

Chapter 5: Conclusion and Future Direction

SMEs globally, are very important and to a very large extent positively impact on the world's economy and that is one of the reasons why many nations have created a fully-fledged department or ministry of SMEs such as the case of Zimbabwe. In Zimbabwe where there is a fully fledged SMEs Ministry and various SMEs Associations formed to give support to the SMEs, it is normally expected that most SMEs should perform well but, according to other studies, it is a different story. The conceptual framework for the research considered key issues such as firm objectives, structure, environmental scanning, resource allocation, organisational performance, employee participation and the use of the strategic plans in operational decision making. The research utilised the quantitative research design and the survey method was employed with mostly the use of questionnaire and to a lesser extent follow-up interviews. The sampling was conducted in two-stages namely cluster sampling followed by convenience sampling, where the sample size was calculated as 370 that achieved a 96.3% response rate. The findings were presented in tabular and various graphical forms and the implications of each finding were discussed.

The main question for the research was to the determination of role played by strategic planning on SMEs' performance and whether in fact the SMEs needed to practice strategic planning at all. The findings of the research have supported the 2015 Zimbabwe Government SME survey by bringing to the fore the fact that SMEs sectors had a significant contribution to the country, where 47% to the Gross Domestic Product (GDP) came from the SMEs, and an estimated 5.7million people were employed in the SMEs sector and that reflected that a key positive indicator about the importance of the SMEs in an economy of a developing country like Zimbabwe. With the availability of resources and other support mechanisms such as finance and trade facilities through ZimTrade, the failure of SMEs could only be as a result of the lack of strategic planning.

Many SMEs consider the formulation and use of clear objectives as necessary and it was ascertained that the setting of clear and concise objectives positively affected the operational and ultimately the economic performance of SMEs in Zimbabwe. These objectives could be effectively set through employee participation and contribution to increase buy which in turn increases the chance of success in achieving organisational goals.

Organisational structure has a large effect on organisational performance. The organisational structure is important for coordination of work activities and the distribution of authority and accountabilities. SMEs have short and narrow structures given the fact that many have less than 100 employees. SME structures need to be flexible to accommodate different circumstances under which customers are served. The structure should also be flat to allow easy access to the top decision makers.

Resources were discovered to be key success factors for all SMEs as all the strategic plans formulated needed to be supported by a financial budget for capital equipment acquisition and for working capital availability to sustain operations and to be able to meet commitments when they fall due. Besides the financial resources other resources such as time and human resource planning, were considered important and to have an effect on the performance of SMEs. Many SMEs strategic plans fail due to lack of financial support from financiers such as banks and angels. Indeed, SME strategic planning must therefore consider appropriate resources for bank rolling the strategies. Some SMEs have failed to pay off loans with banks and this has caused the banks to tighten their loan granting systems to SMEs.

The SMEs had various strengths and weaknesses which were identified and these were thought to affect the organisation's performance with the strengths enhancing the profitability of the SMEs and the weaknesses placing serious constraints on the SME's capacity to achieve the set goals

and objectives. The strengths of many SMEs lie in the owners, manager or employee skills as they lack modern technology and access to huge capital equipment. Such strengths also include ability to be close to the customers and therefore effectively understand and therefore better understand the needs and expectations of the customers. Weakness refers to the internal factors that need to be detoured or overturned by the organisation to avoid internal constraints that could forestall growth and success of the SME. Opportunities exist in the operating environment and these need to be seized to enable the SME to achieve its business mandate. The SME Strategic plans must also include ways of seizing opportunities and means to deal with the threats. The opportunities and threats facing the SME should be identified through environmental scanning which is cost effective for the SME. SMEs by their very nature should avoid head on competition strategies instead they should look for niche markets which are not being adequately served by the large business and by so doing the SMEs can grow and increase its profitability

Employee participation in strategic planning was considered to affect the performance of the organisation in a big way as the size of the SMEs are small allowing employee participation would increase buy in and fuel commitment to objectives and ultimately leading to hard working to achieve the objectives and strategic plans which they would have contributed to establishing. Employees should be involved in meetings and through a suggestion scheme which also recognises such contributions and rewards them. Employees within the SMEs are very important to the success of the SMEs and as such need to be involved at every stage of the strategic planning and implementation stages.

The rate of failure of SME points to the extent to which the strategic plans are not converted into operations on the ground. There was no evidence to indicate the extent to which the SMEs actually undertake

strategy implementation and review to affect the performance of the organisation. The key determinants of an effective plan for implementation consist of objectives which comply with SMART criteria which should be jointly established between the owner-managers and the rest of the workforce. Given the small size of the entities, it must be possible to allow for cross-fertilization in planning and implementation of the plans. The review process for strategic plans was not evident. It was the initial strategic plan which was prominent.

Based on the evidence from the study, the researcher highly recommends SMEs to start regarding strategic planning as a serious tool in business operations. SMEs managers/ owners should seek to understand the principles and the practicality of strategic planning and integrate it into their day-to-day business operations to achieve supreme organisational performance. The researcher further recommends the education of most SMEs on proper strategic management principles which would allow them to carry out strategic planning initiatives in their organisations until it becomes a culture for their businesses. As evidenced by the results extracted from the analysis which revealed the a strong and positive relationship between strategic planning and organisational performance, it is therefore imperative for SMEs to recognise the need to activate various strategic planning tools and factors for better performance. SMEs owners/managers must be used to undertake strategic planning in their operations to increase their chances of success. Further recommendations have also been made for each sub- objective that was set to guide the research study and are discussed as below:

SMEs need to establish clear objectives which they can use to direct everyone's effort towards a common goal. These objectives need to be simple and comply with the SMART criteria by being specific, measurable, achievable, and realistic and time-bound which are clear

and can therefore be easily followed by all operatives for the purpose of implementation.

In addition to the above, these objectives need to be jointly set among the owners, managers and the employees for the sake of total ownership.

SMEs need thin and short structures. The organisations must be structured in an organic and flexible manner and not rigid structures that make decision-making very long, winding and unfruitful for the business. SMEs should seek strategic planning training to equip and capacity-build the SMEs on how to implement and manage essential organisational structures for their purposes. The training needs to include other areas that may include environmental scanning, strategic planning review, and accommodating dynamism in the strategic plans.

SMEs must have a written down well-thought-out plan and structure for effective and efficient resource allocation to support their strategies. This will help them to avoid unplanned diversion and miss-allocation of resources especially finances to other activities which do not support the business and this may result in the collapse of the organisation.

All strategic plans established by the SMEs may need resources to be mobilized from the financial institutions and as such the SMEs must have comprehensive plans which show well-thought-out strategies with potential for profitability to attract loans or other support from financiers. Resources are required to operationalize the strategic plans. It is also recommended that SMEs should seek to further formalise their existence by registering with relevant associations and the Ministry of SMEs as this will help them to access official support for their strategic plans from the parent Ministry of SMEs or the banks. The study also found that SMEs lack access to capital and there is need to create better facilities to allow access to affordable loans which may be backed by the government as most of the SMEs lack collateral which is demanded by most financiers especially banks. Despite some facilities on loans for

SMEs, any such access needs to be backed by a solid strategic plan which gives details on the effective use of funds being sought.

SMEs must ensure that all their staff members are involved in environmental scanning and that any information obtained from this must be fed into the company's information system and to be used for decision making. Environmental scanning is necessary to all SMEs and it needs to be harnessed as it is low cost and suits SMEs with shallow pockets. All employees need to be trained to capture vital information from the operating environment on customers, competitors and technology and having a means to feed their SME organisations to ensure that such information is systematically captured into the organisation and made use of during strategic planning and implementation.

SMEs need to involve and consult with their employees many of whom have attained higher levels of qualifications as evidenced by the results of the study. The participation needs to show that owners and managers value and respect their employees and this can strengthen the working relationship across all teams in the organisation. SMEs must cultivate a culture of employee participation in strategic planning to ensure commitment and full understanding by the employees as opposed to a situation in which there is imposition of plans and objectives which they are expected to blindly pursue.

SMEs must be committed to their strategic plans by ensuring effective implementation through various review mechanisms. SMEs are encouraged to craft policies and procedures that suit their operations as these will help to easily identify and make follow up on issues through the system which need attention. At regular intervals such as monthly SMEs must convene meetings with their teams to review progress of implementation and where necessary to solve any problems and motivate everyone on the path to achievement.

During the course of this research, the need for adequate resources to be deployed for strategy implementation so that the strategic plans could be operationalized, was stressed. It is suggested that further research be carried out within the SMEs to determine their sourcing, application and general management of resources particularly financial resources. The researcher further suggests that another study be conducted to investigate the role and implications of leadership ability in strategic planning on operations of SMEs as it was discovered that most of SMEs did not have the necessary business leadership training despite most of them attaining colourful educational levels. The lack of consistent systems and procedures seem to be a prevalent weakness among SMEs as evidenced by the responses from the study which revealed a trail of haphazard decision-making procedures and this is affecting the SMEs business's ability to fully execute its strategies, therefore it is recommended that a study be carried out which establishes the impact of laid down policies and procedures on the performance of SMEs.