push' factors, a key outcome for individuals going into business is a positive change in personal circumstance and affective 'windfalls' such as the independence gained from being one's own boss, personal freedom, personal satisfaction, a less rigid, more flexible lifestyle, and more job satisfaction are more likely to be of greater importance than rational economic goals (Wiklund, Davidsson & Delmar, 2003). This is substantiated by Fielden, Davidson and Makin (2000) who found that although a large proportion of their sample (88%) initially listed making money as a primary goal for being in business, further probing revealed that, for at least 71% of owner-managers, job satisfaction, greater independence, creating opportunities, encountering new challenges and pursuing one's own interests were criteria which were of real importance to them.

Previous studies from other researchers on SMEs performance show that strategic planning plays a critical role on the performance of SMEs. The researcher has unearthed several studies carried out in other regions and are reviewed as follows:

A study by Sandada and Dubihlela (2014) on the Impact of Strategic Planning on SMEs business performance in Gauteng province South Africa focused on three mediating issues as objectives namely employee participation, implementation incentives and evaluation and control which they determined as key factors of strategic planning which influence the performance of SMEs.

Based on the four tested hypotheses in their study, Sandada and Dubihlela found out that strategic planning had a strong impact on the performance of SMEs, they also discovered that employee participation, implementation incentives and evaluation and control played a key role on performance although implementation incentives was seen to be less significant as compared to others. Though Sandada and Dubihlela implied that employee participation has an indirect impact on performance, evidence from other studies suggest a more robust and direct impact (Jones & Kato, 2005; Sofijanova & Chatleska, 2013; Cooke, 1994).

According to the researcher's observation in the history of business organisations, an employee remains central to the very existence of an organisation and the effective participation of employees is a key factor in driving organisation performance.

Sandada and Dubihlela conclusively encouraged SMEs to use the mediating capabilities (variables) to be successful. Another study by Sandada, Pooe and Dhurup (2014) on the same subject concluded that the major strategic planning factors which influence SMEs performance are mission and vision, environmental scanning, formality of strategic planning, implementation incentives, employee participation, evaluation and control and time horizon of strategic planning. Though their study seemed exhaustive, the application of those variables according to the researcher depends on the nature of the business the particular SME is in and the operating environment as well. Their study did not seek to investigate possibility of the influence the availability of resources or resource allocation on the performance of SMEs. The researcher thinks the issue of resource allocation and their availability is very critical in achieving performance as well. Lack of resources can result in a good strategic plan gathering dust in the shelves. There is no doubt that resources act as the oil to the engine when it comes to business. A resource for the purposes of the study is referring to the finances, equipment (assets), time and human capital and it is a critical variable for consideration in view of organisational performance.

Another study by Njoroge and Wario (2015) in Kenya on the influence of strategic planning on performance of SMEs conclusively encouraged SMEs to use strategic planning citing the ever-turbulent operating environment in the world of business. Njoroge and Wario determined age, education level and the age of the business as key factors that influence SMEs decision makers to use strategic planning. The study found out that strategic planning is central to SMEs performance and noted that age and education level as key drivers in the use of strategic planning. Their assertion was that the owner/manager must be of a certain age and holding a certain educational level to appreciate the importance of employing strategic planning processes in their businesses. The study found out that firms run by young managers (30-40years) were planning strategically at 53% as compared to the ones managed by older people (41+ years) which showed 5%, highly educated managers/owners had the understanding and most of them practiced strategic planning showing 76% against the less educated at 24% and that older firms appreciated and used strategic planning 70% (20+ years) compared to young firms 30% (19 years and below). In their research construct, Njoroge and Wario (2015) did put; analysing, formulating, implementation, evaluation and control as dependent variables of interest then age, education level and age of business as intervening variables and SMEs performance as the outcome variable. They concluded that the above factors are positively related with the decision to use strategic planning SMEs. As much as their findings are true, the researcher thinks the study might not have fully explored the subject in that strategic planning is a very sophisticated subject which calls for deeper investigations and explanations which should go beyond variables (age, education level and age of business) proffered by Njoroge and Wario (2015). The study lacks a deeper exploration of the subject of strategic planning and its effect on the performance of the SMEs; the study was hugely based on observation which cannot be fully relied upon because of the possibilities of other underlying factors calling for a detailed investigation.

In their study, little was done to fully investigate the dependent variables relationship with the intervening variables based on literature. The researcher's argument argues well with that of Njoroge and Wario in that, in modern day , an SME is a proper business set up which cannot be formed by an unintelligent individual or group , the issue of education level cannot hold firm as education to start and operate a business cannot be acquired in a formal school and there is always an opportunity to hire the relevant skills and lastly in this era of technology, the age of business does not matter as long as the owner or the manager gets all the fundamentals correct. The business can perform better than the old traditional set ups and use of strategic planning is not a strength of history but the need to secure the future. Agreeing to a certain extent on the level of education, it is also worthwhile to note that several businesses run by intellects and highly educated people have collapsed and this leaves us with a gap to fully investigate on the reasons why?

Another study carried out in Kenya by Langat and Auka (2015) in which they examined the impact of strategic planning on performance of SMEs in Nakuru Town revealed the relationship between specific steps that make up strategic planning and firm's performance. Key objectives of the study were to determine the relationship between environmental analysis, organisational direction, strategy formulation and the performance of SMEs. The study concluded that the performance of SMEs is positively related to the highlighted strategic planning factors. The study found out that most SMEs analysed their external environment to establish a fit between the demands of the environment and what the business needs. The research found out that organisational direction is positively related to performance but the relationship was found to be weak and strategy formulation was also found to be dismally weak in its positive relationship with performance of SMEs. The study tested the fourth hypothesis as a combination of the external environment, organisational direction and strategy formulation variables and concluded that they had an effect on performance of up to 42.4% leaving 57.6% which the researchers concluded could be explained by other factors not included in their study.

It is the researcher's opinion that the absence of factors, such as resource allocation, organisation structure, employee participation and implementation and review of plans carries the remaining 57.6% gap in Langat and Auka (2015) case study. The researcher, agreeing to a certain extent with the findings of Langat and Auka (2015), however, thinks that there are more factors of strategic planning which affects the performance of SMEs and this could explain the 57.6% gap allocated to other factors when they concluded their study. The researchers conclusively recognise the need to explore the remaining factors which they think contributes to the performance of SMEs. The researcher's view is that resource allocation, employee participation, organisational structure and implementation and review of plans can play a defining role in the performance of an organisation as according to various studies (Bridoux, 2004; Barney,1991; Petraf,1993; Sfijanova & Chatleska, 2013; Buuni *et al.,* 2015; Maduenyi *et al*., 2015; Jones & Kato, 2005) The researcher also thinks that without the organisation structure it is difficult to drive the operations of the organisation, without employee participation it is difficulty to appoint responsibility and create accountability which is a key function in any organisation and without proper resource allocation it is extremely difficult to meet the intended goals of the firm.

The study by Langat and Auka (2015) therefore left an important gap as the above factors are central to any organisation wishing to be competitive and perform above the rest. Langat and Auka (2015) however, concluded that strategic planning and its factors as captured in their study is important because "If the organisational direction is not clear, then workers and employees will not know if they are on the right track. If the business environment is not been critically examined, then organisations will not understand its internal competences or business opportunities from where appropriate strategies are crafted to facilitate a fit and success" Langat and Auka (2015). The study also concluded that environmental scanning had more impact on the performance as compared to organisational direction and strategy formulation.

Another study carried out by Wijetunge and Pushpakumari (2014), examined the relationship between strategic planning and performance of SMEs in Sri Lanka Western province and focused on manufacturing SMEs only. Their study focused mainly on the strategic planning process, identifying the level of involvement in the strategic planning process and the barriers faced by SMEs engaged in the strategic planning process. Whereas according to the study, much recent literature contradicts many scholars who have argued that strategic planning is a key factor which contribute to the performance of SMEs, the main objective of their study was to empirically examine the link between strategic planning and business performance and the relationship was categorized into three elements; positive impact, negative and no impact. Their study concluded that SMEs engaged in strategic planning outperformed their counterparts and this also depended on the level of strategic planning which they argued that it is related to performance output according to Glen and Weerawardena (1996). Wijetunge and Pushpakumari (2014) formulated a conceptual framework which showed the strategic planning process involving vision, mission, goals and objectives, internal and external analysis, strategy formulation, strategy selection, strategy implementation and strategy controlling and evaluation and business performance measured by annual sales, annual profit, number of employees and Market share Investment to the business. In short relating to the researcher's study, their study looked at the organisational objectives, environmental scanning, implementation and review of plans as they relate to organisational performance and they concluded that there is a positive relationship between the two variables. Their study also found out that at least 54% of SMEs investigated practiced strategic planning and they attributed the practice to high levels of education and the type of sector (manufacturing) that naturally requires much planning. However, their study did not fully conclude that their variables of interest are conclusive to guarantee performance in the absence of other factors such as organisational structure, employee participation and resource allocation.

Zimbabwe's current economic condition offers a different and challenging environment for organisations operating in it as compared to other regional and world economies. Big corporations in the past have folded operations and several SMEs have also collapsed as a result of the bad economic environment and there appears to be no change for better in the near future.

SMEs has suffered the most in the face of the negative impact provided by the bad economic condition which has resulted in most of them scaling or shutting down operations due poor performance.

In Zimbabwe to date, there hasn't been substantive research which sought to unearth the impact of strategic planning on the performance of SMEs. A literature review on the t subject of strategic planning in Zimbabwe reveals scarce studies that focused on the impact of strategic planning practices by SMEs. Most studies carried out did not specifically touch on the link between and impact of strategic planning and performance of SMEs. Nyamwanza (2014) focused on the impact of strategy implementation on SMEs performance hence leaving out much related intervening factors between strategic planning and organisational performance. Magaisa, Kanhai and Matipira (2013), examined the formulation of strategies by SMEs owners/managers to enhance competitive advantage and achieve organisational performance. Mhizha (2014) investigated the challenges faced by SMEs in Harare in their efforts to adopt strategic management in their value chains. Sandada and Chikwama (2016) explored the driving forces for the practices of strategic planning in SMEs in Harare, Zimbabwe. Dumba (2014), evaluated the management of SMEs in Zimbabwe. Gombarume (2014) examined the challenges of SMEs in Chitungwiza, Zimbabwe. Therefore, not much research has been done to fully explore the effects strategic planning on the performance of SMEs in Zimbabwe.

The state of the Zimbabwe economy made it interesting for the researcher to carry out the study to verify if strategic planning or lack of it has a bearing on the performance of the SMEs in Zimbabwe or the general bad performance of SMEs is as a result of the economic condition .It was the motive of the researcher to find out if the global appreciation of strategic planning could also be traced and practiced by SMEs operating in Zimbabwe and establish the effects. The researcher also reviewed studies carried in other regions by different authors (South Africa, Kenya, Sri Lanka) where different characteristics of strategic planning practice were discussed as they relate to SMEs performance. The results obtained in the studies, however, cannot be generalized to reflect the situation obtaining on SMEs in Zimbabwe hence the study. Empirical literature in relation to the impact of strategic planning on organisational performance of SMEs is scarce; however, the results of studies that have been accessed by the researcher proffer different broader inconclusive and contradicting views. While the general understanding across reviewed studies established an existing relationship between strategic planning and performance of SMEs, it was the different factors of strategic planning discussed in the studies which left out key gaps viewed by the researcher to be crucial on the performance of SMEs.

Sandada and Dubihlela (2014) discovered a positive effect between strategic planning and performance and discussed key factors which he considered important; employee involvement, implementation incentives, evaluation and control and in another study by Sandada (2014), he further discussed other factors: firm's objectives, environmental scanning, and formality of strategic planning. In Kenya, a study by Njoroge and Wario (2015) discussed age, educational level and age of business as key factors affecting strategic planning in SMEs performance and Langat and Auka (2015) concluded that environmental analysis, organisational direction and strategy formulation are the key factors. Wijetunge and Pushpakamuri (2014) in Sri Lanka determined that strategic planning processes and the arrangement of activities of planning are the key factors.

As the empirical studies rightfully discussed and concluded on the impact of strategic planning and organisational performance of SMEs, the researcher seeks to complement the reviewed studies by further exploring the impact of the strategic planning on SMEs in Zimbabwe in view of the obtaining economic environment.

Chapter 2 discussed in detail the relevant literature review. Both theoretical and empirical literature on strategic planning and organisation performance were discussed in detail to fully understand the underlying concepts of the subject. The chapter explored vital gaps in current literature which provided a base for the study. The chapter also provided the researcher's conceptual framework which sought to define the relationship between strategic planning and organisational performance by bringing out the necessary intervening factors to the fore. The next chapter provides the activities in research methodology carried out by the researcher in the study.