

# The Impact of Strategic Planning on Performance of Selected Small-to-Medium Enterprises in Zimbabwe



Andrew Hwititi

# The Impact of Strategic Planning on the Performance of Selected Small-to- Medium Enterprises in Zimbabwe

---

**Andrew Hwititi**

**ISBN** 978-1-77928-378-8  
**EAN** 9781779283788

**©ZEGU Press 2025**

Published by the Zimbabwe Ezekiel Guti University (ZEGU) Press  
Stand No. 1901 Barrassie Rd,  
Off Shamva Road  
P.O. Box 350  
Bindura, Zimbabwe

**All rights reserved**

**DISCLAIMER:** The views and opinions expressed in this book are those of the author and do not necessarily reflect the official position of funding partners”

### **SUBSCRIPTION AND RATES**

Zimbabwe Ezekiel Guti University Press Office  
Stand No. 1901 Barrassie Rd,  
Off Shamva Road  
P.O. Box 350  
Bindura, Zimbabwe  
Telephone: ++263 8 677 006 136 | +263 779 279 912  
E-mail: zegupress@zegu.ac.zw  
<http://www.zegu.ac.zw/press>

# **Dedication**

Fellow Entrepreneurs and Business Owners

## **Acknowledgements**

Special thanks to Dr Tapera. Mazodza for ensuring that this piece of work was just right through valuable corrections and comments.

## **Book Synopsis**

Strategic management and its related processes of strategic planning have proved, over the years, to be very helpful and SME owners/managers can actually harness these tools to propel their entities into the paths growth and profitability. SMEs in Countries like Zimbabwe face many challenges related to lack of strategic planning and, in so doing, fail to realise their full potential as businesses. The study's main objective was to investigate the nexus between strategic planning and organisational performance of SMEs through the analysis of various factors of strategic planning which included; organisational objectives, firm's structure, resource allocation, implementation and review of plans, environmental scanning and employee participation based on evidence provided by many such SMEs from various sectors of the economy in Zimbabwe. The research adopted a quantitative design and took the form of a survey in which 372 respondents participated from a population of 10000 SMEs in Harare Province through an administered structured questionnaire and the data were analysed using the SPSS analytical tool. Sampling was conducted in a two-stage process in which the first stage involved cluster sampling to take care of the various economic sectors in which the SMEs operate. The second stage involved the use of convenience sampling which helped to identify the individual respondents within each cluster as highlighted above. From the seven stated objectives of the study, data were collected and analysed using both descriptive and inferential statistics techniques in the SPSS tool system which included Correlation, regression, factor analysis and analysis of variance (ANOVA) tests. Results obtained from the study indicate that while strategic planning was not prevalent among most SMEs, its relationship with organisational performance was strong and positive. Correlation analysis outcome indicated a strong link between strategic planning and organisational performance. All the factors of strategic planning (organisational objectives, firm's structure, resource allocation, implementation and review of plans, environmental

scanning and employee participation) were found to be positively related to organisational performance of SMEs. The results further reveal that, while most SMEs were aware of the importance of strategic planning, most of them did not or were reluctant to practice strategic planning and this can be a subject for a further study including the role of leadership ability in the SMEs business and the impact of laid down policies and procedures on the performance of SMEs as well.

## **Contents Page**

I	Dedication
II	Acknowledgements
III	Book Synopsis
VI	Abbreviations
1	Chapter I: Introductory Overview
16	Chapter 2: Strategic Planning and its Impact on the Performance of an Organisation: A Review
59	Chapter 3: Research Methodology
69	Chapter 4: Findings
104	Chapter 5: Conclusion and Future Direction
111	References



## Abbreviations

SME	:	Small and Medium Enterprises
SMEAZ	:	Small and Medium Association of Zimbabwe
SMEDCO	:	Small and Medium Enterprise Development Corporation
MSMECD	:	Ministry of Small and Medium Enterprises and Cooperative Development
RBZ	:	Reserve Bank of Zimbabwe
GoZ	:	Government of Zimbabwe.
OECD	:	Organisation for Economic Co-operation and Development
GDP	:	Gross Domestic Product
SWOT	:	Strength, Weaknesses, Opportunities, and Threats
PESTEL	:	Political, Economic, Social, Technological, Environmental, and Legal
SMART	:	Specific, Measurable, Attainable, Relevant and Timely

## Chapter I: Introductory Overview

The role of strategic planning to improve organisational performance is well documented in the strategic management literature (Song & Song, 2011; David, 2005; Karel *et al.*, 2013; Dobbs & Dobbs, 2015; McClean, 2015). Strategic planning is a function of strategic management and strategic management. David (2005) contends that it 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. Organisational performance is described as an organisation's ability to acquire and utilise its scarce resources and valuables as expeditiously as possible in pursuit of its operational goals (Griffin, 2006). It is believed that, through proper strategic planning, organisations would achieve better performance (Signhvi, 2000; Miller & Cardinal, 1994; Wang, Walker & Redmond, 2007). Although small and medium size enterprises typically employ a major share of an economy's total employees, formal plans and cost controls are often only provided on a regular basis and planning instruments are usually only used by a small number of individuals and developed rather intuitively (Brinkmann, 2002). These shortcomings point towards the importance of critically examining the value of strategic planning for SME's in detail. Mutandwa *et al.* (2015) have noted that the increasing population and rising unemployment has resulted in SMEs being considered as an alternative to conventional industrialisation hence their importance in the modern economy. While several studies have been conducted (Walker & Redmond, 2007; Brinkmann, 2002), there still remains scope for further research on the impact of strategic planning on organisational performance, particularly in SMEs (Karel, 2013; Dobbs & Dobbs, 2015) and this is the research gap which this research purposes to fill. The purpose of the study is to establish the impact of strategic planning on the performance of SMEs.

The successful performance of SMEs has been of big interest to economists, governments, financial institutions and other stakeholders. OECD (2000) affirms that SMEs play key roles in economic growth, employment creation and development in many developing countries. Over the years SMEs have evolved to become dominant forms of business ventures in many economies including Zimbabwe.

SMEs importance to economies is well documented and they comprise the majority of the business sector in economies (Storey, 1994; Birch, 1989; Culkin & Smith, 2000). According to Abdullah & bin Bakar (2000) as quoted by Wang *et al.* (2007), many governments around the world have increasingly promoted and supported the growth of SMEs as a key national development strategy. Saeed and Wiebe (2002) aver that “SMEs contribute to the broader process of economic development worldwide, and the sector is now being regarded as the solution to most developmental problems in developing countries.” While much SMEs in Zimbabwe cite the lack of adequate support from the financial institutions, central government and other quarters, it is the results of other related studies( Karel *et al.*, 2013; Wijetunge & Pushpakamuri, 2014; Sandada *et al.*, 2014; Njoroge & Wario, 2015; Langat & Auka, 2015; Sandada & Dubihlela, 2014; Kraus *et al.*, 2007; Kamunge *et al.*, 2014) in Africa, Europe and America that prompted the researcher to have the keenness to dig deeper about the impact of strategic planning and its bearing on the performance of the SMEs in Zimbabwe.

Sandada, Pooe and Dhurup (2014) have asserted that increased practices of strategic planning lead to high levels of business performance hence SMEs owners and managers should fully understand the strategic planning factors to improve performance. Sandada (2014) ascertained from other previous studies that there is a positive relationship between the practice of strategic planning and performance improvements and that organisation should not think that it is irrational to plan. Sandada further observes 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. Mazzarol *et al.* (2004) highlight that SME owner-managers have been accused of being strategically blind or myopic and lacking the long-term vision as to where their company is headed. The lack of adequate knowledge 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. Other empirical studies reveal the link between strategic planning and success (Rue & Ibrahim, 1998; Bracker, Keats, & Pearson, 1988; Lyles *et al.*, 1993; Schwenk & Shrader, 1993).

Berry (1998) has noted that 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 some SMEs to continuously apply strategic planning, most SMEs seem not to be interested or are not aware of the full benefits. While the SMEs sector in Zimbabwe is highly regarded as informal, the formation of the Ministry of SMEs highlights its importance to the economy to ensure SMEs survival and growth through various support systems. In Zimbabwe, 80% of the working population is employed in the SMEs sector, 40% of Total GDP is contributed by the SMEs Sector. (The Newsday, 2015 July). Kraus, Reiche & Reschke (2007) observed that planning in SMEs does not always take place in a highly sophisticated or formal ways. Njoroge and Wario (2015) found that Strategic planning in SMEs is rather unstructured, sporadic and not formalised.

Langat and Auka (2015) reveal that strategic planning assists in providing direction so organisation members know where the organisation is heading and where to expand their major efforts. They further noted the guidance provided by strategic planning in defining

the business the firm is in, the objectives and the implementation mechanisms to accomplish the goals. In his argument, Ansoff(1970) asserted that planning generally produces better alignment and the results in companies which are strategically managed than those which are not as cited by Poku(2012).Basing on empirical literature, Wang *et al.* (2011) aver that strategic planning is generally more common in better performing SMEs and that SMEs who practice strategic planning are more likely to achieve better performance as compared to their counterparts who do not practice strategic planning and are prone to failure (Gaskill *et al.*, 1993; Perry, 2011).

In Zimbabwe, the SMEs sector is considered an important arm of the economy because of its immense contribution to the development of the country since 1980. In consideration of the critical role SMEs play in society and the economy, the government of Zimbabwe formed the Ministry of Small and Medium Enterprises (MSME) to provide the necessary support to the business activities of the SMEs. The MSME considers vendors, co-operatives and small registered companies in its category of Small and Medium Enterprises. Inyang (2013) has observed the lack of a globally accepted definition of SMEs. Various definitions of SMEs have been formulated in Zimbabwe and according to a study by Bomani, Fields and Derera (2015), the SMEDCO views the SME as an organisation that has less than hundred employees and a maximum of USD300 000.00 in annual turnover (SMEDCO, 2010. MSMECD defines an SME as a registered entity in terms of their legal status and employing between 6 to 100 people (Chirisa *et al.*, 2012). An SME Act (2011) views an SME as a business organisation with an estimated value ranging from USD 10 000.00 to USD2 million and employs between 2 to 20 people and The Reserve Bank of Zimbabwe adopted the same definition (RBZ, 2013). However, for the purposes of the study, the researcher is going to utilise the MSME Policy and Strategy Frameworks (2015) definition which state that SMEs are those who are “registered in terms of their legal status” and “employ anywhere between 6 to 100 workers.”

Bomani, Fields and Derera (2015) argue that SMEs will remain an important sector in Zimbabwe because of their provision of employment (Manuere *et al* , 2012) , contribution to the GDP (Dumba & Chidamoyo, 2012), alleviation of poverty and their participation in mainstream economy (GOZ, 2012).The RBZ Monetary Policy (2012) reveals that SMEs sector in Zimbabwe contribute 70% of the economic activity and the majority of SMEs are found in the “manufacturing, retail, transport, mining, energy, construction and service sector” of the economy ( Bomani, Fields and Derera, 2015).More than 60% of the country’s workforce are employed in the SMEs sector and contribute around 50% of the country’s GDP (National Budget Statement, 2013).The RBZ Monetary Policy Report (2013) has brought to the fore the fact that between 65 -75% of SMEs in Zimbabwe are owned by indigenous entrepreneurs and between 25-35% are owned by foreigners. Recent reports reveal that in 2015 at least 80% of the working population and according to a publication in The Newsday (2015 July), SMEs were estimated to be contributing around 40% of the country’s total gross domestic product (GDP) and at least 5.7 million were employed in the informal sector. While the SMEs sector in Zimbabwe is highly regarded as informal, its contribution to the economy calls for serious recognition at the highest level hence the formation of the Ministry of Small to Medium Enterprises to monitor the growth, performance and operations of the SMEs to ensure their continued survival through various support systems. Internationally, SMEs play an important role in the economy as well by providing as much as 66% of the total employed personnel in the private sector and accounting for 55% of total revenues in the EU (Bauer, 2002). OECD (2000) affirms that SMEs play key roles in economic growth, employment creation and development in many developing countries. Over the years SMEs have evolved to become dominant forms of business ventures in many economies including Zimbabwe. Saeed (2002) has noted the contribution of SMEs to the broader process of economic development as increasingly being recognised worldwide and furthermore the SME sector is now being regarded as the solution to most developmental problems in developing countries.

The contribution by SMEs to the general development of the country is a key positive indicator about their importance in an economy of a developing nature like Zimbabwe. With the availability of resources and other support mechanisms such as finance and trade facilities through organisations such as ZimTrade, SMEAZ, SMEDCO and MSMECD, the failure of SMEs can only be as a result of lack of proper planning activities (strategic planning). Poku (2012) indicated that strategic planning increases the efficiency and effectiveness of organisations by improving both current and future operations. The rate of failure of SMEs in Zimbabwe, as reported by the public media and other researchers, (Nyamwanza, 2014; Karedza *et al.*, 2014; Dumbu, 2014) has been bemoaned by the MSME despite the support that is available to these SMEs.

Most SMEs have not grown in terms of business size and volume and some continue to employ fewer and fewer people, which situation appears to be pointing towards a deeper underlying problem. The use of strategic planning as a tool for enhancing performance has been popular with big organisations (Vancil & Lorange, 1977) and the study seeks to critically explore whether strategic planning also affects organisational performance of SMEs that in the long run has impact on their survival. Given the current environment in Zimbabwe where there is little stability economically, strategic planning is of greater importance if SMEs must perform better. Jennings and Disney (2006) stress the requirement of increased planning, comprehensiveness and planning flexibility in unstable and competitive environments. Teeratansirikool *et al.* (2013) observe that strategic planning by SMEs enables them to cope with unstable circumstances. Wang, Walker and Redmond (2007) found that the majority of SMEs do not plan. Most past studies highlight the lack of strategic planning by SMEs (Wang *et al.*, 2007) and yet the bulk of strategy literature highlights the importance of strategic planning in the enhancement of performance (Rintari & Marange, 2012; Gates, 2010; Al isa, 2015; Poku, 2012; Shrader, Taylor & Dalton, 1984). According to Hoggetts & Kuratko as cited by Nyamwanza (2014), "Strategic Planning

can contribute to performance by generating relevant information, by creating a better understanding of the environment, and by reducing uncertainty". The consequences of letting the SMEs collapse are quite unbearable in an economy like Zimbabwe, loss of jobs, low productivity levels, negative effects on standard of living and decreasing tax revenue contributions, all impacting on the general development of the country . Renowned Zimbabwe Economist Eric Bloch in his article published in the Zimbabwe Independent of January 24 (2014) has noted that 'the reality is that the greatest single element of the economy is the SMEs', this further affirms the important space being occupied by the SMEs in the modern economy and the need to make sure they survive by all means". According to Taiwo and Idunn (2007), many organisations spend most of their time realising and reacting to unexpected changes and problems instead of anticipating and preparing for them.

Therefore, this research study is important as it endeavours to unearth the relationship between strategic planning and organisational performance of SMEs and how it is critical for SMEs to embrace strategic planning as a vital tool for performance. Based on the above background information furnished thus far, it is evident that the role of strategic planning in influencing organisational performance requires further investigation. The thrust of the study is going to focus on key strategic planning factors that enhance organisational performance as identified by the researcher.

The continuous growth in numbers of SMEs in the region, particularly in Zimbabwe and the key role SMEs play in employment creation and other developmental benefits to the economy, has motivated the need for a study in this area. The researcher is of the strong opinion that the SMEs need to grow and eventually graduate from narrow subsistence business activities into big organisation which will benefit the greater economy meaningfully. In Zimbabwe, very few, if not none studies of this kind, have been carried out to determine the impact of strategic planning on performance of SMEs. To this end, the researcher has noted



various benefits in carrying out the study and they are laid out as follows.

Resources and other kind of support for SMEs might be an effort in vain unless the SMEs appreciate and understand the need and importance of strategic planning as a key factor in their operations to enhance performance. Many SMEs are struggling in their operations and the basic thinking points at the lack of adequate resources and support, but there are symptoms indicating a problem beyond the issue of resources and support only. The outcome of the study will help SMEs to appreciate the need to use strategic planning tools as a way to enhance performance in their organisation and the study will also proffer insights on how strategic planning programs can improve performance. SMEs will have a clearer picture of how strategic planning is important to them as it is in big organisations and can help them to attain a competitive advantage to save their organisations from collapse through increased performances.

While there is a substantial amount of literature on the concept of strategic planning (Karel, 2013; Dobbs & Dobbs, 2015; McClean, 2015; Stonehouse & Pemberton, 2002), this research will provide further insights therefore extending the body of knowledge about this concept particularly as it pertains to SMEs in developing countries. The results of this research will enable a deep understanding of the concept of strategic planning and its influence on performance of SMEs. This understanding will allow practitioners and educators to provide detailed insights as they teach the subject of strategic planning and performance especially on SMEs operations.

The theory of strategic planning and its relationship with performance will be explored further. The study will contribute to the academic fraternity by providing an in-depth knowledge based on empirical research on the underlying factors on the impact of strategic planning on performance of SMEs. Consideration of relevant theories through related

literature and comparison with the outcome of research, will provide a rich ground for further studies in the Academia. Other scholars will be able to access the research report as it will be available in the library. Evidence from existing literature shows that further research is needed.

Pedagogically, the teaching and learning of the subject and theory of strategic planning will be enhanced through the study. The researcher will also benefit during the process of conducting the research such as when conducting the literature review and data collection and therefore enhancing his understanding of the successful management of SMEs.

Strategic planning remains a big challenge even in many big corporates and this problem is quickly reflected on the poor performance of organisations (Karel, 2013; Dobbs & Dobbs, 2015; McClean, 2015; Stonehouse & Pemberton, 2002). Wang *et al.* (2011) have discovered that there are greater advantages realised if SMEs practice strategic planning than not. The short -term operational models employed by many SMEs result in them ignoring the importance of strategic planning in business (Wang *et al.*, 2011). Evidence available shows that strategic planning is rare or none existent in the majority of SMEs (Jones, 1982; Gaskill *et al.*, 1993; Brouthers *et al.*, 1998; Stonehouse & Pemberton, 2002; Mazzarol, 2004). Kelmar and Noy (1990) have observed that the lack of formality in strategic planning by SMEs provides little basis upon which performance can be measured or analysed and this is a key deficiency in fully realising the rewards of strategic planning.

In a volatile economy like Zimbabwe where big organisations are facing a myriad of challenges related to operations, performance and viability, it is difficulty and almost impossible for the majority of SMEs to find their footing and perform well in the absence of proper strategic planning processes. The manner in which most SMEs businesses are administered is far from normal expected organisation standards and much SMEs are known for experiencing serious performance challenges due to lack of proper structures and management planning systems

(Mhizha, 2014). Poku (2012) recognised that “the strategies pursued by each organisation are largely accountable for the outcome of their performance”, and this statement is a clear indication of how strategic planning is related to organisational performance, hence what an organisation harvests is as a result of its strategic planning activities. 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 carried out in the past, the opposite is obtaining (Nyamwanza, 2014; Gombarume & Mavhundutse, 2014; Mudavanhu *et al.*, 2011, Mhizha, 2014, Dumbu, 2014). As indicated by various researchers (Mutandwa *et al.*, 2015; Hobohm, 2001; Karel *et al.*, 2013; Sibanda, 2005; Kamunge *et al.*, 2014; Beck *et al.*, 2005), it cannot be doubted that the successful performance of SMEs contributes positively to the growth of the economy. In view of the deficiency of strategic planning practices and its lack of appreciation thereof within the SMEs sector, the researcher seeks to establish the impact of strategic planning on the performance of SMEs in Zimbabwe as it is considered to be an essential management tool especially in a highly unstable business environment as currently experienced.

The main objective of the study was to establish the impact of strategic planning on the performance of SMEs in Zimbabwe. The following sub-objectives have been formulated for this research study: -

- 1) To establish the impact of clear objectives on performance of the organisation;
- 2) To assess the impact of resource allocation on organisational performance;
- 3) To explore the influence of organisational structure on its overall performance;
- 4) To study the influence of implementation and review of Plans on Performance;
- 5) To determine the effect of environmental scanning on the performance of the organisation;

- 6) To understand the effect of employee participation in planning on the performance of SMEs in Zimbabwe.

The following research questions have been formulated around the research objectives stated above. The main research question was: What role does strategic planning play on SMEs' performance, and should SMEs practice strategic planning?

The sub research questions are:

- 1) To what extent does the setting of clear and concise objectives affect the performance of an SME in Zimbabwe?
- 2) How best should these objectives be set?
- 3) How does organisational structure affect organisational performance?
- 4) How best should the organisation plan its structure to improve performance?
- 5) How does human resource planning affect the performance of SMEs?
- 6) To what extent does planning for implementation and review affect the performance of the organisation?
- 7) What are the key determinants of an effective plan for implementation?
- 8) To what extent does the strengths and weaknesses of an organisation affect its performance?
- 9) How best should the organisation utilise its strengths to enhance performance?
- 10) How best the organisation should manage its weaknesses and sustain performance?
- 11) What is the net effect of opportunities and threats in the obtaining environment to the performance of the organisation?
- 12) How best the organisation should explore the opportunities available and defend against threats.
- 13) How does lack of employee participation in planning affect the performance of the organisation?

- 14) How should employees be involved?
- 15) At what stages of planning should employees be involved?

The study seeks to evaluate the impact of Strategic planning on the performance of SMEs and the relationship between the two shall be determined. To effectively address the study's research questions and objectives, the following hypotheses were formulated for testing to ascertain their truthfulness:

- H0:** There is no relationship between strategic planning and performance of SMEs;
- H1:** Strategic planning has a bearing on the performance of SMEs;  
*The study's other hypotheses are outlined as below:*
- H2:** Well-articulated organisational objectives directly influence the overall performance of the organisation;
- H3:** The way how an organisation is structured influences its performance;
- H4:** Organisational performance is influenced by the existence of a plan for the allocation and utilisation of resource;
- H5:** An effective plan for implementation and review is necessary for the good performance of the organisation;
- H6:** Effective environmental scanning is critical for organisational performance;
- H7:** Employee participation in planning influences the performance of SMEs in Zimbabwe.

**Geographical:** The research study will consider SMEs in Harare, the capital city of Zimbabwe because of its immense economic activities. The fact that the researcher is based in Harare is promoting the study to be concentrated in the capital city.

**Participants:** The study will solicit for data from owners and senior management within these SMEs. This will enable the extraction of relevant information which directly relates to Strategic planning and its effect on performance of the organisation.

**Literature:** The study seeks to review literature which specifically relates to issues of strategic planning and organisational performance. Literature which does not relate to the delimitation outlined will be ignored. In addition, only current data (at least 6 years old) will be reviewed. This allows the researcher to bring the current study to reality through surveying topical streams of literature.

**Data period:** This research will rely on latest data on SMEs in Zimbabwe and their performances. Secondary data collected will be ranging from period 2009 to current. The deliberate choice of year 2009 is necessitated by the fact that it is during this period when the economy started using a more stable currency. It is during this period that substantial amount of growth was witnessed by many SMEs.

In the study, the following are potential limitations:

**Measure used to collect the data:** Even though a structured questionnaire has been known to be an effective tool for collecting data, this may not be the case as with the study. This is due to the fact that the researcher intends to use an original questionnaire; never used before in other studies. Therefore, after completing my interpretation of the findings, I may discover that the way in which i gathered data inhibited my ability to conduct a thorough analysis of the results. For example, regretting not including a specific question in a survey that, in retrospect, could have helped address a particular issue that emerged later in the study.

**Sample size:** This research uses a sample of 370. This is relatively a small sample size. However, the nature of the study will not be overly affected by the sample size and measures will be put in place to avoid the effect of sample size on the results.

- Several assumptions were identified as important to this research study;
- The researcher assumed that there is perceived benefits accrued from practicing strategic planning by SMEs;

- Organisational performance is highly dependent on strategic planning;
- The researcher assumed that there will be easy access to relevant SMEs data bases to access the relevant information relating to the study;
- It must also be possible to administer the questionnaires and interviews to all identified respondents as determined by the sampling rules without any challenges;
- It will also be necessary to get adequate cooperation from all the respondents and that such selected respondents will be willing to engage and share their information with the researcher.

#### Definition of Terms and Abbreviations

Strategic Planning: A long-term systematic and formalised way of planning business activities.

Organisation Performance: the achievement of the firm's goals and objectives.

Resource Allocation: A plan for using available resources.

Resources: Tangible and non-tangible assets that can be drawn on by a person or organisation to function effectively.

Implementation: The process of executing a plan or a decision.

Structure: the arrangement of and relations between employees of the organisation.

Objective: An intended achievement or goal of the organisation

Small and Medium Enterprises: Business establishment with at least six and less than 100 employees.

Owner/Manager: The founder and person responsible of a business.

SMEs Association: A non-profit representative organisation for small and medium sized business organisations.

**Chapter 1:** The chapter provides the general outline of the whole study, a detailed discussion on background of the study, statement of the problem, research hypotheses, research objectives was done the future framework of the study is provided in the chapter.

**Chapter 2:** Reviews the relevant literature on the impact of strategy planning on the performance of SMEs. The chapter will review both theoretical and empirical literature and establish any existing gaps which will provide the base for the study.

**Chapter 3:** Will present the methodology used in the research study based on the activities carried out by the researcher in extracting data. In the chapter, the researcher will focus on research paradigm and philosophy, research design, population of the study, sampling, research instruments, data analysis and presentation, ethical consideration and reliability and validity of the study.

**Chapter 4:** Presents and interprets the data collected from the administered questionnaires and interviews with SMEs and discusses the findings of the study in detail. Interpretation and presentation of data will be conducted in various forms including, graphs, pie charts, tables and diagrams

**Chapter 5:** presents the summary, conclusions and recommendations. The researcher will summarise findings, make conclusions and recommendations and proffer any information for further study and future improvements.

The chapter is the introductory chapter of the study and has focused on; giving the background to the research problem, justification of the study, stating the research problem, outlining conceptual framework, highlighting objectives of the study and stating the hypotheses and the limitations and delimitations of the study on the impact of strategic planning on the performance of the SMEs in Zimbabwe. The chapter also outlined the full structure of the entire study. The following chapter, chapter 2 focuses on the existing literature which was reviewed for the purposes of the study.



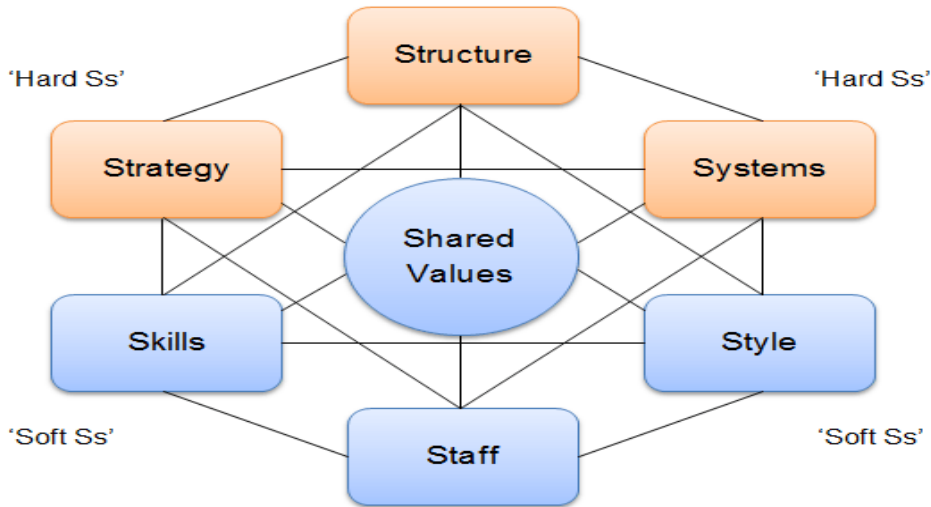
## **Chapter 2: Strategic Planning and Its Impact on the Performance of an Organisation: A Review**

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.

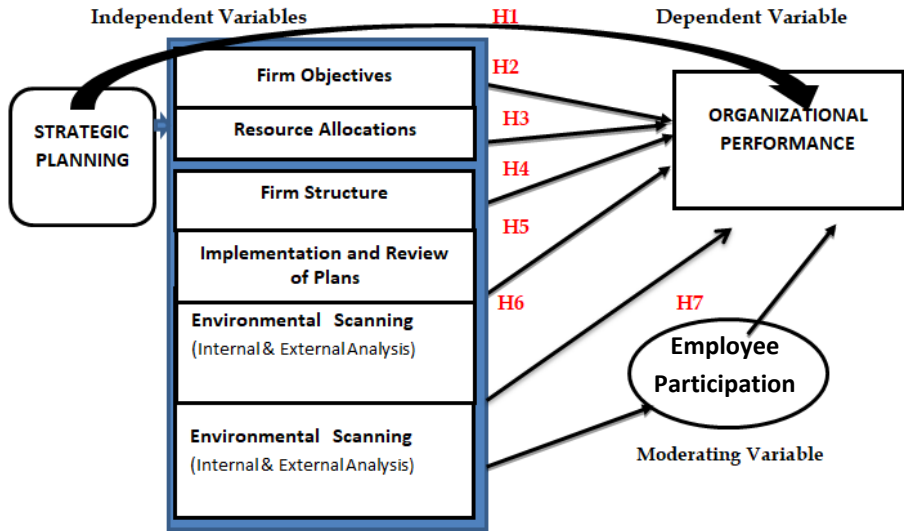
Langat and Auka (2015) argue that strategic planning is there for provision of direction so that organisation members are aware of the organisation's objectives and where they should focus their major efforts. They further asserted that strategic planning defines the business the firm is in, the end 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.

Sekaran 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 (Sekaran & 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 stresses 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, & Moutinho, 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, Poole 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, Greenberg; 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. Csaszar (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

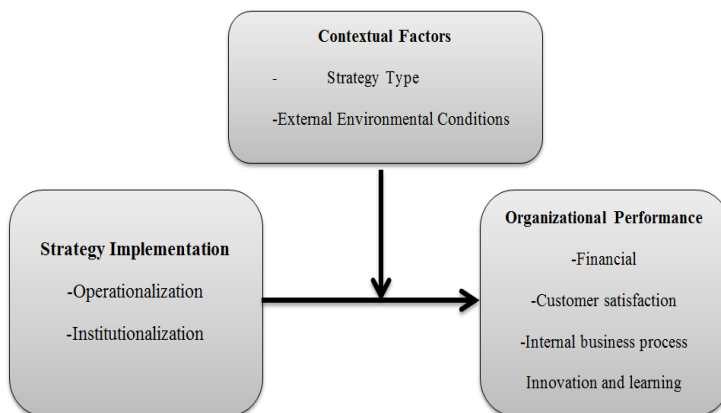
resources a firm acquires, if it fails to allocate them according to the demands of each organisation process, those resources will be of no meaning benefit in trying to drive performance. Barney (1991) in Resource Based View Theory (RBV) of the Firm asserts that the resources should be valuable, difficulty 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.

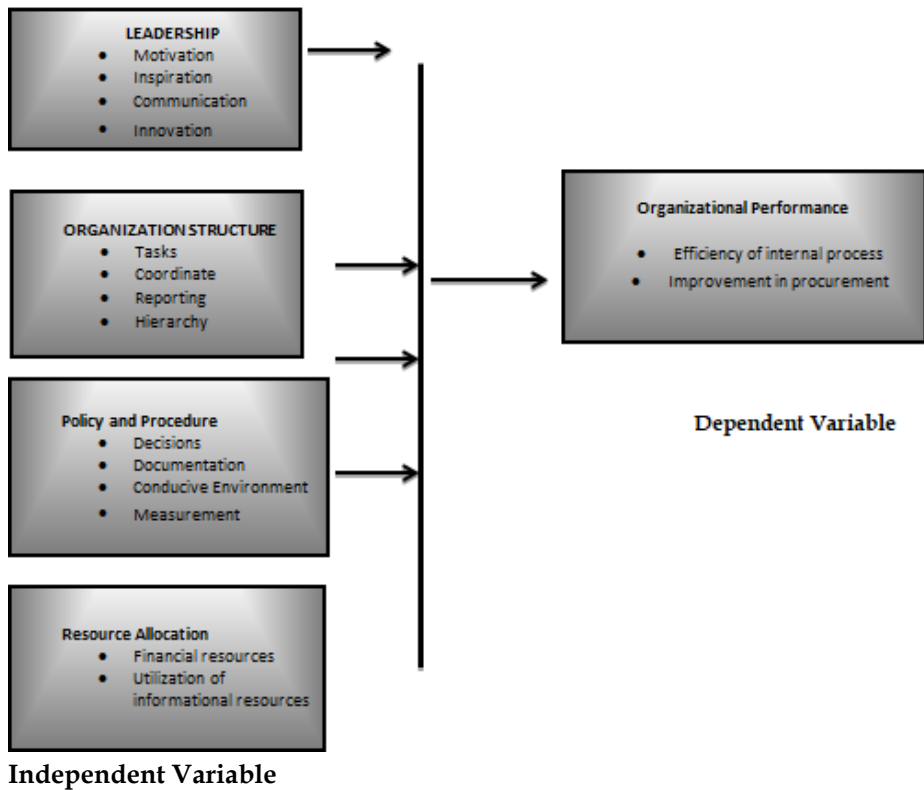
Njagi and Kombo (2014), observed that without proper implementation of good strategies, intended results cannot be achieved and strategy implementation involves converting the strategic plan into action and then into results.

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, Babatunde *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 is 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 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)

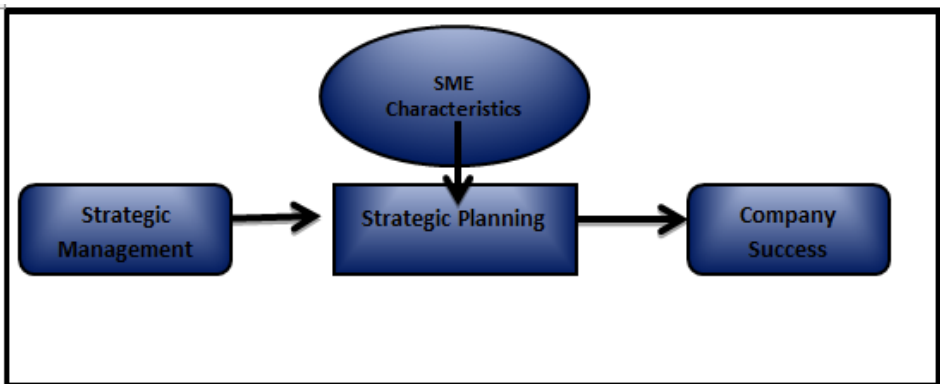
Problems	Opportunities
Limited resources, time and means	High customer proximity
Limited know-how and methodological	High market knowledge
Knowledge	Strong influence by the entrepreneur(engine of change)
Focus mainly on only one market or	High identification and motivation of employees
	Quick implementation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

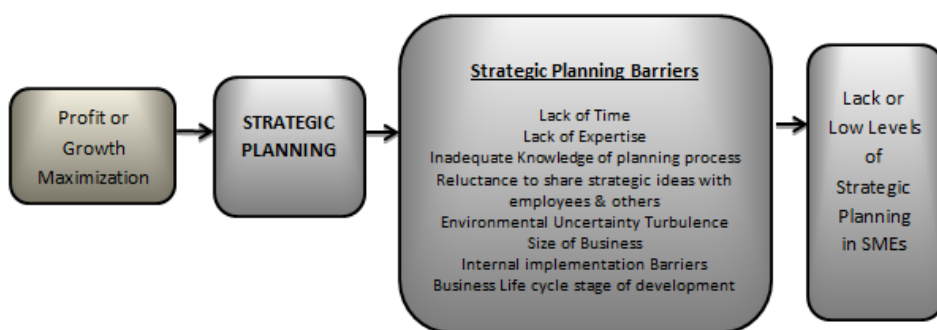
Haake (1987) argues that there is a link between company size (independent of whether it is measured based on total capital, revenues, or number of employees) and the use of strategic instruments. Robinson *et al.* (1984) also indicate that the type and degree of formality of planning are dependent on 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 & Shrader, 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 as 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; Sofijanov & 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.

## Chapter 3: Research Methodology

This chapter identifies and discusses the research methodology that was utilised for the study and this encompasses the procedures, objectives and shortcomings that were considered critical to the design of the research. Specifically, the population, sampling frame, sampling methods, data collection techniques, synthesis, analysis and interpretation of the data and the appropriate justification were looked at. Hakim (2004) asserts that a research methodology refers to the approach and methods used to plan and collect the data.

The researcher adopted a quantitative approach which sought to establish the proposed six factors of strategic planning and how they relate to and impact on SMEs performance. Quantitative methods involve collecting data which can be quantified and analysed using statistical methods (Kothari, 2004). The quantitative approach enabled the researcher to test and confirm objectively the hypotheses of the study and to determine in the end the impact of strategic planning on the performance of the SMEs in Zimbabwe. Furthermore, quantitative approach is more structured than the qualitative approach and it also is based on the self-response questionnaires which consist of the structured format of responding (Saunders *et al.*, 2012) hence the researcher considered using the quantitative method.

The research philosophy selected for this research is positivism. This research philosophy reflects the principles of positivism where the philosophical stance to be adopted is similar to that of the natural scientist. In that case it entailed working with an observable social reality within the SME sector and that the end product of such research was aimed at generalizations as posited by Remenyi *et al.* (1998).

According to Denscombe (2004), the word research paradigm has come to refer very often now to a thought pattern in any scientific discipline or

other epistemological context. The Merriam-Webster Online dictionary defines this usage as "a philosophical and theoretical framework of a scientific school or discipline within which theories, laws, and generalizations and the experiments performed in support of them are formulated; broadly: a philosophical or theoretical framework of any kind". Puttergill (2000) agreed with the above assertion and goes on to say that, a paradigm is a fundamental image of the subject matter within science, it serves to define what should be studied, what questions should be asked, how they should be asked and what rules should be followed in interpreting the answers obtained. The definition used here is that, a paradigm is a way of examining social phenomena from which particular understandings of these phenomena can be gained and explanations attempted (Creswell, 1994). The researcher used the quantitative approach in collecting data on SMEs in Harare.

The study used the survey method research design to investigate the link between strategic planning and performance of SMEs in Zimbabwe. Yin (1989) indicates that a research design refers to "the logic that links the data to be collected to the initial questions of the study". Owing to the complex interrelationships that were studied (Mouton, 1996), at a deeper level of understanding to acquire greater knowledge about the phenomenon of planning activities by SMEs in Zimbabwe. A survey research design is unique as it gathers information which is not readily available from other sources and it gives true representation of information from the population of interest since data are collected from every respondent (Owens, 2002). Sekeran (2004) determines that a survey is an efficient method for establishing the relationship between variables and in the study the researcher sought to establish the relationship between strategic planning and organisational performance.

The researcher reviewed secondary data available from journals, case studies, and internet and published books relevant to strategic planning and organisational performance. The researcher sought to learn as much

as possible about the concept of strategic planning, factors of strategic planning and its importance on the performance of an organisation.

The researcher constructed draft questionnaires using information obtained from secondary data sources which was already available and less costly to acquire and the questionnaires were piloted.

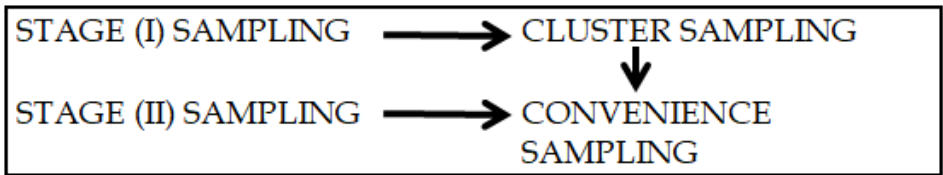
After the preparation of the questionnaire in draft form, it was then pilot-tested. Pilot testing was carried out in each sector targeting the owner/manager. Pilot test helps to “refine the questionnaire so that respondents will have no difficulty in answering the questions and there will be no problems in collecting the data” (Saunders *et al.*, 1997:269). The pilot test assisted the researcher in assessing some of the question’s validity and reliability of the data collected. The pilot test minimised the chances of the questionnaire being misunderstood, containing errors and having inadequate responses hence avoiding waste of time and resources before finalization. Final questionnaires to be used on the research participants were developed after the necessary modification.

The target population considered by the researcher was 10 000 registered SMEs in Harare alone as estimated by The Ministry of SMEs and was regarded to be reasonably representative of all the SMEs in Zimbabwe and this justified why data collection was done in Harare. The population is the entirety of the people or items being considered (Francis, 1998).

Sampling is defined as a selection of a sub-group or representative of a population to be examined to obtain statistical data or information about the whole population (Saunders *et al.*, 2007). A subset of the population on which observations are made or measurements taken is referred to as a sample. A sample should be drawn in such a way that it is representative of all the members of the population (Denscombe, 2004). Wegner (2002), states that not every member of the population is

observable or measurable for reasons of, mainly, cost, time and possibly unit destruction.

The researcher applied a two-stage sampling method which consisted of first splitting up the population into clusters making up the cluster sampling based on the data held by the SME Association of Zimbabwe. The second stage entailed a convenience approach in which the questionnaire was administered to the respondent who was easily available, easy to locate or who was the first one to be met for each of the identified clusters.



*Figure 3.1: Sampling Stage (Own)*

The sampling frame consisted of the SMEs within Harare and particularly registered by their associations or by the Ministry of SMEs. The consideration took the form of clusters (Retail, Manufacturing, Agriculture, Construction, and Transport) and the 1000 members in the sampling frame were extracted from that whole population of SMEs in Harare. Harare has been chosen for the study because of its high economic activities as compared to other cities and this can be used to measure the general outlook across the country. The researcher administered structured questionnaires to 390 respondents out of the 10000 SMEs in Harare according to their sectors and also as registered by the Ministry of SMEs or by their sector association. The researcher employed Krejcie and Morgan (1970) model in calculating the sample size; Population Size: 10 000 then Sample Size: 370. In terms of representativeness, 370 out of the possible sampling frame of 1000 could be sampled and this yielded a 37% which Yin (2009) regards as representative and acceptable. The researcher however administered an

extra 20 questionnaires to cater for the possibility on non -returns and errors. Table 3.2 shows the sample frame and size.

**Table 3.2: Sampling Frame and Sample Size (*Own*)**

NO.	SECTOR/CLUSTER	SAMPLING FRAME	SAMPLE SIZE
1	Retail	150	65
2	Manufacturing	150	65
3	Transport	150	65
4	Agriculture	150	60
5	Construction	150	65
6	Other	250	70
<b>TOTAL</b>		<b>1000</b>	<b>390</b>

The research instrument used for the study was a structured questionnaire. Research instruments are the tools or means used to collect data (Gwimbi & Dirwai, 2003). The methodological approach that one uses is determined by, among other things, the type of data to be investigated and the tools to be used.

A self-administered structured questionnaire was used as the data collection instrument targeting the respondents. The researcher preferred questionnaires because of their simplicity in their administration, item scoring and analysis (Nachmias & Nachimias, 2008). A total of 370 self-administered questionnaires were sent to owner/managers and their employees occupying decision making positions. The researcher administered the questionnaires and collected them after filling-in by the respondents. A response rate of at least 95% from the 370 respondents was achieved due to constant follow ups made by the researcher.

The questionnaire contained a Demographic Section (A) soliciting for information about designation, gender, age, years with the organisation and level of education, Section (B) containing close ended questions



soliciting for information related to factors of strategic planning and Section (C) organisational performance metrics. The respondent had the choice of either agreeing or disagreeing at a certain level with the statements made within the range.

Different variables pertinent to the study were measured as given below:

### **Section B**

- ☐ Organisational objectives and performance;
- ☐ Resource allocation and organisation performance;
- ☐ Organisation structure and performance;
- ☐ Implementation plan and organisational performance;
- ☐ Employee participation and firm performance;
- ☐ Use of Environmental scanning and performance.

### **Section C**

- ☐ Performance of the Organisation
- ☐ The researcher noted much advantages and challenges in using questionnaires for the study and has been discussed as below:
  - ☐ The researcher was able to leave the questionnaires and collect them later after completion by the respondent at their convenience without pressurising;
  - ☐ The questionnaire minimised the element of bias that is commonly prevalent in interviews emanating from differences in race, sex, social class, age and educational level (Gillham, 2000);
  - ☐ The standardisation of information and questions for all respondents made the data gathered more reliable for the researcher.

Babbie (1992) states that a major advantage of a questionnaire is that respondents enjoy anonymity and thus feel free to express views they may consider restricted making the information obtained more reliable. The researcher benefited from this advantage and information obtained was not contaminated with elements of fear.

Many respondents questioned the issue of personal relevance which this researcher had to explain at length to the participants citing collective beneficiation for all SMEs from the results of the study. The researcher might have missed on the benefit of other information obtainable without limitation from the close-ended questions for possible expansion of answers; however, answers obtained were sufficient to address the purpose of the study. Another challenge the researcher encountered was the non- return of some of the administered questionnaires, however this could not generally affect the validity of the study as non-returns only amounted to 5% of the administered questionnaires.

Questionnaires have a limitation of respondents in some cases not being able to read the questions and respond to them but in the study, the researcher made sure all the limitations were corrected through pilot testing. The researcher also noted that questionnaires have the same problems relating to question construction and wording that exist in other types of opinion polls.

Both primary and secondary data were sourced and utilised in addressing research objectives. Data were collected from SMEs operating in Harare, the capital city of Zimbabwe where most of the commercial and industrial activities are happening. The targeted SMEs information was obtained from the SMEs Associations and The SMEs Government Ministry. The researcher targeted SMEs Owners, managers and any worker holding a position deemed to be of strategic nature in the organogram of the organisation. The participants were carefully targeted on the basis of the respondent's awareness in issues that relate to strategic planning and organisational performance.

The results of the study should be read and interpreted in view of limitations encountered. The SMEs sector being vast and big, offered a big challenge for the study relating to availability of time and other resources. As a result, the research was limited to SMEs operating in

greater Harare and the study could not accommodate all sectors of the economy. The sample size chosen was another limitation. The results of the study were also affected by the limitation offered by the data collection instrument used. The study used the questionnaire only. In the study, SMEs were only defined based on number of employees. The researcher can concur that there are various factors of strategic planning factors which can affect organisational performance but for the purposes of the study, the researcher considered only six. These limitations nevertheless in my own view do not outclass the importance of the findings the study.

The presentation of the data is also considered to be important by Charles (1995). Data were recorded, coded and tabulated capturing various responses. Results of the data analysis was captured in percentages and numerical frequencies. Statistical Package for Social Science (SPSS) program was used to analyse and present obtained data. Data were presented in tables, graphs and other suitable diagrammatic or pictorial presentation with the aim of making it clear on relationships, trends and if general models can be extracted out of that data. Research findings were presented under cover title of the concepts underlying each and every research question contained in the questionnaire in the form of charts, tables, figures and narrative explanation. This was then followed by a quantitative analysis. Where possible this was discussed with reference to the results of the desk research as presented in the literature review as outlined in the literature review section. The researcher used the data analysis process adopted from Punch (2005) to guide in analysing the data and writing the report which entailed thematic coding which was applied to analyse and identify the themes of the data. Regarding coding, the researcher used the data codes A to E to denote the questionnaires as distributed to the respondents'. The SPSS analytical tool was used to assist with the analysis.

The researcher made sure the data collection techniques used was in line with the research ethics on information access. The researcher was

careful to ensure that researching procedures used did not cause emotional or physical harm. The following mechanisms were put in place by the researcher;

- Seeking of appropriate permission, authority or consent prior to the beginning of the study.
- Observation of certain cultural values, traditional and taboos.
- Protection of information's rights to privacy
- Establishing good rapport between the researcher and the participant.

Charles (1995) adheres to the notions that consistency with which questionnaire [test] items are answered or individual's scores remain relatively the same can be determined through the test-retest method at two different times. This attribute of the instrument is actually referred to as stability. If we are dealing with a stable measure, then the results should be similar. A high degree of stability indicates a high degree of reliability that means the results are repeatable. A research instrument must be reliable and valid. Trochim (2008) defines reliability as the consistency or repeatability of one's measures, that is, the quality of measurement. On the other hand, Leedy (1993) defines reliability as a matter of whether a particular technique applied repeatedly to the same results each time it deals with accuracy.

Leedy (1993) argues that validity is the quality of a data gathering instrument or procedure that enables it to measure what it is supposed to measure. The researcher used the questionnaire as the instrument for data collection with the intention of achieving validity and reliability. Though the instrument's application is limited in terms of response rate and lack of opportunities to clarify issues, it is without doubt that the instrument provided the researcher with accurate answers on issues solicited as a result of its clarity, clear layout, the sequence employed and the interactive nature of the questions / statements. A questionnaire, being a predetermined set of questions or statements

used to collect data, accommodates consistency on the standard of scores captioned by the respondents carried a definitive purpose that was related to the objectives of the study. Miller (2015) refers to reliability as an extent to which any measurement procedure produces the same results on repeated trials or is the stability or consistency of scores over time or across raters. The researcher established the reliability of the questionnaire by subjecting it to a pilot test where data were collected from 25 subjects not included in the sample and measured using the Cronbach's alpha for internal consistency reliability. A reliability coefficient of 0.8 was obtained using the SPSS and this is considered an acceptable reliability.

The research design and philosophy has been postulated and the research methodology has also been explained in detail in this chapter. The research gathering and analysis techniques applied in the study were also discussed at length. For the purposes of this research study, the quantitative approach. As for data collection techniques mostly the survey approaches which consisted of interviews and questionnaires were employed. Whereas the chapter gave details on the research methodology, the next one gives presentation of findings, analysis and interpretation of results.

## Chapter 4: Findings

The chapter seeks to collate the researcher's findings during the period of research through presenting, analysing and interpreting for meaning and implications. The results of the research would be discussed stating the outcome of the research and the key findings leading to the appropriate recommendations which are detailed in the next chapter. As a means to that end, the chapter was divided into several sections covering all the main subject areas or sections as presented in the questionnaire. Each section is introduced, analysed and the key findings are then detailed and finally discussed. The presentation takes the form of illustrations, pie charts, graphs, diagrams and tables. The aim was to simplify the data for easier interpretation and understanding. While the SPSS tool was used to undertake the calculations the results of which have been used in the chapter, data were collated and reports were produced accordingly. The total number of questionnaires distributed to respondents was 390, out of which 372 were returned after they were duly completed. This constituted 95.4% response rate which by Kothari's (2004) standard proved to be quite successful and this left 4.6% of the questionnaires not having been returned to researcher, by the time the report was prepared.

*Table 4.1. Questionnaire Response Rate*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Returns	372	95.4	95.4	95.4
	Non>Returns	18	4.6	4.6	100.0
	Total	390	100.0	100.0	

The high response rate of 372(95.4%) as compared to the non-returned questionnaires 18(4.6%), was achieved through working closely with the SME association and strictly following through on all distributed questionnaires. The issue of the scholar being a known member of the association of SMEs could have influenced the high response rate. According to the calculated sample size as averred by Krejcie and

Norman (1970), a total of 370 had been determined as the appropriate number of samples from the 10000 population of SMEs members. The actual number of responded questionnaires was 2 above the determined sample size. This would work to place greater reliability and credibility on the findings and on any generalizations that can emanate from the conclusion.

**Table 4.2.** Age of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 25yrs	33	8.9	8.9	8.9
	25-30yrs	111	29.8	29.8	38.7
	30-40yrs	190	51.1	51.1	89.8
	Above 40	38	10.2	10.2	100.0
	Total	372	100.0	100.0	

The age distribution shown in Figure 4.2 reveal that 33(8.9%) of the respondents were below the age of 25 years, 111(29.8%) were between 25 to 30 years, 190(51.1%) were between 30 and 40 years and 38 (10.2%) were above 40 years of age. Generally, the players in the SME sector are young below the age of 40 years. The picture painted here shows that those who enter SME sector who want to be economically independent are generally young who are entrepreneurial and innovative, they still lack the basics of life and therefore risk tying and investing in the SME sector to improve their economic fortunes. It also shows a reflection of what was happening in the general economy where the young ones coming out of universities have no formal employment and therefore find themselves in the various SME sectors.

**Table 4.3:** Designation of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	41	11.0	11.0	11.0
	Manager	176	47.3	47.3	58.3
	Supervisor	106	28.5	28.5	86.8
	Non-Manager	49	13.2	13.2	100.0
	Total	372	100.0	100.0	

The designation of respondents as given in the figure 4.3 shows that owners of the SMEs were 41(11%), managers in the SMEs were 176 (47.3%), while supervisors made up 106(28.5%) and non-manager were 49 (13.2%) of the full sample of 372(100%). SMEs, by definition, have less than 50 employees and this distribution shows a relatively high proportion of owner-managers at 217(58.3%) which supports the high numbers of those who control the ventures and are therefore involved in strategic planning in the SMEs if at this stage we assume that the process is actually done. The number of supervisors was also relatively higher and instances where a worker would be called a supervisor even if the person had no one reporting to him was explained by the fact that the “supervisor” was responsible for interacting with the customers and other workers from other SMEs. The title revealed the extent of this responsibility and not necessarily that the person had subordinates.

**Table 4.4:** Education Level of Respondents to the Questionnaires

	Frequency	Percent	Valid Percent	Cumulative Percent
--	-----------	---------	---------------	--------------------

The level of education was an important factor since the higher the level of education the better it was for the research questions to be understood and to be well responded. Figure 4.4 revealed that secondary school was 31(8.3%), certificate holders were 75(20.2%), 149(40.1%) were holders of diplomas and a staggering 117(31.5%) were holders of various degrees from universities. That position revealed that more than 92% were qualified in a certain area and held either a certificate, diploma or degree and this was thought to translate into improved ways of carrying out work in the SMEs, elements of professionalism and an understanding of the need to plan strategically for the growth and enhancement of the SME organisation.

**Table 4.5:** Gender of Respondents to the Questionnaires

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	287	77.2	77.2	77.2
	Female	85	22.8	22.8	100.0
	Total	372	100.0	100.0	



The gender distribution for the respondents revealed that 287 (77%) were males and 85(22.8%) were females. This was a reflection of the nature of the SMEs that were investigated such as engineering, mining, agriculture which were male-dominated and SMEs in the retail, buying and selling of food and second-hand clothes were dominated by females. However, the most important aspect to note was that the percentage of the females in SMEs was higher as would have compared to the years just after independence where the females would be confined to the home. Females had to come out of the home start fending for their families and the SMEs were a good starting point.

**Table 4.6:** Number of Years with the Organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5yrs	115	30.9	30.9	30.9
	5-10yrs	190	51.1	51.1	82.0
	Above 10yrs	67	18.0	18.0	100.0
	Total	372	100.0	100.0	

The years of service of respondents in the organisation was also important in the sense that it afforded shedding light on the years of existence of the entity and how much knowledge the respondent wielded to understand the questionnaires relating to the sector in question. Figure 4.6 has revealed that 115(30.9% had been in the sector for less than 5 years, 190 (51.1%) had spent between 5 and 10 years in the organisation while 67(18%) had spent just over 10 years in the organisation. It was clear that that the bulk of the respondents 305(81%) were relatively new to the sectors that they were involved in having spent less than 10 years there. However, these were good enough to assist in judging their involvement and knowledge in carrying out strategic planning for the SMEs.

**Table 4.7** SMEs Sector of the Economy (Primary Data, 2017)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manufacturing	56	15.1	15.1	15.1
	Agriculture	20	5.4	5.4	20.4
	Transport	41	11.0	11.0	31.5
	Retail	117	31.5	31.5	62.9
	Construction	59	15.9	15.9	78.8
	Other(Telecomms,Real Estate, Mining etc)	79	21.2	21.2	100.0
	Total	372	100.0	100.0	

The SMEs which were investigated by the research included five major sectors which were manufacturing contributed 56(15.1%), agriculture 20(5.4%), transport 41(11%), retail 117(31.5%), while construction contributed 59(15.9%) and others (telecoms, mining, real estate et cetera) were 79(22.2%). The retail, construction and manufacturing dominated the SMEs in terms of popularity. The retail was dominated more by the females because it appeared easier to start and run without too many complicated sub-processes. However, the retail sector in the sample excluded the vendors that is a different sector on its own.

A five point Likert scale was used for measurements that assigns a weighted value to the level of agreement or disagreement for a factor as shown below;

*1--- Strongly Agree, 2 - Agree, 3 --- Neutral, 4 --- Disagree, 5 --- Strongly Disagree,*

The Kaiser-Meyer-Olkin (KMO) Measure of sampling adequacy (Kaiser, 1970) was used to ensure that the factor analysis was appropriate for the data set and only the factors with eigenvalue equal to or greater than one were considered significant. Eigenvalue, significance of factor loading, percentage of variance analysis and factor structure analysis were considered as the criterion for factor extraction. The KMO test

should be greater than 0.5 if the sample is to be adequate (Kaiser, 1970) and the test confirmed that as shown in table 4.8.

**Table 4.8** KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.677
Bartlett's Test of Sphericity	Approx. Chi-Square	709.828
	Df	15
	Sig.	.000

Internal reliability consistency was established by calculating the Cronbalch's alpha coefficient (Cronbach, 1951). Cronbach's alpha is most commonly used to see if questionnaires with multiple Likert scale questions are reliable and a score of more than 0.7 is considered acceptable (Tavakol & Dennick, 2011). Six factors with 56 items were considered for the calculation of the Cronbach's alpha in the study. Tavakol and Dennick (2011) provide the rule of thumb for interpreting alpha for dichotomous questions (i.e. questions with two possible answers) or Likert scale questions as indicated below:

**Table 4.9** Cronbach's alpha Interpretation (Tavakol and Dennick(2011)

<b>Cronbach's alpha</b>	<b>Internal consistency</b>
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

**Table :4.10** Case Processing Summary for reliability test

		N	%
Cases	Valid	370	99.5
	Excluded <sup>a</sup>	2	.5
	Total	372	100.0

a. Listwise deletion based on all variables in the procedure.

**Table: 4.11.** Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.951	.961	56

Tables 4.4 and 4.5 provide proof to the fact that the instrument used by the researcher was reliable 56 items which made up the questionnaires were tested using the Cronbalch's Alpha test and a 0.951 coefficient alpha was obtained and this is considered highly reliable and excellent as reflected in the Cronbalch's alpha interpretation table 4.3.

The researcher utilised both descriptive and inferential statistics in analysing data. Data were summarised numerically, graphically and factor analysis, correlation and regression analysis were carried out. In the study seven hypotheses were stated and objectives were formulated accordingly. The following results are presented around the objectives of the study which are linked to the Hypotheses.

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

The main objective of the study was to investigate the impact of strategic planning on the organisational performance of SMEs. In this regard the researcher sought to find out the perception of the respondents on the criticality of strategic planning on survival of SMEs and the results are presented statistically in the table and the figure below.

**Table 4.12** Strategic Planning is Critical in the survival and performance of an organisation (Primary Data, 2017)

						N Valid	372
						Missing	0
		Frequency	%	Valid %	Cumulative %	Mean	1.21
Valid	Strongly Agree	293	78.8	78.8	78.8	Median	1.0
	Agree	79	21.2	21.2	100.0	Mode	1
	Total	372	100.0	100.0		Std Deviation	410

In terms of understanding the criticality of strategic planning to the performance of the SME sector, Figure 4.8 reveal that 293 (79%) strongly agree with that position while 79(21%) agreed with that position, essentially therefore all the 372(100%) of the respondents agree that strategic planning plays a very critical role in the survival and successful performance of the SME sector.

The study went further on the objective and tested the hypothesis (H1) by conducting a correlation, regression and ANOVA analysis on the factors of strategic planning which were constructed as critical in achieving organisational performance. The results are discussed and presented below.

The researcher ascertained the bivariate relationship between the six factors of strategic planning and organisational performance using Spearman rho correlation coefficient in the IBM SPSS system. Spearman rho is used when data are not normally distributed (Griffin, 2009) and this was the case in the computed outcome. The relationship between strategic planning and organisational performance is presented in table 4.13.

**Table: 4.13** Correlations and Reliabilities-Strategic planning and Organisational Performance

		SPOP	FS	FO	RA	IRP	EP	ES
Spearman's rho	Strategic Planning Correlation affects Organisational Coefficient	1.000	.477**	.422**	-.131*	.407**	.046	.191**
	Performance (SPOP) Sig. (2-tailed)		.000	.000	.011	.000	.373	.000
	N	372	372	372	372	372	372	372
	Firm's Structure is Correlation important to strategic Coefficient	.477**	1.000	.569**	.372**	.200**	.343**	.723**
	planning process (FS) Sig. (2-tailed)	.000	.	.000	.000	.000	.000	.000
	N	372	372	372	372	372	372	372
	Firm's Objective is Correlation important to strategic Coefficient	.422**	.569**	1.000	.276**	.240**	.300**	.505**
	planning process (FO) Sig. (2-tailed)	.000	.000	.	.000	.000	.000	.000
	N	372	372	372	372	372	372	372
	Resource Allocation Correlation affects strategic Coefficient	-.131*	.372**	.276**	1.000	.070	.583**	.291**
	planning process (FA) Sig. (2-tailed)	.011	.000	.000	.	.180	.000	.000
	N	372	372	372	372	372	372	372
	Implementation and Correlation Review of Plans is Coefficient	.407**	.200**	.240**	.070	1.000	-.109*	.150**
	critical to strategic Sig. (2-tailed)	.000	.000	.000	.180	.	.036	.004
	N	372	372	372	372	372	372	372
	Employee Participation Correlation contributes to the Coefficient	.046	.343**	.300**	.583**	-.109*	1.000	.186**
	process of strategic Sig. (2-tailed)	.373	.000	.000	.000	.036	.	.000
	N	372	372	372	372	372	372	372
	Strategic planning Correlation process is affected by Coefficient	.191**	.723**	.505**	.291**	.150**	.186**	1.000
	Environmental Sig. (2-tailed)	.000	.000	.000	.000	.004	.000	.
	N	372	372	372	372	372	372	372

\*\**. Correlation is significant at the 0.01 level (2-tailed).* \**. Correlation is significant at the 0.05 level (2-tailed).*

The results in table 4.13 reveal that the relationship between most factors of strategic planning is positive; Firm's structure 0.477, Firm's objective - 0.422, Implementation and Review of Plans, 0.407, Employee participation 0.046 and environmental scanning 0.191 except for Resource Allocation which is -0.131(negative) that however does not carry a strong significance on the general outcome of the results in view of the descriptive statistics which reflected that many respondents believed that resource allocation is a vital factor of strategic planning. The findings of the study presents that strategic planning is positively related to organisational performance. The study by Sandada *et al.* (2014) also reveals that strategic planning is highly relayed to organisational

performance. The results are further corroborated in the Analysis of Variance Table 4.14.

**Table: 4.14 ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	132.272	6	22.045	53.423	.000 <sup>b</sup>
	Residual	150.620	365	.413		
	Total	282.892	371			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Strategic planning process is affected by environmental scanning, implementation and review of plans is critical to strategic planning process, employee participation contributes to the process of strategic planning, Firm's objective is important to strategic planning process, resource allocation affects strategic planning process, Firm's structure is important to strategic planning process

After computing and establishing the weight of the correlations between the variables, the researcher also conducted a regression analysis using SPSS tool to determine the predictive relationship between the variables. The correlation analysis only measures the strength between variables. The regression analysis was carried out to test the predictive relationship between the two main variable; Strategic planning and organisational performance. The factors of strategic planning (firm's structure, firm's objective, resource allocation, Implementation and review of plans, employee participation and environmental scanning) were computed and used as independent variables and organisational performance as the dependent variable. The table below presents the findings on regression analysis.

**Table: 4.15** Regression Analysis between Strategic planning factors and organisational performance

Coefficients<sup>a</sup>

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Correlations		
	B	Std. Error				Zero-order	Partial	Part
1 (Constant)	.648	.169		3.828	.000			
Firm's structure is important to strategic planning process	.496	.072	.418	6.887	.000	.376	.339	.263
Firm's objective is important to strategic planning process	.593	.083	.351	7.104	.000	.446	.349	.271
Resource Allocation affects strategic planning process	-.653	.085	-.370	-7.666	.000	-.196	-.372	-.293
Implementation and review of plans is critical to strategic planning process	.405	.060	.277	6.714	.000	.406	.332	.256
Employee Participation contributes to the process of strategic planning	-.133	.088	-.076	-1.512	.131	-.094	-.079	-.058
Strategic planning process is affected by environmental scanning	-.229	.071	-.182	-3.225	.001	.212	-.166	-.123

a. Dependent Variable: Organisational Performance

While R<sup>2</sup> Value of 0.76 is revealed and meaning that the strategic planning factors in the study carry a 76% weight on organisational performance, some of the factors revealed a negative Beta coefficient which, however, do not say anything about significance. Instead, a lot of literature supports environmental scanning (Sandada *et al.*, 2014), employee participation (Sandada *et al.*, 2014) and resource allocation (Akio, 2005) as critical factors of strategic planning. The negative figures could be as a result of errors which would require more time to investigate. Generally, the respondents revealed that each of the factors mentioned above had an influence towards SMEs undertaking of strategic planning although to varying degrees. Environmental scanning



was identified as key in availing strategic planning information at the beginning of the process and helped in understanding political, economic, social, economic, technological, ecological, legal but most importantly to identify and tell competitor actions and strategies. By its very nature environmental scanning is unstructured and informally but provides rich data to businesses and it is most suitable to SMEs who always think of saving costs as their budgets are always limited. Each of these factors is discussed and analysed in the next sections.

Affirming the positive relationship between strategic planning and its effects on organisation performance, a further extraction of descriptive data was done from SPSS and results are shown in diagrams as below.

**Table 4.16** Strategic Planning affects Organisational Performance

		Frequency	Percent	Valid Percent	Cumulative %
Valid	Definitely Yes	275	73.9	73.9	73.9
	Probably Yes	68	18.3	18.3	92.2
	Probably No	26	7.0	7.0	99.2
	Definitely No	3	.8	.8	100.0
	Total	372	100.0	100.0	

Source: Primary Data (2017)

In terms of the effect of strategic planning on performance of SMEs 275(73.1%) of the respondents expressed 'definitely Yes' the view that strategic planning was indeed a factor in determining the performance of an SME. Another 68 (18.3%) expressed 'Probably Yes' while 26(7%) and 3(0.8%) indicated 'Probably No' and 'Definitely No' to give the total of 372 (100%). The importance of strategic planning was highlighted as key and critical to the growth and profitability of the business. Strategic planning helps in availing direction and in making the SMEs actions predictable. The meaning of this is that strategic planning has a huge bearing on the economic performance of the SME which is one of its primary core reasons for existence to create a return for its shareholders

consistent with the Stakeholder Theory (Mashavira and Jubenkanda, 2006). Organisational performance is expressed by several performance metrics such as annual profit, return on investment (ROI), return on assets (ROA) or even return on capital employed (ROCE). Other measures include efficiency, effectiveness and achievement of desired quality by the customers.

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

Relating to this objective and hypothesis, the importance of organisational objectives was investigated in this question by measuring the factor importance from the respondents and the results are presented in table 4.17.

**Table 4.17** Organisational Objectives importance (Primary Data, 2017)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not important	6	1.6	1.6	1.6
	Less Important	32	8.6	8.6	10.2
	Necessary	44	11.8	11.8	22.0
	Important	55	14.8	14.8	36.8
	Very Important	33	8.9	8.9	45.7
	Very Very Important	202	54.3	54.3	100.0
	Total	372	100.0	100.0	

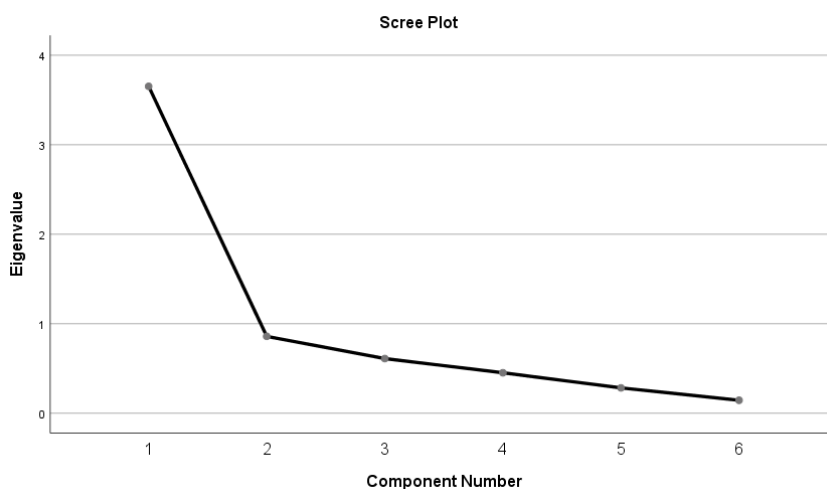
The results in the table above reveals that 6(1.6%) of the respondents regarded as Not important, 32(8.6%) as Less Important, 44(11.8%) as Necessary, 55 (14.8%), 33(8.9%) as Very Important and finally 202(54.3%) as very important. The second hypothesis (H2) of the study was tested on whether organisational objectives contributed to the performance of the organisation in the SMEs sector. In this regard a factor analysis was carried out using SPSS tool and results are presented as below. Categorical principal component analysis was used for extraction.

**Table:4.18** Total Variance Explained : Organisational Objectives and Performance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.652	60.869	60.869	3.652	60.869	60.869
2	.859	14.311	75.180			
3	.610	10.171	85.351			
4	.452	7.530	92.881			
5	.283	4.711	97.591			
6	.145	2.409	100.000			

Extraction Method: Principal Component Analysis.

Table 4.18 reveals six critical components extracted from the data which measured the firm's objectives on organisational performance and has a total of 97.591% of the variation explained. As shown in the table Component 1 has a total contribution of 61% to the variation explained which constituted the biggest single contribution. However, a closer analysis of the results in the table shows that the remaining 39% is shared between component 2-6 and the sum total of contribution remains very significant at 39%. Data presented in the table above are further collaborated by the scree plot on Figure 4.10.



**Figure 4.10:** Scree Plot: Organisational Objectives and Performance

The scree plot above provides a better analysis of the data by showing that at least all the components' contribution has an Eigenvalue that is above zero (0) meaning that all the 6 measured components of firm's objective do have an effect on organisational performance.

**Table 4.19:** Component Matrix: Firm's Objective and Organisational Performance

Items Measured	Component 1
I am aware of my company's objectives	.819
The company's objectives are specific	.855
The firm's objective is measurable	.680
Our objectives are attainable	.670
The company's objectives are realistic	.838
The objectives are timely	.798

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

The component matrix table 4.19 was obtained from SPSS tool and a critical analysis of the data in the table reveals that the component has scored at least above 0.7 which suggests that the component is of great value in terms of contribution. Scores in the table reveal that awareness of company's objectives, specific company objectives, and timeliness of company's objectives and that company's objectives are realistic which all scored above 0.7 are the biggest contributors to the measurement of the importance of company's objective on organisational performance. In general, the outcome of the measurement of firm's objective as tested in SPSS prove that firm's objective plays a critical role in the performance of the organisation and more specifically the performance of SMEs. This is further supported by the literature reviewed in the study earlier on (Jurevicius, 2013; Kaplan, 2005).

*H3 The way how an organisation is structured influences its performance.*

In view of the stated objective and hypothesis, organisational structure importance was explored and the hypothesis tested accordingly by

measuring the factor importance from the respondents' views and the descriptive results are presented in table 4.20.

**Table 4.20:** Firm's Structure importance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not important	47	12.6	12.6	12.6
	Less Important	37	9.9	9.9	22.6
	Necessary	17	4.6	4.6	27.2
	Important	111	29.8	29.8	57.0
	Very Important	131	35.2	35.2	92.2
	Very Very Important	29	7.8	7.8	100.0
	<b>Total</b>	<b>372</b>	<b>100.0</b>	<b>100.0</b>	

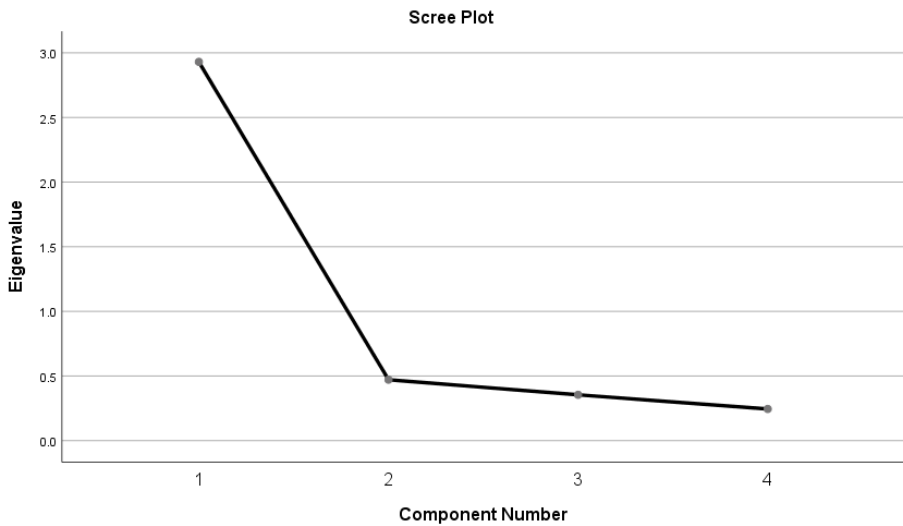
The results in the table above reveals that 47(12.6%) of the respondents regarded as Not important, 37(9.9%) as Less Important, 17(4.6%) as Necessary, 111 (29.8%), 131(35.2%) as Very Important and finally 29(7.8%) as Very Very Important. The statistics summary reveals that organisational structure is regarded as important by SMEs in view of organisational performance. Therefore, the third hypothesis (H3) of the study sought to establish whether the firm's structure is related to the performance of the organisation and a factor analysis was carried out using SPSS tool and results are presented as on Table 4.21. Categorical principal component analysis was also used for extraction.

**Table: 4.21** Total Variance Explained: Firm's Structure and Organisational Performance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.930	73.246	73.246	2.930	73.246	73.246
2	.471	11.778	85.024			
3	.354	8.858	93.882			
4	.245	6.118	100.000			

Extraction Method: Principal Component Analysis.

Table 4.21 reveals four critical components extracted from the data which measured the firm's structure on performance. As shown in the table Component 1 has a total contribution of 73% to the variation explained which constituted the biggest single contribution. Further analysis of the results in the table shows that 27% is shared between component 2-4 and the sum total of contribution remains significant to influence performance of the organisation in SMEs. Data presented in table 4.21 is further analysed by the scree plot on Figure 4.11.



**Figure 4.11:** Scree Plot: Firm's Structure and Performance

The scree plot of Figure 4.11 provides a further and clear analysis of the data by showing that all the components' contribution has an Eigenvalue that is above zero (0) meaning that all the 4 measured components of firm's structure do have a considerable effect on organisational performance.

**Table: 4.22** Component Matrix: Firm's Structure and Organisational Performance

Items measured	Component 1
There is a clear hierarchy in my organisation	.861
My organisation has clear reporting structures	.866
We follow a defined set of procedures in our strategic planning	.829
I understand my fit within the rest of the organisation	.866

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

SPSS tool computed table 4.22 component matrix and a critical analysis of the data in the table reveals that a single component has scored above 0.8 which suggests that the component is of great value in terms of contribution. Scores in the table reveal that all the items measured provide great contributions to the measurement of the importance of company's structure on organisational performance. In general, the outcome of the measured of firm's structure as tested in SPSS prove that firm's structure plays a critical role in the performance of the organisation. Jurevicius (2013) and other various authors support the importance and influence of the firm's structure on organisational performance.

*H4: Organisational performance is influenced by the existence of a plan for the allocation and utilisation of resource.*

The study also sought to investigate the impact of resource allocation planning on organisational performance as measured by the chief component of availability of enough financial resources in an organisation and table 4.23 reveals the level of agreement on the item which is a critical resource.

**Table 4.23:** Enough financial resources in the organisation (Primary Data, 2017)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	57	15.3	15.3	15.3
	Agree	105	28.2	28.2	43.5
	Disagree	105	28.2	28.2	71.8
	Disagree	98	26.3	26.3	98.1
	Strongly Disagree	7	1.9	1.9	100.0
	Total	372	100.0	100.0	

The issue of resources is long been realised by the architects of strategy such as Henry Mintzberg as highlighted by Pitt and Koufopoulos (2013) who stress the fact that it is asserted that in the absence of an adequate allocation of resources, many strategic plans remain simply good blue prints but which bear no resemblance to reality. Figure 4.19 revealed that of the respondents 57 (15.3%) strongly agreed, while another 105(28.2%) agreed, with another 98(26.3%) disagreeing and the last 7 (1.9%) of the respondents strongly disagreed to give the total 372(100.0%). Financial resources by the SMEs are required for capital plant, equipment, tools and for working capital purposes. The respondents, who indicated disagreement said that the financial resources were inadequate, referred to financial misuse by the SME owners and managers who quickly wanted to live large even before the SME grew to reasonable revenue. Indications were that the financial resources were obtained from various sources such as bank loans, revenue from operations and supplies of inputs on credit. There was also reference to workers who had gone for months without receiving their wages and salaries. However, this had become the order of the day in the rest of the economic sectors not just in the SMEs sector. Several factors were also used to measure the issue of resource allocation on the performance of SMEs. Table 4.24 gives the details to that:



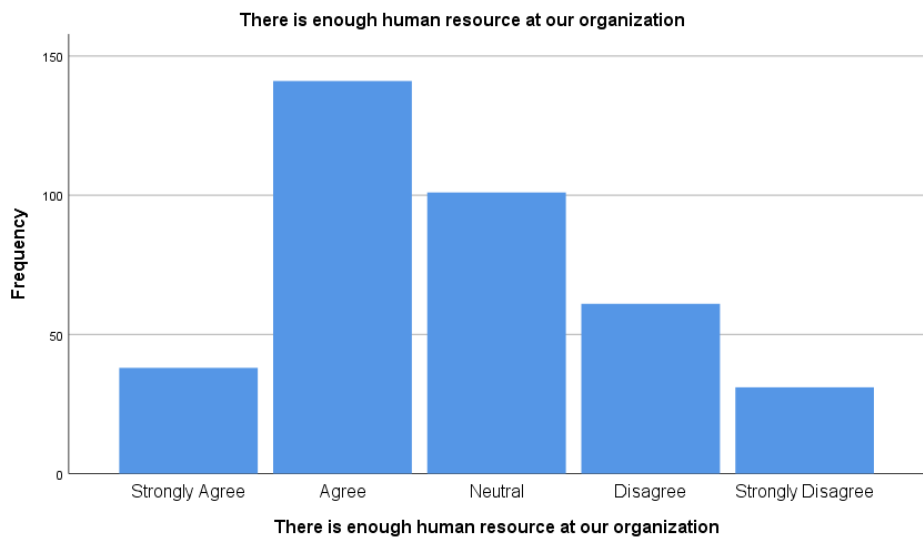
**Table 4.24:** Statistics: Resource Allocation and Organisational Performance

		We have enough financial resources in our organisation	There is enough human resource at our organisation	The right allocation is made in terms of financial resources	Resources are allocated on time	Management consults during the time of resource allocation	The right allocation is made in terms of human resources
N	Valid	372	372	372	372	372	372
	Missing	0	0	0	0	0	0
Mean		2.71	2.75	2.57	3.17	2.70	2.69
Median		3.00	3.00	2.00	3.00	3.00	3.00
Mode		2	2	2	4	2	3
Std. Deviation		1.074	1.107	.939	.962	.928	1.019
Sum		1009	1022	955	1180	1006	1002

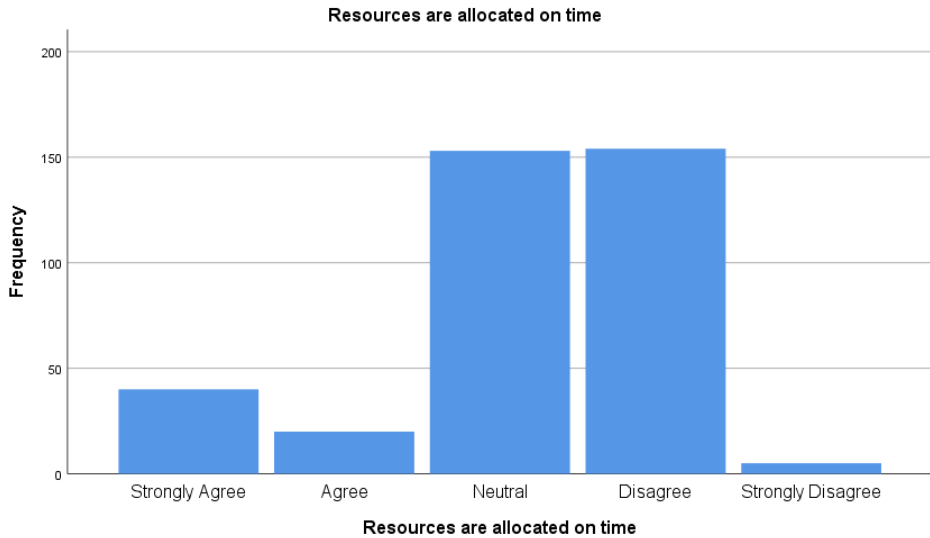
Multiple modes exist. The smallest value is shown

The results in table 4.24 reveal a small standard deviation of between 0.928 and 1.107 from the mean of between 3.17 and 2.57 on all items measured and this reflect a positive confirmation of the hypothesis that resource allocation planning influences organisation performance.

Diagrams supporting the important consideration given to resource allocation were also obtained from SPSS as they revealed the level of agreement per item relating to resource allocation



**Figure 4.13** Availability of enough Human resource



**Figure 4.14** Allocation of Resources on Time

A critical analysis of the results obtained from SPSS on resource allocation generally indicates a positive relationship between resource allocation planning and organisational performance and this has also been supported by literature in the study (Akio, 2005; Barney, 1991; Greene *et al.*, 2015) thus further confirming the formulated hypothesis.

*H5: An effective plan for implementation and review is necessary for the good performance of the organisation*

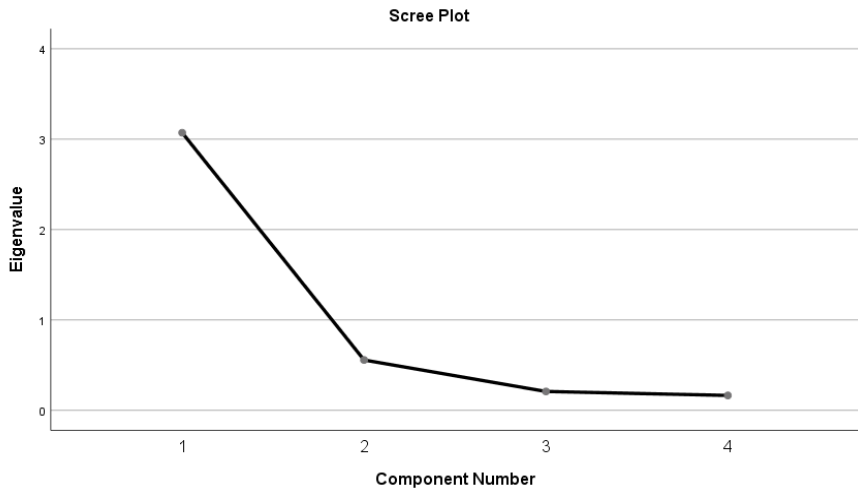
Regarding the above formulated objective and hypothesis, the importance of implementation and review of Plans on Performance was established and the hypothesis tested. The fifth hypothesis (H5) sought to measure and ascertaining the relationship between implementation and review of plans and Organisational performance and it was highlighted as one of the objectives of the study. Table 4.25 shows the critical components and the loading factors extracted using the SPSS tool.

**Table: 4.25.** Total Variance Explained: Implementation and review of Plans

Compon ent	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.071	76.777	76.777	3.071	76.777	76.777
2	.556	13.912	90.689			
3	.208	5.206	95.895			
4	.164	4.105	100.000			

*Extraction Method: Principal Component Analysis.*

Table 4.25 shows 3 critical components extracted out the data which measures the effect of implementation and review of plans on performance of an organisation. The total contribution of the 3 components is 95.895% to the variation explained. A closer analysis of the data shows that 1 component had the contribution of 76.777%. The scree plot on Figure 4.15 shows that only component 1 has a value greater than 1.



**Figure: 4.15.** Scree Plot: Implementation and review of plans and Performance

The Scree plot obtained through IBM SPSS reveals that one item contributes a greater value (above 1) to the variability of the data with at least 76.777% of the squared loadings as shown on the principal components matrix Table 4.25. Table 4.26 shows the components matrix which extracted one critical component and it is important to know the questions which measured the implementation and review of plans as presented in table 4.26.

**Table: 4.26.** Component Matrix: implementation and Review of Plans

Items Measured	Component 1
My organisation makes strategic decision based upon the strategic plan	.932
There is a clear assignment of responsibility for action plan to a person or team	.902
We have clearly defined performance standards for each plan element	.915
There is a performance monitoring system on our standards	.743

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

*H6: Effective environmental scanning is critical for organisational performance*

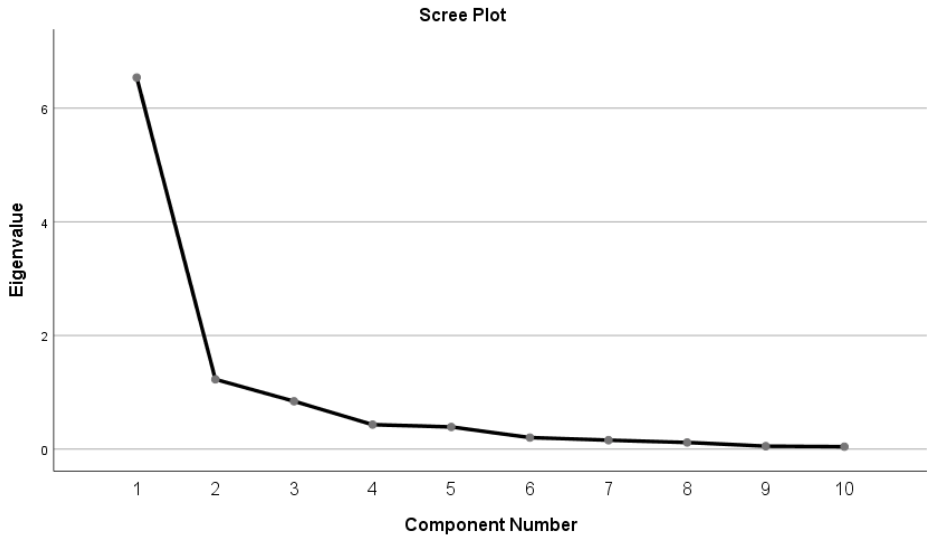
In view of table 4.26 stated objective and hypothesis, the importance of environmental scanning on performance was determined and the hypothesis tested thereof. The sixth hypothesis (H6) measured and ascertained the relationship between environmental scanning and Organisational performance. Table below shows the critical components and the loading factors extracted using the SPSS tool in determining the importance of environmental scanning. The Principal Component Analysis method was used.

**Table: 4.27.** Total Variance Explained: Environmental Scanning and Organisational Performance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.539	65.394	65.394	6.539	65.394	65.394
2	1.228	12.277	77.671	1.228	12.277	77.671
3	.843	8.425	86.097			
4	.431	4.305	90.402			
5	.390	3.897	94.299			
6	.203	2.032	96.331			
7	.157	1.569	97.900			
8	.116	1.163	99.063			
9	.052	.516	99.579			
10	.042	.421	100.000			

Extraction Method: Principal Component Analysis.

The results in table 4.27 shows 9 critical components extracted out the data which measures the effect of environmental scanning organisation performance. The total contribution of the 9 components stands at 99.579% to the variation explained. A closer analysis of the data shows that 2 components had the biggest combined contribution of 77.671% with component 1 individually contributing 65.394%. The scree plot on Figure below shows that only components 1 and 2 have values greater than 1.



**Figure: 4.16** Scree Plot: Environmental Scanning and Organisational Performance

The Scree plot Figure 4.19 reveals that two items contribute a greater value (above 1) to the variability of the data with at least 77% of the squared loadings as shown on the principal components matrix Table above. The table below shows the components matrix which extracted two critical components and it is important to know the questions which measured Environmental Scanning as presented in table 4.28.

**Table: 4.28.** Component Matrix Environmental scanning and Organisational performance

	Component	
	1	2
My organisation does analyse its own business objectively	.925	-.174
My organisation determines its strengths and weaknesses	.804	-.397
The organisation knows its internal capabilities and competencies	.898	-.165

My organisation considers the long-term and short-term impacts of its strengths and weaknesses	.667	-.039
Management and employees participate in identifying the firm's strength and weaknesses	.838	-.186
My organisation periodically gathers and analyses data about market and other external factors which affect business	.868	.092
My organisation assesses the industry as a whole in terms of new competitors and concepts.	.964	-.009
The organisation identifies the behaviours and preferences of customers	.706	.531
The organisation examines the external environmental threats and opportunities	.432	.828
Management and employees participate in identifying threats and opportunities of the external environment	.846	.007

*Extraction Method: Principal Component Analysis.*

*a. 2 components extracted.*

The combined analysis of the results as reflected by the items measured in the table 4.28 affirm to the effect that indeed environmental scanning as a strategic planning tool play a critical role in the performance of an organisation and this can be further supported by the literature reviewed in the study hence the relationship between environmental scanning and organisational performance is positive as proven by tests *H7: Employee participation in planning influences the performance of SMEs in Zimbabwe.*

The final objective of the study sought to understand the effect of employee participation in the SMEs organisational performance. Statistics obtained from SPSS revealed that employee participation considered several facets of participation in the strategic planning

process 80(21.5%) strongly agree, 168(45.2%) agree, 98(26.3%) were neutral while 26(7.0%) disagreed with the position that their organisation fully provides adequate support during participation in strategic planning. This position is consistent with the other views where employees actually express their lack of understanding and absence of enthusiasm for participation and their fit within the organisation, in an environment where the supervisors does not encourage employee participation , participation is actually rewarded and while it was thought to be beneficial to both the individual employees and to the organisation, many SMEs were actually found wanting in this area which was thought to offer the most significant benefits to both parties. The seventh hypothesis (H7) was measured and the relationship between employee participation and Organisational performance was ascertained by measuring the employee participation factor importance from the respondents' views and the descriptive results are presented in table 4.29.

**Table: 4.29.** Employee Participation importance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not important	61	16.4	16.4	16.4
	Less Important	60	16.1	16.1	32.5
	Necessary	109	29.3	29.3	61.8
	Very Important	43	11.6	11.6	73.4
	Very Very Important	99	26.6	26.6	100.0
	Total	372	100.0	100.0	

The results in table 4.29 reveals that 61(16.4%) of the respondents regarded as Not important, 60(16.1%) as Less Important, 109(29.3%) as Necessary, 43 (11.6%) as Very Important and finally 99(26.6%) as Very Very Important. The statistics summary reveals that employee



participation is regarded as important by SMEs in view of organisational performance. Therefore, the seventh and final hypothesis (H7) of the study sought to understand whether employee participation is related to the performance of the organisation and a factor analysis was carried out using SPSS tool and results are presented as below. Categorical principal component analysis was also used for extraction. Table 4.31 shows the critical components and the loading factors extracted using the SPSS tool in determining the importance of employee participation.

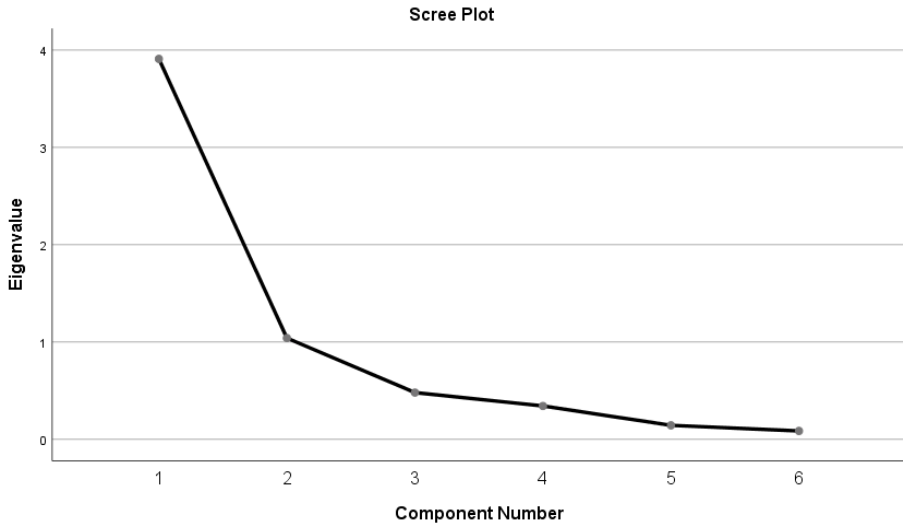
**Table: 4.31.** Total Variance Explained-Employee Participation

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.909	65.148	65.148	3.909	65.148	65.148
2	1.040	17.331	82.479	1.040	17.331	82.479
3	.480	7.998	90.477			
4	.342	5.706	96.183			
5	.143	2.388	98.572			
6	.086	1.428	100.000			

Extraction Method: Principal Component Analysis.

Factors which measure employee participation and its effect on organisational performance in SMEs were extracted using the Categorical Principal component an analysis. A total of six items were used to measure this construct. The output from the analysis extracted two components with a combined effect of 82.479%. This implies that the total variation attributed to these factors 82.479%.

A scree plot has been extracted to further confirm the results presented on table 4.31.



**Figure: 4.20.** Scree Plot- Employee participation

**Table: 4.32.** Component Matrix: Employee Participation

Item Measured	Component	
	1	2
I understand my fit within the organisation	.763	-.393
My supervisor encourages me to participate	.849	.112
I am enthusiastic about participation in our organisation	.930	-.125
I understand the benefits of active participation	.916	-.100
I expect to be rewarded after participation	.303	.908
My organisation provides adequate support during participation	.901	.152

*Extraction Method: Principal Component Analysis.*

*a. 2 components extracted.*

The results in table 4.32 shows several factor loadings contributing greatly to component 1. Apart from the expectation of being rewarded after participation with a factor loading of 0.303, all other items measured do carry a factor loading of at least 0.7 which is a good result

revealing confirming the positive relationship between employee participation and organisational performance.

On organisational performance, many items were identified for measurement of performance in relation to the responses on various factors of strategic planning. One key item which the study found out to be instrumental was the meeting of set targets in SMEs organisation and the result of the component after computed into SPSS is given as table 4.33.

**Table: 4.33.** Meeting Set Targets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	7	1.9	1.9	1.9
	Agree	128	34.4	34.4	36.3
	Neutral	105	28.2	28.2	64.5
	Disagree	110	29.6	29.6	94.1
	Strongly Disagree	22	5.9	5.9	100.0
	Total	372	100.0	100.0	

Results shown in table 4.33 reveal that 1.9 %(7) strongly agreed on meeting targets while 34.4 % (128) agreed, 28.2% (105) were neutral, 29.6 (110) disagreed on meeting targets and finally 5.9 %(22) strongly disagreed. These results reveal that less than 50% of SMEs Organisations who had their participants questioned were not performing as per expectations. While much respondents agreed to the importance of strategic planning on organisational performance, key answers provided on the items measuring the actual practice revealed that most SMEs where not putting strategic planning into practice hence performing below par.

The other item used to measure performance was the question on profitability of business and a mixed reaction was obtained from the respondents with data presented as in table 4.34:

**Table 4.34.** Our business is profitable (Primary Data, 2017)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	93	25.0	25.0	25.0
	Agree	228	61.3	61.3	86.3
	Disagree	49	13.2	13.2	99.5
	Disagree	2	.5	.5	100.0
	Total	372	100.0	100.0	

In terms of the performance of the business which is affected by several factors, in the Figure 4.19 reveal that 93(25%) of the respondents strongly agreed that the SME business is profitable, 228(61.3%) expressed agreement to the same notion, while 49(13.2%) disagreed and finally 2(0.5%) strongly disagreed, expressing the view that their SMEs were not profitable at all. This picture portrays a mixture of fortunes with in the SMEs sector where some performed well and others performed dismally. One of the reasons some of the SMEs were thought to be profitable was not actually that they were doing well but the absence of proper maintenance of books of accounts as revealed during follow-up personal interviews coupled with the lavish styles of living displayed by some of the SME owners portrayed a picture of well-to-do business owners. It was further revealed that some SMEs were able to access loans from certain sources such as the Ministry of SMEs and SEDCO and immediately converted those loans into posh cars and lavish spending. The other metrics measured to determine SME success included the capacity of the SME to meet its target, the growth in market share of the business, fair rewards to employees from the business proceeds, full utilisation of resources and the SME's ability to manage and contain costs of running the business. Again, these metrics statistically showed a mixture of performance which is sometimes quite confusing due to the extremity of the displayed metrics. However, the indication on business

profitability showed a huge potential by the SMEs to contribute to the creation of wealth for the owners which also accrue to the society at large through employment creation and contribution of the SME towards the government taxation.

As given in the sections contained in the chapter two major gaps have been identified which affect SME Strategic Planning and control and the gaps exist in:

- ☐ Employee participation and
- ☐ Resource allocation

The owners and managers of SMEs who must undertake strategic planning and control have not been fully using and exploiting the potential of their employees through lack of invitation to participate or contribute in any way possible towards the successful formulation of and implementation of strategic planning within these SME sectors. This lack of invitation and involvement has implications in the actual quality of the strategic plans, their efficient use to enhance SME businesses and in allowing the actual achievement of the business objectives. Employee participation is important given the current knowledge economy that we are in and also the general levels of education that has been attained by the bulk of the employees who through lack of participation feel disenfranchised and instead may end up pursuing other goals while engaged with these SMEs.

The lack of employee participation can manifest itself through lack of buy-in which can cause economic projects to suffer death prematurely. Such employees can half-heartedly render unsatisfactory service to clients and customers in a way that dents the relationship between the SME and that client or customer. Business succeeds from repeat purchases of products and services and as Kotler and Keller (2010) show, an unhappy customer can bad mouth the SME and that customer's business is taken elsewhere.

Employee participation can take the form of joint brainstorming between the employees and the owners and managers. It can also take the form of joint decision-making such as at business strategic planning meetings at which the employees participate on a routine basis. This participation can also take the form of partnered problem-solving between management and the employees such as when there is a managerial crisis or threats that the SME is facing or still when there is a potential opportunity to be exploited by the SME. In a knowledge economy coupled with the advent of globalization successful strategic planning needs everyone's contribution so that the business can benefit from the many sources of valuable business information such as the employees through their participation and contribution. Marketing intelligence, environmental scanning and informal market surveys are tools for obtaining information by any member of the SME and such information can assist in strategic planning because the strategic planning itself needs relevant information about many other disciplines such as political, social, economic, technological, ecological, legal and internationalization (PESTELI). Information classified under Porter's five forces model (Peter & Donnelly, 2009) such as on suppliers, customers and competition is also required and the participation of learned employees in the strategic planning process can be very rewarding just from the perspective of availing the necessary information for such strategic plans.

Resource allocation has also been identified to be a critical issue of success in strategic planning for SMEs. Due to lack of exposure to strategic planning SME owners and managers have been observed to craft strategic plans that lack implementation aspects particularly the very important aspect of resource allocation. Within the SME sector resource allocation can take many different forms such as diverting business funds towards sustaining a higher life for the owners and the managers at the expense of the business itself which then suffers from lack of working capital which itself leads to failure by the business to meet order requirements, pay for obligations, pay suppliers for

continued inputs supply and failure to pay wages and salaries to workers on time. Some SMEs have also failed to remit corporate taxes to authorities such as ZIMRA resulting in garnish orders which have culminated in the collapse of the SME businesses.

In cases where the SME businesses managed to get loans from the banks there have been many cases of funds diversion from the business cause to personal that is a sign of failure to separate the business from the owners and managers. Many SME owners have been observed living large while their businesses were suffering from severe shortage of recapitalization and working capital funds. In the years leading to 2017 many SMEs have not been religiously paying their employees, in some instances those low wages and to be reduced drastically and even still, those low wages have not been paid in many months resulting in serious disgruntlement by the employees who go for months without their deserved wages while the SME owners and managers are even getting new cars and going away on holiday with their families. SMEs have also been observed to use old antiquated equipment which is homemade or which was rejected or even scrapped by other players. Such equipment, tools or plant are always on breakdown and the maintenance costs are very high causing the funds allocation from the business to be used by the maintenance of the plant and equipment causing the SME business to fail to control and contain its costs (Pitt & Koufopoulos, 2012). Without adequate resource allocation to support the strategic planning the SMEs are unlikely to succeed in growing those SME businesses as rapidly as possible

The questionnaire response rate at 95.4% was deemed very good to yield generalizable findings. The SME sector was regarded by the respondents as an important contributor to the economy and as such also needed to apply strategic planning and decision making to the same extent as the bigger corporates. The research findings were that the SME sector lacked in the area of resource allocation and employee participation. Whereas

the chapter dwelt on the presentation and discussion of the findings, the next chapter will discuss the summary, conclusions and recommendations.



## 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.

## References

- Aaltonen, P., Ikavalko, H. (2002). Implementing strategies successfully, *Integrated Manufacturing Systems*, 13(6), 415- 418.
- Abdullah, M.A, bin Bakar M.I (2000), *Small and Medium Enterprise in Asian Pacific Countries - Volume II: Linkages And Policy Support*, Nova Science Publishers Inc, Huntington, NY.
- Alidrisi, M. H. (2010). Resource Allocation for Strategic Management Quality: A goal programming approach. A Thesis submitted for Doctor of Philosophy, Griffith University
- Amin, M., Khairuzzaman Wan Ismail, W., Zaleha Abdul Rasid, S. and Daverson Andrew Selemani, R., 2014. *The impact of human resource management practices on performance: Evidence from a Public University*. *The TQM Journal*, 26(2), pp.125-142.
- Ansoff, H. I. (1970). *Does Planning pay?* *Long Range Planning*, 3(2), 2-7. April, 101-109.
- Arasa, R., K'Obonyo, P., (2012). The Relationship Between Strategic Planning And Firm Performance. *International Journal Of Humanities and Social Sciences*, Vol.2 , No 22, pp 201-213
- Babatunde, B.O., Adebisi, A.O., (2008). Strategic Environmental Scanning And Organisational Performance In A Competitive Business Environment. *Economic Insights – Trends and Challenges Journal* , Vol. 64, No. 1/2012, pp.24 -34
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, Vol.17, No.1, pp.99-120
- Bateman, T. S., & Zeithml, C. P. (1993). *Management: Function and Strategy* 2nd Edition. Irwin
- Berry, M. (1998) '*Strategic planning in small high tech companies*', *Long Range Planning*, 31: 455-66.
- Birch D. L. (1989) '*Change, Innovation and Job Generation*' *Journal of Labor Research*, 10 (1)
- Bomani, M., Fiels, Z., Derera, E. (2015). Historical overview of small and medium enterprise policies in Zimbabwe. *Journal of Social Science*, Vol. 45, No. 2, pp. 113-129



- Bracker, J. S., Keats, B., Miner, J. B., & Pearson, J. N. (1988). *Task motivation, planning orientation and firm performance*. Working paper, Arizona State University
- Bracker, J.S., Keats, B.W. and Pearson, J.N. (1988). 'Planning and financial performance among small firms in a growth industry'. *Strategic Management Journal*, 9: 591-603.
- Bridoux, F. (2004). A resource-based approach to performance and competition: *An Overview of the Connections between Resources and Competition*. Available from [https://cdn.uclouvain.be/public/Exports%20reddot/iag/documents/WP\\_110\\_Bridoux.pdf](https://cdn.uclouvain.be/public/Exports%20reddot/iag/documents/WP_110_Bridoux.pdf)
- Brinkmann, M. (2002). *Strategieentwicklung für kleine und mittlere Unternehmen*, Zurich: Orell Fussli
- Bryson, J. M. (1989). *Strategic Planning For Public and Non Profit Organisations*. New York: Jossey Bas.
- Buuni, H., Yusuf, A., Kiiru, G., Karemu, (2015). Strategic plan implementation and organisational performance: A case of Hargeisa Water Agency in Somaliland. *IOSR Journal of Business and Management* , Vol 17, No 11, pp 60-64
- Chong HG 2008. Measuring performance of small-and-medium sized enterprises: The grounded theory approach. *Journal of Business and Public Affairs*, 2(1): 1-10.
- Chow CW, VanderStede WA. 2006. The use and usefulness of nonfinancial performance measures. *Management Accounting Quarterly*, 7(3):1-8.
- Creswell, J. (1994) *Research Design: Quantitative and Qualitative Approaches*, Thousand Oaks, CA, Sage.
- Culkin, N. , Smith, D. (2000), 'An emotional business: a guide to understanding the motivations of small business decision takers', *Qualitative Market Research: An International Journal*, Vol. 3, No. 3, pp. 145-157
- Dalton, D.R., Todor, W.D., Spendolini, M.J., Fielding, G.J. and Porter, L.W., 1980. Organisation structure and performance: A critical review. *Academy of management review*, 5(1), pp.49-64

- David R. M (2015) , *Strategic Planning: As Simple as A,B,C*. Paperback – 1800
- David, F. R. (1997). *Strategic Management*. New Jersey: Prentice Hall.
- David, F.R., (2005) *Strategic Management Concepts and Cases*.10th Ed. Pearson Prentice Hall
- David, R. (1999). *Strategic Management: Concepts and Cases*, 7<sup>th</sup> Edition, New Jersey, Prentice Hall.
- Dibrell, C., Craig, J.B. and Neubaum, D.O., 2014. Linking the formal strategic planning process, planning flexibility, and innovativeness to firm performance. *Journal of Business Research*, 67(9), pp.2000-2007.
- Drucker, P. (1954). *The Practice of Management*. Harper Row
- Epstein C (1993). *Female petty entrepreneurs and their multiple roles*. In S, Allen and C, Truman (Eds.), *Women in business: Perspectives on women entrepreneurs*. London and NewYork: Routledge.
- Ezeokonkwo, R.O. (2010)*Essentials Of Managerial Economies*, Enugu: Fountain Publishers
- Falshaw, J. R., Glaister, K. W., & Tatoglu, E. (2006). Evidence on formal strategic planning and company performance. *Management Decision Journal*, 44(1), 9-30.
- Gaskill LR, Van Auken H E, Manning RA (1993). *A Factor Analytic Study of the Perceived Causes of Small Business Failure*. *Journal of Small Business Management*, 34(4): 18-31.
- Gates L.P.(2010), *Strategic Planning with Critical Success Factors and Future Scenarios: An Integrated Strategic Planning Framework* .
- Greene, P.G., Brush, C.G. and Brown, T.E., 2015. Resources in small firms: an exploratory study. *Journal of Small Business Strategy*, 8(2), pp.25-40. Learning Vol. 11, No.6 pp. 209 – 224
- Greenley, G. (1986). Does Strategic Planning Improve Company Performance? *Long Range Planning*, 19(2),
- Hakim, C. (2000) *Research Design: Successful designs for social and economic research*, (2nd edition) London, Routledge.
- Hax, A. C., & Majluf, N. S. (1996). *The Strategy Concept and Process: A Pragmatic Approach* (2nd Edition).New Jersey, Prentice-Hall.

- Henderson, B. (1979). *Henderson on Corporate Strategy*. Boston: Abt Books
- Hofer, C. W. & Schendel, D., (1978). *Strategy Formulation: Analytical Concepts*. West Publishing Company.
- Islam, S. (2012). Pull and push factors towards small entrepreneurship development in Bangladesh. *Journal of in international Business Management*, Vol.2, No.3 pp.065-072
- Jennings D. , Disney J. (2006), *Designing the strategic planning process: does the psychological type matter?.* *Management Decision*, 44 (5), 2006, 598-614
- Johnson, G & Scholes, K. (2008) *Exploring Corporate Strategy: Text & Cases*, 8<sup>th</sup> Edition, Cape Town, Prentice Hall.
- Jone, C. D., Kato, T. (2005). The impact of employee involvement on Firm performance: Evidence from an Economics Case study.( *Research, William David son Institute Working Paper*)
- Jurevicius, O. (2013) McKinsey 7S Model, Available from <https://www.strategicmanagementinsight.com/tools/mckinsey-7s-model-framework.html>
- Kamunge, M. S., Njeru, A. , Tirimba, O. I. (2014). Factors affecting the performance of small and micro enterprises in Limuru town market of Kiambu county, Kenya. *International Journal of Scientific and Research Publications* , 4 (12), 1-20.
- Karedza, G. Sikwila , M. Mpofu, T. , Makurumidze, S. (2014). An Analysis of the Obstacles to the Success of SMEs in Chinhoyi, Zimbabwe. *European Journal of Business and Management*. Online Vol.6, No.6.pp 40.
- Karel, S., Adam, P., Radomír, P., 2013. *Strategic Planning and Business Performance of Micro , Small and Medium-Sized Enterprises.* , 5(4), pp.57-72
- Khaled A.(2015), Impact of Strategic Planning on Organisational Performance Published on March 7, internet
- Kothari, C.R. (2004). *Research Methodology: Methods and Techniques*, New Revised Edition, New Age International Publishers. New Delhi. ISBN (13): 978-81-224-2488-1

- Kraus, S., Harms, R., Schwarz, E. J. (2006). *Strategic planning in smaller enterprises – new empirical findings*. Management Research News, Vol.29, No 6, pp. 334-344.
- Kraus, S., Sebastian, R. and Reschke, C. (2007): *Implications of strategic planning in SMEs for International entrepreneurship research and practice*, M. Terziovski (Ed.), London.
- Krejcie, R.V. and Morgan, D.W. (1970) *Determining Sample Size for Research Activities*, Educational and Psychological Measurement, Vol. 30 pp. 607 – 610.
- Kumah, N. (1995). *Entrepreneurship in small scale sector*. New Dehli: Discovery Publishing House.pp.128-149
- Langat J.C., Auka D. O., (2015) .Impact of Strategic planning on Performance of SMEs in Nakuru Town. *Journal of Business Administration and Management Sciences Research* Vol.4 (2),pp 049-059
- Lorange, P.,Vancil, R. F. (1977). *Strategic planning systems* . Englewood Cliffs, N.J.: Prentice-Hall.
- Lyles, M.A., Baird, I.S., Orris, J.B., and Kuratko,F.F.,(1993), ‘Formalised planning in small business: increasing strategic choices’, *Journal of Small Business Management*, Vol.31, No.2, pp.38-50.
- Maduenyi, S., Oke, O. A., Fadeyi, O., Ajabge, A. M (2015). Impact of Organisational Structure on Organisational Perfomance. *Social and Economic Models for development Track*. (CU-ICAD)
- Magaisa G.M, Matipira L., Kanhai C (2014). Strategy Formulation in Zimbabwean Manufacturing SMEs . *International Journal of Economy, Management and Social Sciences*, Vol.2, No.8 , pp: 598-602
- Mazzarol, T., Reboud, S., & Adam, D. (2004). *Innovation Strategy in Small Firms: Innovation and Strategic Decision Making within Small to Medium Enterprises*. Centre for Entrepreneurial Management and Innovation-Centre for Business Research, Graduate School of Management, University of Western Australia, Perth.
- Miller, C. C. and L.B. Cardinal,( 1994). *Strategic planning and firm performance: A synthesis of more than two decades of research*. Acad. Manage. J., 37: 1649-1665.

- Mintzberg, H. (1994) 'The fall and rise of strategic planning', *Harvard Business Review*, 72(1): 107-114.
- Muchira, W.N., (2013). *Relationship between strategy implementation and performance in commercial banks in Kenya*. Research Project, School of Business, University of Nairobi
- Njagi, L., Kombo, H., (2014). Effect Of Strategy Implementation On Performance Of Commercial Banks In Kenya. *European Journal of Business and Management*, Vol 6, No 13, pp 62-67
- Njoroge, L., Wario, G (2015). The influence of Strategic Planning on Performance of SMEs in Kenya. *The Strategic Business and Change Journal of Management*, Vol 2(26),pp 503-515
- Nyameh, J., Jaro, J., Titus, A.,(2014). The impact of Organisational Goals on Performance Management. *International Journal of Management Sciences.*, Vol 3, No 7, pp 491-496.
- Nyamwanza ,T (2014).*Strategy implementation for survival and Growth among SMEs in Zimbabwe*
- O'regan, N., & Ghobadian, A. (2004).The importance of capabilities for strategic direction and performance. *Management Decision*, 42(2), 292-312.
- Odame, A.M, ( 2007) The Relevance of Strategic Planning for Entrepreneurial Businesses in South Africa.
- Otaigbe, A.O., Chinedu, M.I.,(2015). Strategic planning as an effective tool on Organisational performance in Nigeria: An empirical study of some firms in Delta State. *Global Journal Of Interdisciplinary Social Sciences*, Vol 4, No 6, pp 68-72
- Pearce II & Robinson, J (2003). *Strategic Management: Strategy Formulation and Implementation*, Delhi, AITNS Publisher and Distributors.
- Petra, A. M. (1993). The cornerstones of competitive advantage: A resource –based view. *Strategic management Journal*, Vol.14. No. 3, pp 179-191
- Phillips, P., Davies, F., & Moutinho, L. (1999). The interactive impact of strategic planning on hotel performance: a neural network analysis. *Management Decision Journal*, 37(3), 279-288.

- Poku, D., (2012). *The Effect Of Strategic Planning On The Performance And Operations Of The Agricultural Development Bank*. Research Project, Kwame Nkrumah university of Science and Technology.
- Punch, K.F. (2005). *Introduction to Social Research*. (2nd Ed.) London: Sage Publications.
- Purce, J., 2014. The impact of corporate strategy on human resource management. *New Perspectives on Human Resource Management (Routledge Revivals)*, 67.
- Raduan , R., Jegak, U., Haslinda, A., Alimin, I.(2009) Management, Strategic Management Theories and the Linkage with Organisational Competitive Advantage from the Resource-Based View. *European Journal of Social Sciences – Volume 11( 3)* pp. 402-417
- Reijonen H 2008. Understanding the small business owner: what they really aim at and how this relates to firm performance: A case study in North Karalia, Eastern Finland. *Management Research News*, 31(8): 616-629
- Remenyi, D., Williams, B., Money, A. and Swartz, E. (1998) *Doing Research in Business and Management: An Introduction to Process and Method*, London, Sage.
- Ritson, N (2008). *Strategic Management*. Ventures Publishing
- Robinson, R.B. and Pearce, J.A., (1983). The impact of formalised strategic planning on financial performance in small organisations. *Strategic Management Journal*, 4(3), pp.197-207.
- Rue, L. W. and Ibrahim, N.A., (1998). The Relationship between Planning Sophistication and Performance in Small Business. *Journal of Small Business Management*. 36 (4), 24-32
- Saeed, K.A (2002) "Services for Small and Medium Enterprises", Industry and Economy: World Bank
- Sahebjamnia, N., Torabi, S.A. and Mansouri, S.A., 2015. Integrated business continuity and disaster recovery planning: Towards organisational resilience. *European Journal of Operational Research*, 242(1), pp.261-273.

- Sandada M. (2014).The relationship between Strategic planning and business performance: Theoretical Perspectives. *University of Zimbabwe Business Review Vol 2(1)* , pp 50-59
- Sandada M., Poee D., Dhurup M., (2014) Strategic Planning and its Relationship with performance among SMEs in South Africa. *International Business & Economic Research Journal Vol 13(3)* pp 659-670
- Saunders, M Lewis, P and Thornhill, A (2012) *Research Methods for Business students*, 6<sup>th</sup> Edition, Pearson.
- Schwenk, C., and Schrader, C. (1993). *Impact of formal planning on financial performance in small firms: a meta-analysis.* *Entrepreneurship Theory and Practice*, 17 (3), 53-63.
- Seedee, R (2012), 'Moderating role of business strategies on the relationship between best business practices and firm performance,' *International Journal of Business and Social Science*, vol. 3, no. 24, pp. 137-150
- Sekeran, U., Bougie, R., (2013). *Research Methods for Business*, A skill – Building Approach, 6<sup>th</sup> Edition, Wiley
- Shrader, C. B., L. Taylor, and D. R. Dalton (1984), "Strategic planning and organisational performance: A critical appraisal," *Journal of Management*, 10, 149-171.
- Silverman, D. (2004). *Doing Qualitative Research*. A Practical Handbook.
- Singhvi, S. S. (2000). Business planning practices in small size companies: Survey results. *Journal of Business Forecasting Methods and Systems*, Vol.2, no19, pp. 3-9.
- Sofijanova, E., Chatleska, Z. V., (2013). Employee involvement and organisational performance: Evidence from the manufacturing sector in Republic of Macedonia. *Trackia Journal of Sciences*, Vol 11, No1, pp 31-36
- Song, M., Im, S., Bij, H.V.D. and Song, L.Z., (2011). Does strategic planning enhance or impede innovation and firm performance?. *Journal of Product Innovation Management*, Vol 4. No 28, pp.503-520.

- Speklé, R.F. and Verbeeten, F.H., 2014. The use of performance measurement systems in the public sector: Effects on performance. *Management Accounting Research*, 25(2), pp.131- 146.
- Steiner, G. A. (1979). *Strategic Planning*. New York: Free Press.
- Stonehouse, G & Pemberton, J (2002), 'Strategic Planning in SMEs - Some Empirical Findings', *Management Decision*, 40 (9), 853-861.
- Stoner, J. A. F. (1994). *Management*. Prentice-Hall.
- Storey, D. J. (1994) *Understanding the small business sector*. Routledge London
- Taiwo, S.A., Idunnu, O.F., (2007). Impact of Strategic planning on Organisational performance and Survival. *Research Journal Of Business Management*, Vol 1 , pp 68-71.
- Tang T, Zhang Y 2005. Marketing Strategy and Business Performance of Small Construction Firms in China. *Macquarie Graduate School of Management Working Papers in Management*, 1-12. March
- Tapinos E, Dyson RG, Meadows M 2005. The impact of performance measurement in strategic planning. *International Journal of Productivity and Performance*, 54(5/6): 370-384
- Tavakol, M., Dennick. R.,(2011) Making Sense of Cronbach's Alpha. *International Journal of Medical Education*. Vol. 2, pp53-55 Editorial.
- Teeratansirikool, L., Sununta ,S., Badir, Y., Charoenngam ,C. (2012). Competitive strategies and firm performance: the mediating role of performance measurement. *International Journal of Productivity and Performance Management*, 62(2), pp.168-184.
- Thompson, A.A. Jr. & A. Strickland (2003). *Strategic Management: Concepts and Cases*, 13<sup>th</sup> Edition, Alabama, McGraw Hill.
- Thompson, A.A. Jr. & A. Strickland (2003). *Strategic Management: Concepts and Cases*, 13<sup>th</sup> Edition, Alabama, McGraw Hill.
- Thompson, J.L. (1999): *The World of the Entrepreneur, a perspective*. *Journal of Workplace Learning* Vol. 11, No.6 pp. 209 – 224.
- Thompson, J.L. (1999): *The World of the Entrepreneur, a perspective*. *Journal of Workplace*

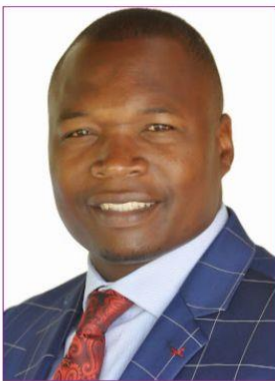


- Turner C(1993). *Women's businesses in Europe: EEC initiatives*. In S, Allen and C, Truman (Eds.), *Women in business: Perspectives on women entrepreneurs*. London and NewYork: Routledge.
- Viljoen, J. (1995). *Strategic Management: Planning and Implementing Corporate Strategies*. Longman
- Wang, C, Walker, E & Redmond, J 2011, 'Explaining the lack of strategic planning in SMEs: the importance of owner motivation,' *International Journal of Organisational Behaviour* vol. 12, no.1, pp.1-16.
- Wang, C., Walker, E.A., Redmond, J.L. (2007). Explaining the lack of strategic planning in SMEs: The importance of Owner Motivation. *International Journal of Organisational Behaviour*, Vol 12, No1, pp 1-16.
- Wendy, K. S. (1997). *Managing strategic contradictions: a top management model for managing innovation streams*. *Organisation Science*, 16(5), pp.522-536
- Wickham, P.A. (2001). *Strategic Entrepreneurship: A Decision-Making Approach to New Venture Creation and Management*. London: Prentice Hall.
- Wijetunge, W., & Pushpakumari, A. M. (2014). The Relationship between Strategic Planning and business Performance: An Empirical Study of Manufacturing SMEs in Western Province in Sri Lanka. *Global Journal of Commerce & Management Perspective*, 3(6), pp. 102-109.
- Wongrassamee S, Gardiner PD, Simmons JEL 2003. Performance measurement tools: the balanced scorecard and the EFQM excellence model. *Measuring Business Excellence*, 7(1): 14-29.
- Yin, R.K. (2003): *Case Study Research: Design and Methods*. Thousand Oaks, CA: Sage Publishers.

## Synopsis

Strategic management and its related processes of strategic planning have proved, over the years, to be very helpful and SME owners/managers can actually harness these tools to propel their entities into the paths growth and profitability. SMEs in Countries like Zimbabwe face many challenges related to lack of strategic planning and, in so doing, fail to realise their full potential as businesses. The study's main objective was to investigate the nexus between strategic planning and organisational performance of SMEs through the analysis of various factors of strategic planning which included; organisational objectives, firm's structure, resource allocation, implementation and review of plans, environmental scanning and employee participation based on evidence provided by many such SMEs from various sectors of the economy in Zimbabwe. Correlation analysis outcome indicated a strong link between strategic planning and organisational performance. All the factors of strategic planning (organisational objectives, firm's structure, resource allocation, implementation and review of plans, environmental scanning and employee participation) were found to be positively related to organisational performance of SMEs. The results further reveal that, while most SMEs were aware of the importance of strategic planning, most of them did not or were reluctant to practice strategic planning and this can be a subject for a further study including the role of leadership ability in the SMEs business and the impact of laid down policies and procedures on the performance of SMEs as well.

## About the Author



**A**ndrew Hwititi is a practicing Attorney and a successful Business Owner based in Zimbabwe. He has a deep passion for the success of owner managed businesses. He is the founder and chairperson of The Zimbabwe African Entrepreneurs Association (ZAEA) which provides a platform to Small-Medium Business owners to Network, Develop, and Collaborate through Mentorship Initiatives. Andrew holds an Executive Business Leadership Diploma (EDBL), Bachelors of Laws Degree (University of London) and a Master's Degree in Strategic Management (Great Zimbabwe University).