

**AN ANALYSIS OF THE IMPACT OF ENVIRONMENTAL SCANNING ON THE
PERFORMANCE OF SMALL AND MEDIUM RETAIL ENTERPRISES IN HARARE.**

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DEDICATION

I dedicate this dissertation to my wife Sharon Vudzijena and the rest of the Vudzijena family.

DECLARATION

I, Lawrence Simbarashe Vudzijena, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

Student signature

Date

Supervisor: Dr. M. Sandada

Date

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ABSTRACT

Small to Medium enterprises in Zimbabwe are faced with serious challenges related to the prevailing turbulent operating environment. Due to increased competition, economic uncertainty, technological advances, regulatory changes, increased customer expectation and globalization, SMEs have realized the need to scan their operating environment. The retail sector in Harare has seen many SMEs businesses closing down and generally performing below expectations. The research study sought to analyze the relationship between environmental scanning and business performance of the Retail SMEs in Harare. The environmental scanning factors identified in the study were frequency of scanning, use of different scanning information sources and use of scanning techniques/tools.

A quantitative study was conducted which used the survey as the research strategy. A self-administered questionnaire was used as the research instrument for data collection. A total of 150 Retail SMEs in Harare were sampled using simple random sampling technique. The respondents were selected from Retail SMEs owners/managers who were present at their workplaces. The data processing was done using SPSS, correlation and regression analysis were applied to test the relationship between the variables.

The research study results showed a strong positive relation between environmental scanning and performance of retail SMEs in Harare. It was recommended that Retail SMEs in Harare should conduct environmental scanning as it leads to increased business performance. They should increase the frequency of scanning, collect information from a wide range of sources and fully utilize the scanning techniques such as SWOT and PEST analysis. The researcher suggested further research studies to incorporate different business sectors like manufacturing, travel and hospitality and mining.

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LIST OF ACRONYMS

SMEs	-	Small and Medium Enterprises
SEDCO	-	Small Enterprises Development Corporation
PEST	-	Political, Economic, Social, Technological
SWOT	-	Strengths Weaknesses Opportunities and Threats
PEST	-	Political Economic Social Technological
SPSS	-	Statistical Package for Social Sciences

CHAPTER ONE

1.0 INTRODUCTION

The research focuses on the analysis of the impact of environmental scanning of Small and Medium retail enterprises operating in Harare. According to the Ministry of Small and Medium Enterprise Development in Zimbabwe (2002), a SME is defined as a registered enterprise with employment levels ranging from 30 to 70 employees and depending on the type of industry will be referred to as small or medium scale enterprise. The current turbulent and harsh operating environment prevailing in Zimbabwe has seen many of these SMEs companies closing down businesses. The retail sector in Zimbabwe was hugely affected since majority of SMEs are into buying and selling of basic commodities.

According to Temtime (2001), the increasing intensity of competition, rapid rate of technological changes together with growing expectations of customers and globalization of the world economy characterize the current business environment. The success of small to medium enterprises depends on their ability to search and gather vital information about the business environment they operate in. According to Handfield, Sroufe and Walton (2005), managers of nearly every company have come to realize that a large and increasing amount of environmental risk can be found in their company's supply chain mostly from small and medium sized enterprise suppliers. Organizational success of SMEs is centered on their ability to interact with the environment if they intend to be part of the supply chain and enhance business performance. Babatunde and Adebisi (2012) suggest that any business which is not aware of its operating environment is bound to run into some crises arising from the increasing complexity of the environment in which such business operates.

Manalastas(2009) suggests that in tough economic crisis, small to medium entrepreneurs must completely understand the external context of business such as economic, socio-cultural, technological, and political-legal aspects, the competitive environment, and the

opportunities and threats the business has to address. This brings about the need for environmental scanning in small to medium businesses.

Environmental scanning is influenced by the frequency of scanning by the frequency of scanning, use of different information sources of scanning and environmental scanning tools/techniques used. The research will seek to analyze the impact of environmental scanning of Small and Medium Retail enterprises operating in the current turbulent environment in Harare. The study seeks to provide a better understanding of the relationships between the environmental scanning factors and organizational performance.

1.1 BACKGROUND

Small and medium enterprises occupy a key and strategic role in the growth of the Zimbabwean economy. They contribute to employment creation and economic growth which ultimately lead to poverty alleviation for the entrepreneurs as well as their employees. In Zimbabwe, the sector employees more than 60% of the country's workforce and contributes about 50% of the country's domestic product. SMEs in the retail sector are facing serious challenges to remain in business in the face of harsh turbulent business environment which have been prevailing in Zimbabwe from 2007 to date. According to the Zimbabwe Advertising Research (2011), more than four years after the economy of Zimbabwe dollarized and more stable currencies adopted, the retail sector continues to struggle.

According to Zindiye, Chilya and Masocha(2012), Zimbabwe experienced in the last 5 years a 50% decline in economic growth, 60% closure in factories, a 60% formal unemployment rate and a near 100% decline in foreign currency reserves. This was largely attributed by the prevailing external environment characterized by hyperinflation. Robertson (2007) estimates the current formal unemployment rate in Zimbabwe to be approximately 80%. This further emphasizes the need for SMEs to survive and grow their businesses during turbulent operating environments. According to SEDCO (2004), it is estimated that about 60% of SMEs operating in Zimbabwe fail in the first year of establishment, another 25% fail within the first three years and only the remaining 15% are likely to survive. The rate of SMEs failure in Harare is high due to stiff prevailing competitive environment. In Harare, many

entrepreneurs opened up small retail businesses as the demand for basic goods and materials was growing following 2008-2009 economic meltdown.

Wheelen and Hunger (2003) define Environmental Scanning as the process of monitoring, evaluating and disseminating information from the external and internal environments to key people within an organization with a view to identifying external and internal strategic factors that can have a profound influence on an organization's operations.

Managers in SMEs need to scan the environment to foresee any threats to the business environment and put in place business strategies to enhance their business growth and survival in turbulent operating environments prevailing in Zimbabwe. According to Mudavanhu, Bindu, Chigusiwa and Muchabayiwa(2011), SMEs are generally regarded as the seed-bed for the development of large companies and are the life blood of commerce and industry at large.

The main goal of the research is to examine the influence of the frequency of scanning, different information sources of scanning and environmental scanning tools/techniques used on the business performance of Retail SMEs in Harare. The challenge of SMEs businesses is to remain competitive in the highly turbulent environment in Zimbabwe. There was need to focus the research on the relationship between scanning behaviors and business performance of different Retail SMEs in Harare.

1.2 RESEARCH PROBLEM

The number of companies which are either underperforming or closing down businesses are increasing in the Retail SMEs in Harare. Harsh turbulent operating environment and an increasing competitive environment continues to prevail in Harare metropolitan. The sector has been experiencing unprecedented challenges in the globalized operating environment. In light of the above, Retail SMEs are recording low business turnover which is leading to closure of the companies. Previous studies of determining the effect of environmental scanning on business performance have centered on large companies and limited research has been conducted on SMEs. The study seeks to analyze the relationship between environmental scanning and business performance such that Retail SMEs can implement research findings for survival and increased business performance.

1.3 RESEARCH OBJECTIVES

The main research objective is

1. To establish the effect of environmental scanning on the performance of Retail SMEs in Harare.

The sub-objectives of the research study are;

2. To determine the influence of scanning tools/techniques on the performance of Retail SMEs in Harare.
3. To establish the effect of using different scanning information sources on performance of Retail SMEs in Harare.
4. To determine the influence of scanning frequency on the performance of Retail SMEs in Harare.
5. To make any necessary recommendations which will assist Managers in the Retail SMEs to increase their business performance.

1.4 RESEARCH QUESTIONS

The main research question which will be answered by the research study is;

1. What is the effect of environmental scanning on performance of Retail SMEs in Harare?

The research sub-questions to be answered in the research study are;

2. How does the use of scanning tools/techniques affect performance of Retail SMEs in Harare?
3. How does the scanning frequency affect the performance of Retail SMEs in Harare?
4. What is the effect of using different scanning information sources on performance of Retail SMEs in Harare?
5. What are the necessary recommendations which can be deduced from the research study?

1.5 HYPOTHESIS/PROPOSITION

H1: There is a positive relationship between environmental scanning and performance of Retail SMEs in Harare.

H2: There is a positive correlation between use of scanning tools/techniques and performance of Retail SMEs in Harare.

H3: There is a positive relationship between scanning frequency and performance of Retail SMEs in Harare.

H4: There is a positive relationship between use of different scanning information sources and performance of Retail SMEs in Harare.

1.6 JUSTIFICATION

The research findings will add to the existing knowledge on environmental scanning in Zimbabwe's turbulent environment and will be useful to academics in their quest to improve business performance in organizations. The findings will assist Small and Medium Retail businesses prioritize and implement key environmental scanning activities and equip management with knowledge of how environmental scanning is linked to the overall organizational performance.

The policymakers in Zimbabwe will gain insights on policy formulation and programme improvements in environmental scanning training and funding requirements for Small and Medium enterprises in Zimbabwe. The practitioners who specialize in strategic planning will enhance their knowledge of the Zimbabwean Retail environmental scanning behavior of SME managers/owners within the industry.

1.7 SCOPE OF RESEARCH

The research study focused on the major determinants of environmental scanning which are frequency of scanning, use of different information sources of scanning and environmental scanning tools/techniques. The study centered on small and medium Retail enterprises located in Harare. The targeted respondents were Retail SMEs owners and managerial employees.

1.8 DISSERTATION OUTLINE

The outline of the research study chapters will be as follows;

Chapter One

This chapter provides the introduction to the research study with particular attention to the background of study, research problem, research objectives, research questions, hypothesis, justification and scope of research.

Chapter two

The chapter focuses on Literature review. The relevant literature on environmental scanning, Retail SMEs and business performance will be reviewed.

Chapter three

Focuses on the research methodology of the study which includes research design, techniques, sample sizes and justification.

Chapter four

The chapter focuses on the findings of the study including results discussion and analysis.

Chapter five

The chapter centers on the research conclusions, recommendations and areas of further study.

1.9 CHAPTER SUMMARY

The chapter covered the introduction to the research study on the impact of environmental scanning on performance of Retail SMEs in Harare. The background of the research study which covered areas of environmental scanning and performance of Retail SMEs in Harare was highlighted paving way for the research problem.

The research problem which is the main reason for research study was outlined. The research objectives and questions were formulated and research hypothesis developed. The justification of research to academics, policy makers and business community was highlighted. The scope of research which was limited to Retail SMEs operating in Harare was outlined and respondents limited to Retail SME owners and managerial employees.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter identifies and provides related literature on environmental scanning in relation to business performance in small and medium enterprises. The chapter is divided into sub-sections comprising of definition of terms, small to medium scale enterprises and environmental scanning, determinates of environmental scanning, environmental scanning and business performance in SMEs, conceptual framework and chapter summary.

2.2 DEFINITION OF TERMS

2.2.1 Environmental Scanning

Kazmi (2008) defines environmental scanning as a process of monitoring, evaluating and disseminating information from external and internal environment to key people within the organization. The definition highlights the need of gathering information for decision making. Oladele (2006) highlights the association of environmental scanning with the measurement, projection and evaluation of changes in the different environment variables. It is concerned with continuous monitoring and evaluation in-order to analyze the anticipated environmental changes which are likely to occur in the future. Zhang, Majid and Foo (2011) describe environmental scanning as a systematic process which begins from scanning needs identification and terminates at evaluation and utilization of environmental information.

According to Beal (2000), the purpose of environmental scanning is to evaluate the key factors that would impact both present and future development of the organization and determine the specific impact factors in the strategy formulation process. Majid and Khoo (2009) argue that environmental scanning is not only confined to the activity of collecting information from the environment but instead consists of a set of inter-related activities which consist of information gathering, filtering, analyzing, repackaging, identifying major trends and information dissemination to relevant individuals and departments.

According to Temtime (2004), success in turbulent business environments depends to a large extent on the ability of firms to gather and process information including the amount of information used during the planning process. On the other hand, Saadeghvaziri, Khaef, Motaqi and Esfahani (2011) argues that competitiveness of the organizations depends largely on their ability to scan the environment and adapt to their operating environment. Managers in companies can now scan the environment and anticipate new opportunities as well as planning for conditions or events that threaten their organizations survival.

Beal (2000) states that effective scanning of the environment is viewed as an important step to the successful alignment of competitive strategies of companies with environmental requirements and the achievement of outstanding business performance. Strategy formulation is being emphasized as the being dependent on good and effective environmental scanning. This is further emphasized by Angriawan and Abebe (2011) who indicates that strategic management scholars have a common understanding that environmental scanning constitutes a preliminary step towards an effective strategy formulation process. Environmental scanning aids organizations to be able to achieve a competitive advantage over other competitors within their same line of business.

Zealelem and Temtime (2006) state that strategic advantage and long term competitiveness of companies are greatly affected by the ability of firms to systematically gather and process relevant, timely and reliable information about customers, suppliers, competitors, changes in technology and market place, and socioeconomic, political and legal conditions. Due to the globalization and free trade of goods and services on the domestic and international markets, organizations tend to face difficulties in coping with the new environment.

Rice (2006) indicates the need for greater efficiency, effectiveness and competitiveness based on innovation and knowledge especially to small and medium enterprises as an important segment of domestic industries. According to Wheelen and Hunger (2008), scanning must identify the threats and opportunities existing in the environment.

In the same vein, Temtine (2006) states that the primary purpose of environmental scanning is to provide a comprehensive understanding of the current and future conditions of the five environmental constituents or dimensions namely; social, economic, political, regulatory and technological. Saadeghvaziri (2011) added another major area of the environment namely the task environment comprising of factors affecting the company directly such as competitors, consumers, employees, workers unions and suppliers' factors. It is important for management in organizations to understand these different areas of the environment shown in Figure 2.1 before conducting environmental scanning.

Robbins, (1987) cited in Saadeghvaziri et al, (2011) describes the environment as composed of those institutions or forces that affect the performance of the organization but over which the firm has little or no direct control. The lack of ability to control the environment highlights the importance of being able to understand the environment and introduce measures to avoid surprises which may affect the business performance. Oghojafor (2006) further divided the environment into both external and internal factors which need scanning.

Wheelen and Hunger (2008) define the organization's internal environment scanning as an organizational analysis to identify core competences. According to McGee and Sawyerr (2003), the external environment refers to the relevant social and physical factors outside the typical boundaries of a company which affect managerial decision making. The link between the environment and decision making is guided by the business strategy. Smit et al (2007) further subdivided the environment into micro-environment consisting of the business itself, market environment which includes the environment surrounding the business and the macro-environment consisting of variables which the business does not control but instead influence the way the business operates.

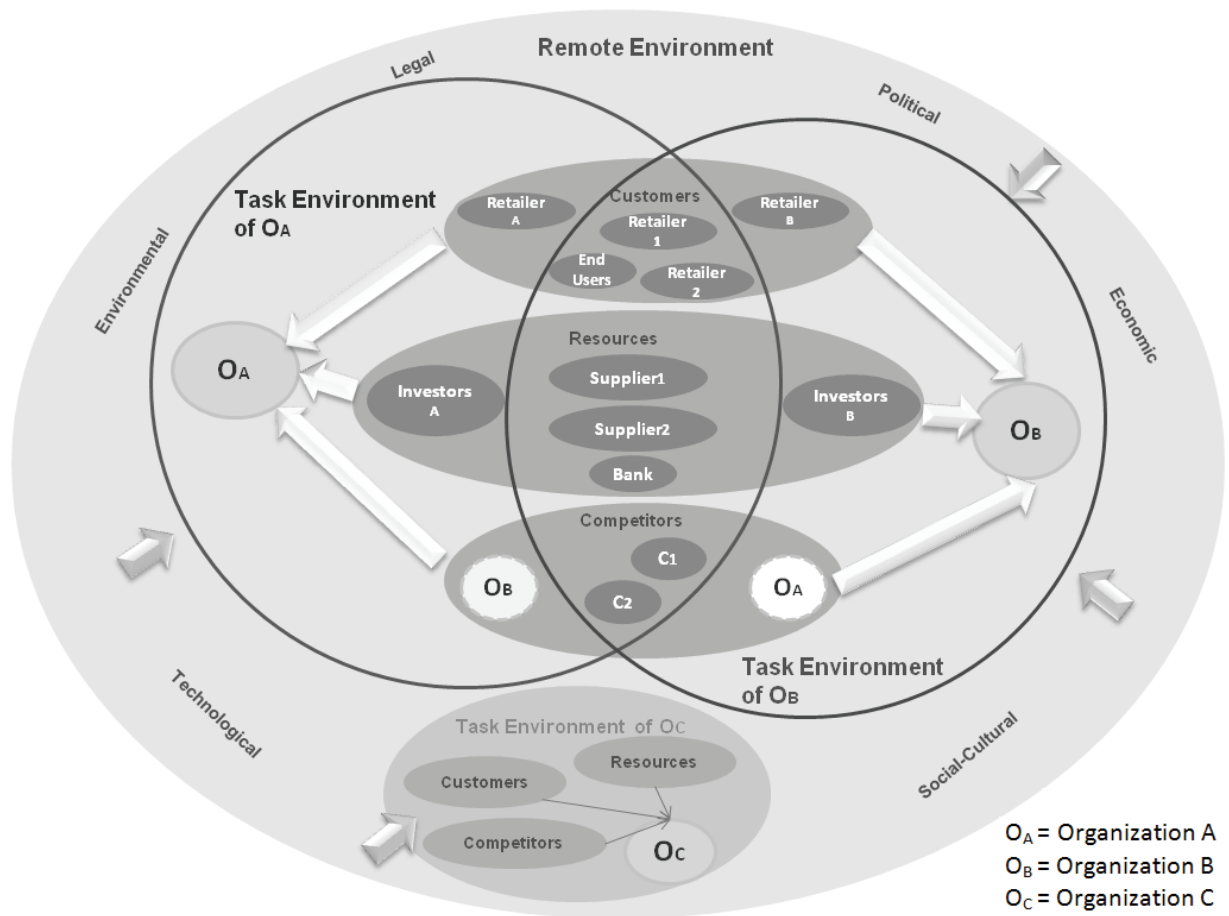


Figure 2.1 The Business Environment

Source: Zhang et al (2011). The Contribution of Environmental Scanning to Organizational Performance.

2.2.2 Business Performance

Tangen (2003) define firm performance as metrics employed to quantify the efficiency and effectiveness of the firm's actions. According to Tang and Zhang (2005), business performance still remains a contentious subject to business practitioners and academic communities. Jones & George (2008) further pointed out that it is the measure of how management utilizes the available resources of the organization efficiently and effectively to accomplish the goals of the organization including stakeholder satisfaction. The choice of business performance measures differs from individual firms. Pun and White (2005) suggest that quantitative measures such as financial ratios, number of customer complaints and staff

turnover are easy to ascertain compared to qualitative measures such as morale, leadership and customer perception.

According to Verbeeten and Boons, (2009), subjective business performance measures are provided in non-monetary terms and usually consist of market share, customer satisfaction, employee turnover and new product development. Chong (2008) argues that objective measures are inaccessible, confidential, incomplete and often inaccurate. According to Sandada (2014), objective business performance measures consist of the financial records that include actual profit, turnover, return on investment, return on capital employed and inventory turnover.

Chow and Van der Stede (2006) is of the opinion that organizations generally use the objective rather than subject measures to assess their success subject to provision of accurate information. Objective measures are not dependent on manager's perceptions but rely on actual operational financial information. According to Vorhies and Morgan (2005), three most common financial measures include profit margin/return on sales (which determine a firm's ability to withstand competition, adverse rising costs, falling prices, and future declining sales); return on assets (which determines the ability to utilize assets); and return on equity (which is payment of dividends to stockholders). Previous studies such as Li, Zhang and Chan (2005) use efficiency, profit and growth to measure performance while Lee and Tsang (2001) use profit growth, sales growth and growth of company assets as measures of business performance.

2.3 SMALL TO MEDIUM SCALE ENTERPRISES AND ENVIRONMENTAL SCANNING

Small to Medium Enterprises are defined by many countries in different ways. Nieman, Hough and Nieumenhuizen (2009) define South African SMEs as any business with fewer than 200 employees, annual turnover of less than ZAR5 million, capital assets of less than ZAR2 million and having owners who are directly involved in the management of the company. Analoui and Karami (2003) further define an SME as one that has only a small share of its market managed in a personalized way by its owner or part-owner and not

through a well-defined management structure. However, there is not a universal definition for small and medium enterprise (SME).

According to Zimtrade (2004), Small to Medium Enterprises are defined as a company employing between 25 and 200 people. SEDCO (2010) define a Small and Medium enterprise as a firm that has not more than hundred employees and maximum annual sales turnover of US\$830 000. Ministry of SMEs (Zimbabwe) (2000) state that Small enterprises employ not more than 50 people and acts as a registered entity while Medium enterprises employ up to 75 and 100 people.

According to Goriwondo (2012), Small and Medium Enterprises occupy a key and strategic role in developing the economy and are effective instruments of employment creation and economic growth resulting in poverty alleviation for the entrepreneur as well as the employees. According to Goriwondo (2012), Asian Tiger nations have 60-70% of employment being in the SMEs sector. This shows the extent at which SMEs have taken over as leaders in the economies. According to Bloch (2014), 5.7 million people in Zimbabwe are working in the Small to Medium scale enterprises comprising of 2.8 million owners of enterprises and 2.9 million employees. The survival of Small to Medium enterprises are of paramount importance as they contribute towards the growth of economies.

According to Lee and Klassen (2008), many SME suppliers have serious problems meeting the emerging environmental and social standards of their customers due to limited financial funds, lack of human resource expertise, and difficulties identifying and acting on relevant information. The emerging environmental standards tend to present a serious challenge to business operations often leading to reduced business performance.

According to Lee & Klassen (2008), environmental performance of SMEs is an area of major concern. Myles (2010) is of the opinion that small businesses are the most vulnerable during tough economic times. Beal (2000) states that strategists and strategic management scholars generally agree that both large and small companies that align their competitive strategies with the requirements of their environment outperform firms that fail to achieve such alignment. This is in support of environmental scanning in small firms for them to realize business success.

On the other hand, Manalastas (2009) argues that in tough economic crisis small to medium entrepreneurs must completely understand the external context of business such as economic, socio-cultural, technological, and political-legal aspects, the competitive environment, and the opportunities and threats the business face ahead. Myles (2010) is of the opinion that many small business owners face challenges such as meeting payroll, maintaining customers and making long-range plans.

<i>of Economy</i>	<i>Class</i>	<i>number of fulltime paid em- ployees</i>	<i>total annual turnover</i>	<i>gross value of assets (excluding immovable property)</i>
			\$	\$
Agriculture:	Medium	75	1 000 000	500 000
	Small:	30	500 000	250 000
	Micro:	5	30 000	10 000
Arts, Entertainment Culture, Education and Sport	Medium	75	1 000 000	500 000
	Small:	30	500 000	250 000
	Micro:	5	30 000	10 000
Mining and Quarrying	Medium	75	300 000	2 000 000
	Small:	40	1 500 000	1 000 000
	Micro:	5	50 000	50 000
Manufacturing	Medium	75	1 000 000	1 000 000
	Small:	40	500 000	500 000
	Micro:	5	30 000	30 000
Construction	Medium	75	2 000 000	2 000 000
	Small:	40	1 000 000	1 000 000
	Micro:	5	50 000	50 000
Energy	Medium	75	1 000 000	2 000 000
	Small:	30	500 000	1 000 000
	Micro:	5	50 000	10 000
Financial Services:	Medium	75	1 000 000	500 000
	Small:	30	500 000	250 000
	Micro:	5	30 000	10 000
Transport	Medium	75	1 000 000	500 000
	Small:	40	500 000	250 000
	Micro:	5	30 000	10 000
Retail	Medium	75	1 000 000	50 000
	Small:	30	500 000	250 000
	Micro:	5	30 000	10 000
Tourism and Hospitality	Medium	75	1 000 000	500 000
	Small:	30	500 000	250 000
	Micro:	5	30 000	10 000
Services	Medium	75	1 000 000	500 000
	Small:	30	500 000	250 000
	Micro:	5	30 000	10 000

FIFTH SCHEDULE (section 2)

FORMULA FOR CLASSIFYING MICRO-ENTERPRISES, SMALL ENTERPRISES AND MEDIUM ENTERPRISES

[Schedule inserted by Act 6 of 2011]

1. Interpretation in Fifth Schedule

In this Schedule—

“enterprise of the sector or subsector concerned” means an enterprise operating within a sector or subsector of the economy specified in the first column of the Fourth Schedule.

Figure 2.2 Classification of Micro, Small and Medium Enterprises

Source: Small and Medium Enterprises Act Chapter 24:12 (Zimbabwe)

2.4 DETERMINANTS OF ENVIRONMENTAL SCANNING

2.4.1 Use of Scanning Tools/techniques

The three most commonly used scanning techniques are the SWOT analysis, Porter's 5 forces and PEST technique. According to Meers and Robertson (2007), the majority of small firms did not utilize the traditional tools and techniques of strategic planning. This oversight tends to differentiate scanning behaviors in firms. Abdullah and Shamsher (2011) states that PEST analysis of any industry sector investigates the important factors that are affecting the industry and influencing the companies operating in that sector. PEST analysis consists of scanning the political, economic, social and technological business environments. According to Gupta (2013), PEST analysis assists organizations to react to changes in its external environments. Porter (1985) further adds that PEST analysis aligns positively the firm's performance with powerful forces of change which will be prevailing in the business environment.

Gupta (2013) argues that PEST analysis is very general in nature and makes it difficult to give guidance and clear rules on the best way to apply it in different circumstances. However, Abdullah and Shamsher (2011) are of the opinion that PEST analysis helps to break free of unconscious assumptions and assist to effectively adapt to realities of the new environment. SWOT analysis is generally viewed as an assessment of the strengths, weaknesses, opportunities and threats of an organization. It assists firms to detect signals and develop strategies to overcome deficiencies within the firm.

According to Porter (2008) the five forces which an organization is faced with consist of threat of new entrants, bargaining power of suppliers, threat of substitute products or services, bargaining power of buyers and rivalry among existing competitors. According to Cafferky (2005), all five competitive forces jointly determine the intensity of industry competition and profitability, and the strongest forces are governing and become crucial from the point of view of strategy formulation. The authors agree on the notion that use of the

above techniques is linked to better understanding of the environment hence better strategic decisions within firms.

2.4.2 Use of different scanning information sources

Many authors have centered on two types of sources of information which are internal and external sources. Internal sources consist of discussions with senior managers, management reports produced, internal memos and interaction with employees within the firm. External sources include information collection through discussions with peers, attendance to specific industry meetings, over the phone discussions and trademagazines. Kourtely (2005) suggests that for a firm to possess competitive advantage, it must constantly monitor several information sources simultaneously. The issue of competitive advantage is emphasized by Eisenhardt (2000) who states that effective scanning of the operating environment is a crucial aspect of a firm's dynamic capabilities which gives it a sustained competitive advantage over other firms. According to Karami (2008), there are low rich information sources which consist of; income statements, memos and letters, and high rich information sources such as face-to face discussions with workers, customers and suppliers.

According to Babalhavaeji and Farhadpoor (2013), managers in organizations use 16 sources of information namely; customers, competitors, business and professional associates, government official newspapers and periodicals, government publications, broadcast media (radio and TV), industry and trade associations (publications and reports), conferences and trips, superiors and board members, subordinate managers, subordinate staff, internal memorandum and circulars, internal reports and studies, library and electronic information services. It is from these sources that critical information about the environment is obtained to aid in decision making. According to Sutcliff (2005), managers who collect bits of information from a broad range of information sources can integrate the collected information into rich network of factors which contribute to firm performance.

2.4.3 Scanning frequency in scanning environment

Ebrahim (2000) states that information regarding environmental factors or trends can be collected based on frequency of scanning. Zhang, Majid and Foo (2011) define frequency of scanning as the number of times managers receive data about the environment or the frequency of collecting information about each environmental sector.

According to Babatunde and Adebisi (2012), there are three modes in which a company can scan its environment namely; Ad-hoc scanning comprising of short term infrequent examinations usually initiated by a crisis, regular scanning studies done on a regular schedule usually once a year and lastly continuous scanning associated with continuous structured data collection and processing on a broad range of environmental factors.

Karami (2008) asserts that there is a significant relationship between increasing the environmental scanning of the firm and the success of the firm's performance in small and medium sized manufacturing firms in electronic industry. However, Sawyer, Ebrahimi and Thibodeaux (2000) argued that scanning frequency did not appear to affect organizational financial performance. Conversely, Agbim, Oriarewo and Zever (2014) were of the opinion that frequency of scanning was related to entrepreneurial performance. In addition, Ebrahimi (2000) concluded that frequency of environmental scanning is directly related to the strategic uncertainty and organizational performance.

According to Beal (2000), frequent scanning of environmental sectors provides the firm with current information and allows it to verify the accuracy of the information and to adapt to changing environmental conditions more rapidly than does infrequent scanning. The need to obtain up to date information of the environment is being emphasized.

Agbim et al., (2014) asserts that increase in the degree of interest to scan should lead to frequent scanning while frequent scanning should lead to better organizational performance. Similarly Strandholm & Kumar (2003) adds on stating that more frequent collection of environmental information or more advanced scanning system would result in better organizational performance.

2.5 ENVIRONMENTAL SCANNING AND BUSINESS PERFORMANCE IN SMES

Karami (2008) states that effective scanning of the environment is necessary to the successful alignment of competitive strategies with environmental requirements and the achievement of outstanding performance in SMEs. According to Ebrahimi (2000), a firm's competitive position, financial success and survival depend on its ability to scan, understand and adapt to the environmental conditions. In addition, Babalhavaeji and Farhadpoor (2012) states that having access to timely and relevant information can give a firm competitive advantage as it allows management to improve its strategic planning, tactical implementation of program and its monitoring and control. Ultimately, improved access to information is linked to good decision making within managers of organizations.

According to Oghojafor, Olamitunji and Sulaimon (2011), environmental scanning is significantly related to the success of the firm's performance. Babalhavaeji and Farhadpoor (2013) state that organizations that do not pay attention to wide range of signals are unlikely to prosper because they will have missed vital information about markets, products, customers and competitors while those that adopt effective environmental scanning are more likely to prosper. In his study, Karami (2008) concluded that there is a significant relationship between increasing the environmental scanning of the firm, and the success of the firm's performance in small and medium sized manufacturing firms in electronic industry.

Burns (2001) states that most companies scan the environment to improve performance which results in these firms lowering their operating costs, increasing productivity, meeting quality requirements and customers satisfaction. Many authors are of the opinion that scanning the environment will give a firm competitive advantage over other firms in the same industry. On the other hand, Kourtely (2005) argue that increasing levels of competition, technology and rapid change creates turbulent environment that makes it increasingly difficult to keep track, interpret and respond to rapid change that obstruct organization from adapting to changes in its environment and thus impact the ability of the organization in utilization of information sources in order to meet its objectives.

2.6 CONCEPTUAL FRAMEWORK

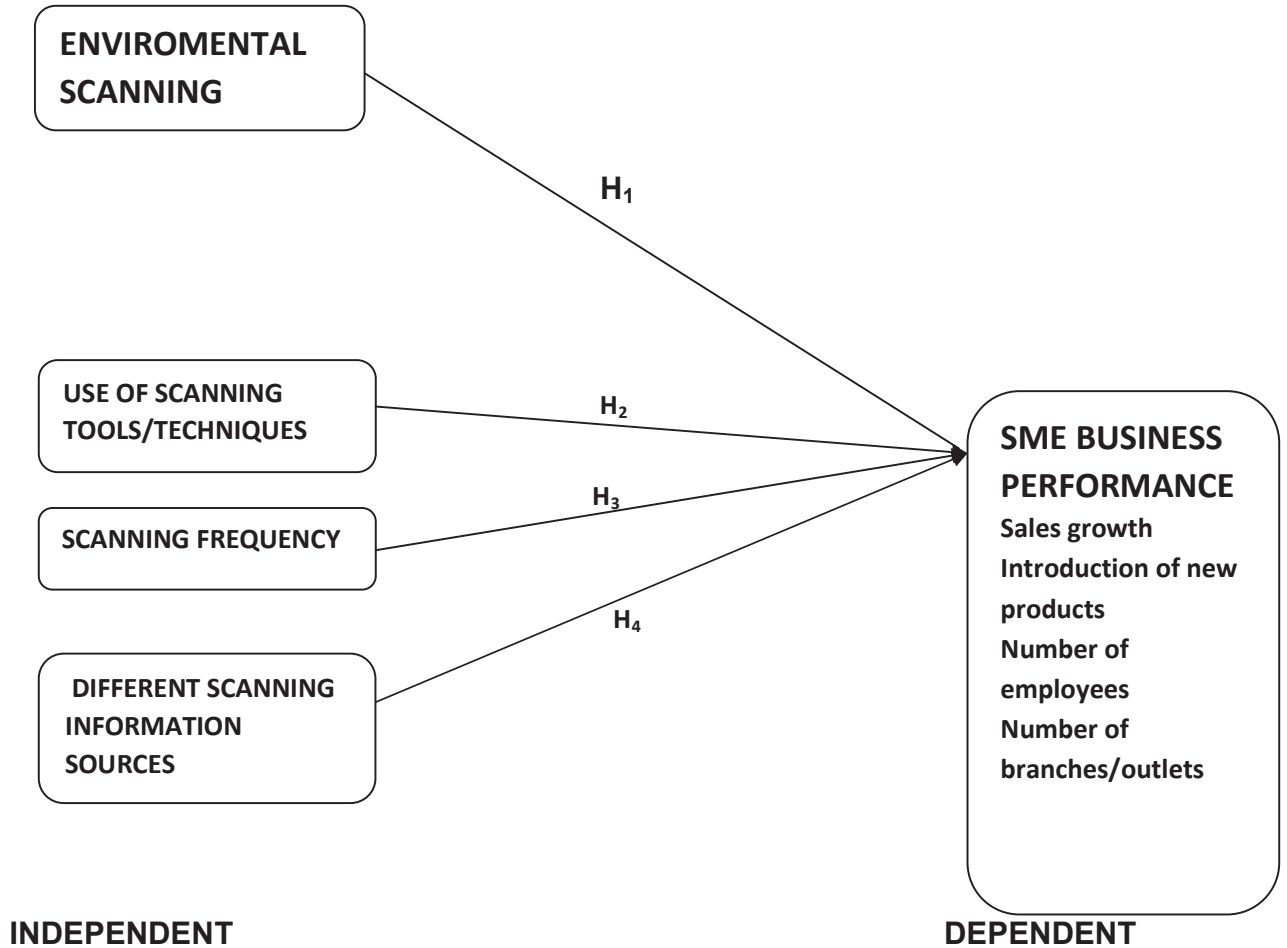


Figure 2.3 Conceptual Framework

2.7CHAPTER SUMMARY

The chapter analyzed and reviewed literature on the relationship between environmental scanning, small and medium enterprises and business performance. It highlighted the importance of environmental scanning in organizations with some authors supporting the notion that it leads to increased business performance. The different operating environments were analyzed together with different sources of information collected by managers during environmental scanning.

The determinants of environmental scanning were outlined as frequency of scanning, use of different sources of information and use of different scanning tools/techniques. The researcher noted that many authors supported the use of environmental scanning in Small and Medium enterprises for the survival of these entities. As SMEs scan the environment, they identify threats and weaknesses which might affect the company hence scanning will help them develop business strategies which will counter and aid in decision making.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

Rajasekar, Philominathan and Chinnathambi (2013) define research methodology as a systematic way to solve a problem and is concerned with procedures by which researchers go about their work of describing, explaining and predicting phenomena. It brings out the actual work plan of the research in a logical sequence.

The chapter specifies and describes the research hypothesis, research philosophy, research design, research strategy, research methods, research instruments, population and sample to be used, data analysis techniques and ethical issues involved in the research process.

3.1.1 Research objective

The main objective of the study is to establish the effect of environmental scanning on the performance of Retail SMEs in Harare.

3.1.2 Major Research Question

The main research question is to ascertain “What is the effect of environmental scanning on performance of Retail SMEs in Harare?”

3.2 RESEARCH HYPOTHESIS

The research hypothesis were formulated as follows;

H₁: There is a positive relationship between environmental scanning and performance of Retail SMEs in Harare.

H₂: There is a positive correlation between use of scanning tools/techniques and performance of Retail SMEs in Harare

H₃: There is a positive relationship between scanning frequency and performance of Retail SMEs in Harare.

H₄: There is a positive relationship between use of different scanning information sources and performance of Retail SMEs in Harare.

3.3 RESEARCH PHILOSOPHY

A research philosophy centers on the different beliefs, perceptions and assumptions of the way data about a phenomenon should be gathered, analyzed and used. Two main philosophies used in research are Positivism and Interpretivism.

3.3.1 Interpretivism/ Phenomenology

According to Crossan (2015), Interpretivism recognize the different intricate relationship between individual behavior, attitudes, external structures and socio-cultural issues. Flowers (2009) states that in the social world, individuals and groups make sense of situations based upon their individual experience, memories and expectations which results in meaning being constructed over time and constantly re-constructed through experience resulting in many differing interpretations. Interpretivism is centered on many realities and is subjective in

nature. According to Saunders, Lewis and Thornhill (2007), Interpretivism is concerned with understanding the meanings and interpretations of social actors together with understanding their world from their point of view which is highly contextual and hence is not widely generalizable.

3.3.2 Positivism

According to Eriksson and Kovalainen (2008), positivism is mainly centered upon values of reason, validity and truth paying particular attention purely on facts gathered through direct observation and experience and measured empirically using quantitative methods which consist of surveys and experiments together with statistical analysis. It allows for hypothesis testing leading to data comparison resulting in an objective conclusion. Hatch and Curlyff (2006) argue that positivists assume that any research area in organizations which will explicitly outline what truly happens can only be discovered through categorization and scientific measurement of the behavior of people and systems which is truly representative of the reality. Crossan (2015) is of the view that all research should be quantitative which can be the basis for valid generalizations and laws. Secondly, the choice of what to study, and how to study it, should only be determined by an objective criteria rather than by human beliefs and interests as in Interpretivism philosophy. Thirdly, the main objective of Positivists is to identify causal explanations and fundamental laws that try to simplify, quantify and explain human behavior. Lastly, by having the researcher independent of the subject under examination, the Positivist philosophy has the advantage of having objective results free from bias and self-interests.

For this study, the Positivist approach was chosen to test the relationship between environmental scanning and performance of Retail SMEs in Harare. The Positivist approach which is associated with quantitative data analysis will cater for bias and self-interests of respondents and sought to identify causal explanations and fundamental laws that explain human behavior in the Retail SMEs in Harare.

3.4 RESEARCH DESIGN

Research design outlines and specifies what data is required, what data collection methods and analysis are going to be employed and how the research question is going to be addressed. According to Burns and Grove (2003) further asserts that it is actually a blueprint

for conducting a study with one having maximum control over any factors which may or tend to interfere the findings validity.

Sousa, Driessnack and Mendes (2007) define research design as the framework for planning, implementation and analysis of the research study which is the plan for answering research questions and hypothesis. The research design assists in logically planning the sequence of research activities to address the stipulated research questions. Sousa et al (2007) classify the research designs as either quantitative or qualitative. Quantitative research designs are concerned with quantifying relationships and associations among variables and involves analysis of numbers. Qualitative research designs focus on the analysis of words and tend to be inductive as opposed to deductive. Creswell (2003) further elaborated that qualitative design involves the inquirer making knowledge claims based on individual experiences with the intent of developing a theory and in other situations a pattern. In this study, a quantitative research design will be used since the research question was to ascertain “what is the effect of environmental scanning on performance of Retail SMEs in Harare?”. There is need to quantify the relationship of environmental scanning on performance of Retail SMEs in Harare.

Quantitative designs are deductive and not biased towards an individual’s perspective since it is based on objective reality. Sousa et al (2007) define a cross sectional study as a study of identifying variables at one point in time and relationships between them determined. A cross section study will be conducted in this study in which a survey will be used to gather information at one point in time within the specified research limitations.

3.5 RESEARCH STRATEGY

The research strategy is defined by Saunders, Lewis and Thornhill (2009) as the general plan in which a researcher will approach answering the research question of the research study. Remenyi, Williams, Money and Swartz (2003) further define research strategy as the plan which gives the overall direction of the research with focus on the process by which the research is conducted. Common research strategies used in research are; experiment, case

study, survey, grounded theory, archival research and ethnography and action research. The research strategy which was selected for this study was the survey strategy.

3.5.1 Surveys

Saunders et al (2009) highlighted overlaps in various research strategies and suggested that the important consideration would be selecting the most advantageous strategy for the concerned study. Yin (2003b) highlighted three conditions on which a particular research strategy has to be selected on which are the type of research question, the magnitude of control a researcher has over the actual behavioral events and the extent of focus on historical events.

The first condition of type of research question, the survey is suitable when the research questions take the form of “what” questions. In this research, the main research question is “What is the effect of environmental scanning on performance of Retail SMEs in Harare?”, hence use of survey is justified.

On second condition of magnitude of control a researcher has over the behavioral events, the researcher does not have control over behavior of Retail SMEs in Harare. The researcher will be an observer while respondents fill in the questionnaires during the survey hence no chance for manipulation of behavior in the Retail SMEs managerial respondents.

On the third condition of extent of focus on historical events, in this research study, both historical and present events are taken into account about the environmental scanning and current business performance hence a survey is appropriate for this study. Due to the high population of Retail SMEs in Harare, a survey is appropriate to collect many different kinds of information within the sector. The survey also assist in data comparison with previous research studies conducted to come up with generalization of results.

The disadvantage of survey is the low response rate where respondents are reluctant to answer questions.

3.6 METHODOLOGY

According to Rajasekar et al (2013), a research methodology is the way researchers go about describing, explaining and finally predicting phenomena thereby solving a problem. Since the research study follows a Positivist philosophy, the quantitative research design will be employed which places emphasis on the relationship of variables and its quantification.

The main objective of the study is to establish the effect of environmental scanning on the performance of Retail SMEs in Harare. At the end of the study, the researcher will be able to quantify the degree of association between environmental scanning and performance of Retail SMEs hence quantitative data analysis is appropriate for this study. Since the study has stipulated test hypothesis which need to be verified through statistical packages, quantitative data analysis will be employed thereby justifying the quantitative research design.

3.7 RESEARCH METHOD

According to Rajasekar (2013), research methods consist of various procedures, schemes and algorithms used in research such as theoretical procedures, numerical schemes, experimental studies and statistical approaches. The data collection methods consist of observation, focus group discussions, questionnaires, interviews and document and data bases. The research study used a research questionnaire to collect data from the different geographical placed respondents in Harare. By adopting the survey method, questionnaires were distributed to respondents who in turn filled in the closed type questions contained with the questionnaire. After filling in, the questionnaire was collected and data analysis performed.

3.8 SOURCES OF DATA

The two main sources of data used in this research study are primary and secondary data as outlined below;

3.8.1 Primary Data

According to Hox and Boeije (2005), primary data are data collected mainly and solely for the specific research problem at hand through the use of procedures that fit the research problem. Basically, primary data is data generated for the first time to try and address a particular problem prevailing at that specific point in time. In this research study, primary data was obtained from the structured questionnaire which solicited information from target population.

3.8.2 Secondary data

Secondary data are data which have been previously collected by other researcher for a particular problem or other purposes such as administrative records, company reports, journal articles, official statistics and primary data which has been generated and stored for public use. In this research study, the secondary data used were journal articles related to environmental scanning, published books and official statistics from Ministry of Small and Medium Enterprises of Zimbabwe.

3.9 RESEARCH INSTRUMENT

The structured questionnaire with closed questions was selected as a data collection tool for the research study. The basis of selection was based on its simplicity in terms of fast completion of questionnaire by respondents and its simplicity in analysis. It consists of three main sections namely; Administrative section, Demographic section and Main body section.

The Administrative section contained information related to instruction of completing the questionnaire and ethical issues assurance, questionnaire number and cover letter. The Demographic section contained information on Profile of the junior/senior manager/entrepreneur in terms of age, level of management, qualifications and gender.

The main body had questions related to the Environmental Scanning factors (frequency of scanning, use of different scanning techniques and different scanning information sources). It also had questions related to business performance and in this research study, business performance was measured on sales growth, introduction of new products, increase in employee turnover and number of branches/outlets.

3.9.1 Pilot Test

The questionnaire used in the research study was subjected to a two stage piloting process which consisted of piloting with other researchers and piloting with a selected group of Retail SMEs respondents in Harare. This process involved administering the questionnaire on 10 selected respondents to determine if they will understand the questions in the same way. The length of time respondents took to answer questions in the questionnaire indicated complexity of questions.

The respondents were grouped into different age groups and of different educational levels to get their opinions which represented their views about the study questions. Hesitation to answer questions was noted and was an indication of complexity of questions contained within the questionnaire. As a result of the piloting, some minor adjustments were made to wording and layout of the questionnaire. Piloting with other researchers who performed similar studies and had standard questions in their questionnaires which they used in their studies was done.

3.10 POPULATION AND SAMPLE

Yount (2006) define a population as collection of all subjects one wants to study. The subjects can be individuals, countries, institutions or groups which a particular study can be performed and information gathered. These subjects should be of interest to the researcher and possess certain characteristics which differentiates themselves from other subjects. Oosthuizen (2009) further explains a population as the total group of subjects meeting a prescribed set criteria. In this study, the research population included all Small to Medium Enterprises operating within the Retail sector in Harare. Only firms which met the criteria to be selected as Small to Medium enterprises according to the Ministry of Small and Medium Enterprises Act.

Polit and Hungler (1999) define a sample as a portion of the population which represents the entire population. This definition describes the sample as a subset of the population. Lathan (2007) further adds that each sampled unit represents the characteristics of a known number of units in the population under research. The sample size in this study will be based on a sampling error of 5%. The sample size used in this study research is 150 SMEs operating within the Retail sector in Harare metropolitan. The researcher was convinced that the selected SMEs will be a true representative of all the retail SMEs operating in Harare and relationships and hypothesis can be confirmed and tested.

3.10.1 Sampling Methods

The two main sampling methods which has been used by many authors in similar researches are probability sampling and non- probability sampling.

3.10.1.2 Probability Sampling

According to Latham (2007), probability sampling is a process where every subject has an equal chance of being selected from the population. This sampling method ensures that each subject or unit has a non-zero probability of being selected and incorporated in the sample.

There are four main types of probability namely; systematic random sampling, cluster sampling, simple random sampling and stratified random sampling.

According to Daniel (2012), simple random sampling is defined as a probability sampling procedure where every subject or unit in the target population is given an equal chance of selection. The process involves each unit being assigned a unique number and according to MacNealy (1999) the researcher should then use a random number table to pick out members from the sample. Random sampling has the disadvantage of creating bias in the preferred numbers to be chosen and selected sample may not include the units or subjects in a population which are of key interest to the researcher. It has the advantage of being easy to understand and does not require advanced information of population elements.

Lathan (2007) define Stratified random sampling as a probability sampling procedure where the population is divided into subgroups then simple random sampling is used to pick out each unit or subject from each subgroup. The advantage of dividing the population into subgroups is that each strata will contain subjects of interests and characteristics such as age groups, gender and experience will be well represented within the selected sample.

Daniel (2012) defines cluster sampling as a probability sampling procedure in which there is random selection of elements of the population in their naturally occurring groupings such as geographical or physical units. This sampling procedure has the advantage of having low sampling error, less time consuming and requires less financial resources and labor to carry-out. It has the disadvantage of clusters not providing a true representation of the population.

According to Westfall (2008), systematic sampling is a probability sampling procedure where every n^{th} element from a given list is selected as constituting the required sample. The selection of the first element is obtained from a random selection of the elements to be sampled while subsequent elements are selected at fixed interval. According to Padilla (2009), systematic sampling has the advantage of its simplicity and operational convenience.

3.10.1.3 Non-Probability Sampling

According to MacNealy (1999), there are three types of non-probability methods namely; convenience sampling, purposeful sampling and snowball sampling. Frey, Botan and Kreps

(2000) indicates that participants in convenience sampling includes participants who are readily available and agree to be part of the research study. It relates to the easy choice the researcher has when surveying respondents who are available.

Tongco (2007) states that purposeful sampling is a non-probability sampling technique that is very effective when the researcher is interested and needs to study a certain cultural domain with knowledgeable experts contained in it. The bias which the method brings about leads to its efficiency and quality data gathered. The disadvantage of the method is on the competence of the informants which might lead to unreliable data acquired.

According to Johnston and Sabin (2010), snowball sampling consists of a chain referral sampling method which relies on referrals from initial subjects in order to generate more research subjects. Respondents with more social connects tend to lead this sampling method to be biased as the final sample will consist of over representation of the referrer's characteristics. Lathan (2007) highlights that generalizing to a population can only be done on a group which shares similar characteristics.

3.10.2 Procedure

In this study, the researcher used simple random sampling method and questionnaires were distributed at random to SMEs operating within the retail sector in Harare. Simple random sampling was used since all SMEs had the same probability of being chosen and was easy to administer without advanced information on the selected subjects to constitute the sample. A total of 150 self-administered questionnaire were physically handed over to respondents who were either the owners of the SMEs or in their absence senior or junior managerial employees of the retail SMEs in Harare. The respondents in this research were identified by their job title within their organizations. The brief description of the aim of the research was explained to the respondents through the cover letter on the self-administered questionnaires.

3.10.3 Response Rate

According to Fincham (2008) response rates are calculated and obtained by dividing the number of usable responses returned by the total number eligible in the sample selected. According to Livingston and Wislar (2012), as the response rate increases, the associated risk for bias decreases accordingly which ultimately means that the higher the response rate, the better the study.

Response rate is considered high when the research subject is of a sensitive nature leading to high non-response. Fincham (2008) stipulates a response rate approximating 60% as the goal for most researchers. Nulty (2008) argued that online surveys were much less likely to provide or achieve response rates which were as high as survey administered on paper. In this research, the researcher physically handed respondents self-administered questionnaires at the workplaces of the managerial employees and owners of retail SMEs in Harare. High response rates were expected by the researcher through this physical method of survey.

3.11 DATA ANALYSIS TECHNIQUE

In this research, demographic data was analyzed using descriptive statistics and presented in the form of tables, charts and graphs. The relationship between environmental scanning and business performance was analyzed using correlation coefficient analysis. The factors which affect environmental scanning were analyzed and their relationship with business performance was analyzed using multiple regression analysis. Statistical Package for the Social Sciences (SPSS) was used in data analysis and data reduction.

3.11.1 Validity and Reliability

Ayodele (2012) view validity as the degree to which a measuring instrument measures what it is supposed to measure. Whiston (2005) on the other hand further views validity as the degree to which the gathered evidence and theory reinforce and support the interpretation of test scores entailed by proposed uses of tests. McBurney and White (2007) then concluded that validity is an indication of accuracy as far as the extent to which meaningful conclusion relates with reality.

Cohen, Manion and Morrison (2008) prescribes the different types of validity which are important in educational research as face, content, construct and criterion related validity. According to Ayodele (2012), face validity is concerned with the researcher's subjective assessments of the presentation and relevance of measuring instrument with emphasis on whether items contained in the instrument appear to be relevant, clear, reasonable and unambiguous.

Content validity according to Babbie (2007) is the degree to which a measure covers a wide spectrum of meanings which have been incorporated within the concept. The whole principle behind content validity is ensuring fair representation of the main elements under investigation. Construct validity mainly focuses on the logical relationships among variables contained in the measuring instrument.

Criterion related validity according to Ayodele (2012) relates to the existence of a high correlation coefficient between scores on measuring instrument and scores on other existing instruments which have generally been accepted as valid. In this research study, the questionnaire was subjected to a two stage piloting process. There was piloting and comparison with other standard questionnaires made by other authors on the same research subject and also on a small group of Retail SMEs in Highfield residential area located in Harare. The questionnaire was re-worded and adjustments made on the phrasing of words contained in the questionnaire to be less ambiguous.

Bowling (2009) highlights the essential elements of reliability as dependability, consistency, reproducibility over time of the similar results carried out on similar group of respondents. Reliability is concerned with minimizing the random error such that similar results can be

reproduced over time from similar respondents. To cater for reliability of results, the internal consistency test was conducted using the Cronbach Alpha test. The Cronbach Alpha test is used on Likert scale type of questionnaires in which different questions have different scoring points and there is variance on each response.

A Cronbach Alpha score of 0.6 to 0.8 is usually regarded as acceptable for most research studies. In this research, the researcher guarded against lack of reliability in the research study by ensuring that the selected sample was not biased and fully representative of the retail SMEs in Harare through simple random sampling of respondents. Also, the research problem was clearly defined such that it was understood by the intended respondents.

3.12 RESEARCH LIMITATION

The research study encountered limitation during data collection from respondents who viewed the study as a form of obtaining business ideas such that it will be used by their competitors operating in the same line of business. This problem was minimized by the researcher as full explanations and intentions of the research study was presented to respondents emphasizing on confidentiality of sensitive information provided.

3.13 RESEARCH ETHICS AND DATA CREDIBILITY

According to Best and Kahn (2006), it is important that research ethics are observed to ensure that participants have adequate and comprehensive understanding of the purpose and methods to be used in the study including the risks involved and the demands placed upon them as a participant. In this research study, informed consent of the participants was obtained before conducting the research. Each participant was approached in person and direct consent obtained. The researcher ensured that voluntary consent of respondents to exercise free power of choice without coercion was obtained prior to conducting the research.

The researcher made written and verbal explanations of the research study on the questionnaire which was handed over to respondents. The respondents to this research study were informed of the potential risks associated with the study with particular emphasis on

confidentiality of their responses. Confidentiality of sensitive information to be received from respondents was ensured on the cover letter on the questionnaire.

3.14 CHAPTER SUMMARY

The chapter discussed research philosophies and research design which underpinned the research study. The population of interest was specified and sampling techniques utilized were described in detail. The research instrument used in the research study was identified together with issues related to its validity and reliability. Data analysis techniques utilized in the study were discussed and special considerations made for ethical issues during data collection. The next chapter will focus on data analysis and presentation of findings.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 INTRODUCTION

The chapter highlights and provides the results which were obtained from the research study. The results was based on the analysis of environmental scanning in Retail SMEs and how it affects business performance. The factors affecting environmental scanning which were tested comprised of frequency of scanning, different scanning information sources and use of scanning techniques/tools. The results were analyzed and discussed on the basis of known literature from different authors on the same subject as highlighted in the literature review.

4.2 RESPONSE RATE

The structured self-administered questionnaire was distributed to Retail SMEs owners and managerial employees. A total of 150 questionnaires were given to owner/manAGERIAL employees physically at their companies. From the 150 questionnaires distributed, a total of 146 were filled and returned as shown in Table 4.1 below;

Level of management	Questionnaires Distributed	Questionnaires returned	Response Rate
Owner	83	81	97.57%
Senior Managers	37	35	94.59%
Junior Managers	30	30	100%
Total	150	146	97.33%

Table 4.1 Response Rate across management levels

An overall response rate of 97.33% was recorded with a total of 146 out of 150 questionnaire returned back to the researcher. Owners of Retail SMEs had a 97.57% response rate as 81 out

of 83 questionnaires were filled and returned back. Senior and Junior Managers had response rate of 94.59% and 100% respectively.

The Junior Managers achievement of 100% response rate was mainly due to the fact that they were many of them and only one was required to complete the form representing the company in the absence of the owners or senior managers of the company. The response rate surpasses the minimum response rate stipulated by Fincham (2008) of 60%. The results are consistent with Nutty (2008) who argued that a higher response rate is expected from questionnaires administered physically on paper.

4.3 FREQUENCY ANALYSIS

The structured self-administered questionnaire had a demographic section which requested respondents to indicate their gender, level of management, age and educational level. The following results were obtained for the demographic questions.

4.3.1 Gender

The gender results in Table 4.2 show that from the 146 respondents, 98 were male constituting a total of 67.1% while 48 were female corresponding to 32.9%. The results indicate that the SME Retail sector is dominated by males as compared to their female counterparts.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	48	32.9	32.9	32.9
	Male	98	67.1	67.1	100.0
	Total	146	100.0	100.0	

Table 4.2 Gender Distribution of respondents

4.3.2 Age

The Table 4.3 below shows the age group between 31-40 years having the highest respondents constituting 53.4%. The age group above 40 years had 32.9% followed by 21-30 age group which had 13%. The age group with the least respondents was that of 21 years and below which had 0.7%. The results indicate that the majority of managerial employees are within the two age groups of 31-40 years and above 40 years. The reason could be the number of years one is required to serve in a company until they attain managerial positions due to job related experience which is highly valued by many companies.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 21 years	1	.7	.7	.7
21-30 years	19	13.0	13.0	13.7
31-40 years	78	53.4	53.4	67.1
Above 40 years	48	32.9	32.9	100.0
Total	146	100.0	100.0	

Table 4.3 Age distribution of respondents

4.3.3 Educational Level

The results of the educational level of respondents are provided in Table 4.4. The majority of respondents had completed a degree program at a University having a total of 76 constituting 52.1%. Respondents who were in possession of a Diploma were 39 constituting 26.7% followed by 12 respondents with Master's Degree constituting 8.2%.

Those with basic educational certificates from colleges and High schools being their highest educational level were 15 constituting 10.3% and only 4 had PhD from University education constituting 2.7%. The reason for this distribution could be due to the requirement of respondents to be in managerial positions in SMEs as they are the individuals who conduct environmental scanning in their companies. For employees to qualify to be in managerial

positions, they need tertiary education which constitutes Degree and Diploma qualifications hence the high frequency.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Certificate	15	10.3	10.3	10.3
Diploma	39	26.7	26.7	37.0
Degree	76	52.1	52.1	89.0
Masters	12	8.2	8.2	97.3
PhD	4	2.7	2.7	100.0
Total	146	100.0	100.0	

Table 4.4 Educational Level of Respondents

4.3.4 Level of Management

The results of distribution of level of management is as shown in the table 4.5. The target of the research was to get as much response from the owners of the Retail SMEs in Harare. The majority of respondents were SME owners who had 81 respondents constituting 55.5% followed by senior managers who had 35 respondents corresponding to 24%. Junior managers had 30 respondents constituting 20.5% of the total respondents. The high frequency for the owners and senior managers of the SMEs is due to the fact that they are directly involved in environmental scanning and strategy formulation hence they are well knowledgeable in the research subject.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	81	55.5	55.5	55.5
	Senior Manager	35	24.0	24.0	79.5
	Junior manager	30	20.5	20.5	100.0
	Total	146	100.0	100.0	

Table 4.5 Level of Management

4.4 RELIABILITY TEST

The reliability test was conducted to test for internal consistency of the self- administered questionnaire. The Cronbach`s alpha test was used in this research study and the results are shown in Table 4.6 and Table 4.7. The overall Cronbach Alpha coefficient obtained from the independent variables in the research study was 0.832. According to George and Mallery(2003), a Cronbach Alpha score above 0.7 is regarded as acceptable for most research studies hence the score of 0.832 is considered as good for the study. The high score is contributed to the randomness of sampling conducted were each Retail SME was given an equal chance of being surveyed. Reliability was further enhanced by carefully wording the questions on the questionnaire.

Cronbach's Alpha	N of Items
.832	21

Table 4.6 Overall Cronbach alpha coefficient

The list of questions in the self- administered questionnaire were tested for internal consistency basing on the overall Cronbach alpha coefficient of 0.832. The Table 4.7 shows results of the test and the individual scores for each question. The individual scores were compared with the overall Cronbach alpha values. The individual scores do not have to exceed the overall alpha value or else the question would require modification or removal.

The results show that the majority of the questions had a Cronbach alpha value less than 0.832. Only two questions which were related to scanning information source from

employees within the firm and from competitors had Cronbach alpha values of 0.847 and 0.835 respectively. These values were very close to the overall Cronbach alpha value of 0.832 hence there was no change to the questions on the questionnaire. The results showed high reliability of the measuring instrument in measuring the required parameters.

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Supplier Scan Frequency	72.63	96.979	.567	.817
Customer Scan Frequency	72.71	96.634	.611	.815
Competitor Scan Frequency	72.66	100.707	.411	.824
Technology Scan Frequency	72.87	99.438	.455	.822
Regulatory Scan Frequency	72.81	100.666	.433	.823
Socio-Eco Scan Frequency	72.75	98.077	.519	.819
Internal Info Scan Frequency	72.62	98.114	.538	.818
Employees	73.41	107.182	.034	.847
Industry Meetings	72.88	100.867	.429	.823
Business Magazines	73.23	102.097	.335	.827
Internal Reports	73.30	102.446	.329	.828
Library	73.38	100.624	.347	.827
Government Newspapers	72.85	101.205	.434	.823
Customers	72.68	104.192	.250	.831
Broadcast Media	73.29	103.478	.278	.830
Competitors	72.90	104.391	.184	.835
Consultants	73.20	101.498	.303	.830
Scan Techniques	73.45	102.705	.448	.824
Impl Scan Techniques	72.77	96.828	.597	.815
Competence Scan Techniques	72.79	98.702	.467	.821
Utilise Scan Techn Info	72.58	97.279	.628	.815

Table 4.7 Cronbach Alpha coefficients for each question

4.5 NORMALITY TEST

The sample size of the research study was 146 respondents. The Shapiro-Wilk test was used since it is suitable for handling sample sizes which are as large as 2000. According to results in Table 4.8, the significant levels for the three variables namely; Frequency of scanning, use of scanning techniques and business performance were below 0.05 ($p < 0.05$). The variable (different scanning information sources) had significant level 0.253 which was greater than 0.05 ($p > 0.05$). The overall result of the test shows that the sample is not normal and that the sample data is unevenly distributed. The researcher therefore used non-parametric tests for data analysis.

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Frequency of Scanning	.196	146	.000	.899	146	.000
Different Scan Info Sources	.092	146	.004	.988	146	.253
Use of Scan Techniques	.221	146	.000	.899	146	.000
Business Performance Measure	.206	146	.000	.887	146	.000

a. Lilliefors Significance Correction

Table 4.8 Shapiro-Wilk Test for Sample data Normality

The normality test was further confirmed graphically by the Normal Q-Q Plot which requires data points to be close to the diagonal line if the data is normally distributed. The Graph 1.0 shows the output of the normal Q-Q plot from the research data. The data points were far away from the diagonal line indicating that the data was not normally distributed.

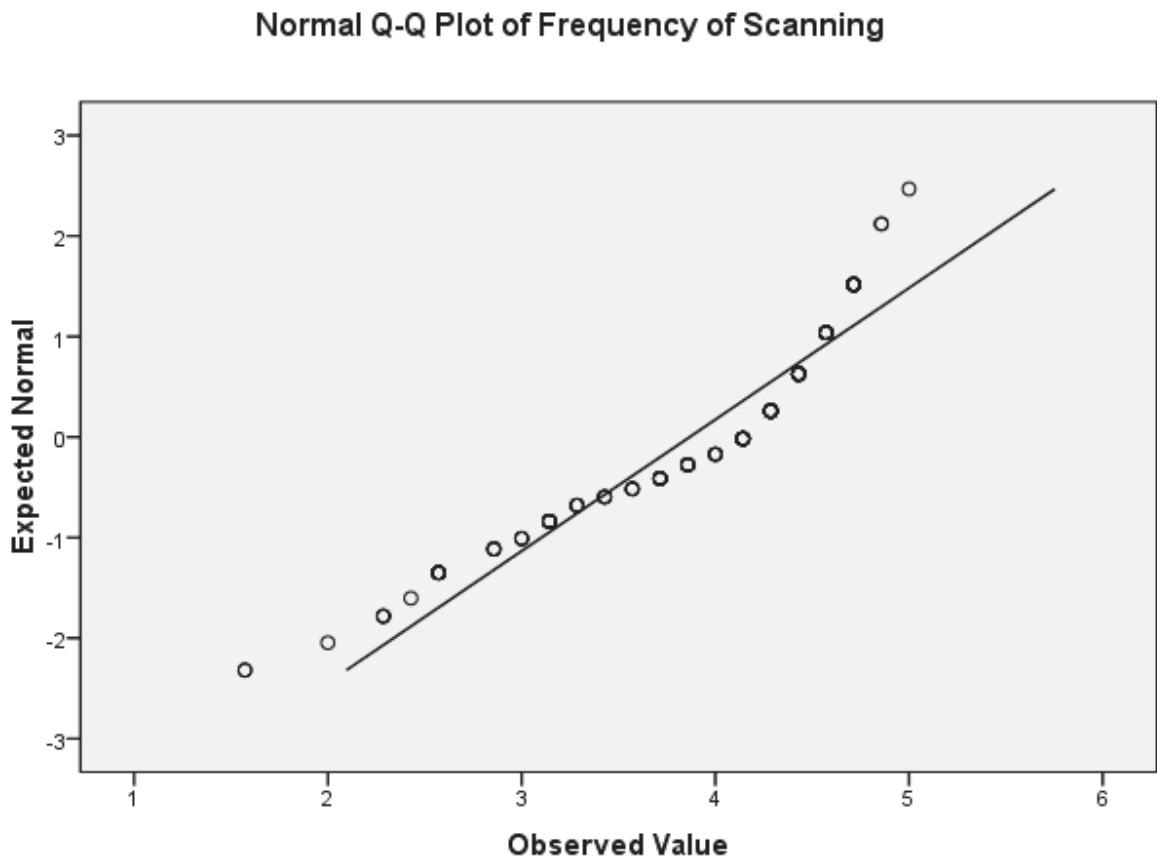


Figure 4.1 Normal Q-Q Plot - Frequency of Scanning

4.6 SPEARMAN'S CORRELATION

Since the sample data was confirmed to be not normally distributed, the Spearman's correlation test was used to determine the strength of association between two variables. The researcher used the Likert scale on the independent and dependent variables which was ordinal data. Since the sample data was not normal and all variables were ordinal hence the Spearman's correlation test was used by the researcher. The following sections will present the results obtained from the Spearman's correlation test.

			Business Performance Measure
Spearman's rho	Frequency of Scanning	Correlation Coefficient	.603**
		Sig. (2-tailed)	.000
		N	146
	Different Scan Info Sources	Correlation Coefficient	.303**
		Sig. (2-tailed)	.000
		N	146
	Use of Scan Techniques	Correlation Coefficient	.597**
		Sig. (2-tailed)	.000
		N	146
	Business Performance Measure	Correlation Coefficient	1.000
		Sig. (2-tailed)	.
		N	146

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

Table 4.9 Spearman's correlation for environmental scanning factors against Business Performance

4.6.1 Spearman's correlation for Frequency of scanning against Business performance

From the results in Table 4.9, the Spearman's correlation coefficient r_s is 0.603. This result shows that there is a strong positive correlation between the frequency of scanning the environment and business performance in the Retail SMEs in Harare. The relationship was statistically significant since ($p=0.00$) which is less than 0.01 level required for a 2-tailed test.

4.6.2 Spearman's correlation for different scanning information sources against Business Performance

The Spearman's correlation coefficient r_s is 0.303 from results of Table 4.9. This result shows that there is a weak positive correlation between the frequency of scanning the environment and business performance in the Retail SMEs in Harare. The relationship was statistically significant since ($p=0.00$) which is less than 0.01 level required for a 2-tailed test.

4.6.3 Spearman`s correlation for use of scanning techniques/tools against Business Performance

From the Table 4.9, the Spearman`s correlation coefficient r_s is 0.597. This result indicates a moderate positive correlation between the frequency of scanning the environment and business performance in the Retail SMEs in Harare. The relationship was statistically significant since ($p=0.00$) which is less than 0.01 level required for a 2-tailed test.

4.7 REGRESSION ANALYSIS

Regression analysis was used to determine which environmental scanning factors exert greater influence on the performance of Retail SMEs in Harare. The environmental scanning factors which consist of scanning tool/techniques, frequency of scanning and use of different scanning information sources were analyzed on their ability to greatly predict the dependent variable which was business performance measured by increase in employees, sales growth and number of branches/outlets of a company.

The Table 4.10 shows the results of regression analysis. The “R” coefficient shows the combined effect of all the environmental scanning factors on Retail SMEs business performance. A value of 0.818 shows a strong positive association between the environmental scanning factors and business performance.

The “R” Square value is multiplied by 100 to convert it into a percentage hence it comes to 66.8%. This means that the environmental scanning factors (use of scanning techniques, different scanning information sources and frequency of scanning) explain 66.8% of the variance in business performance. This result means that there are other factors that explain the remaining 33.2% of the variance.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.818 ^a	.668	.661	.55205

a. Predictors: (Constant), Use of Scan Techniques, Different Scan Info Sources, Frequency of Scanning

Table 4.10 Model Summary of Regression and Correlation Analysis

The regression coefficients show the magnitude of influence of each independent variable (use of scanning techniques, different scanning information sources and frequency of scanning) on the dependent variable (business performance). The Table 4.11 shows the standardized Beta coefficients for each independent variable.

From the results, frequency of scanning has 0.5 beta coefficient which is the highest of the other independent variables showing that it exerts the most influence on business performance. Use of scanning techniques also exerts influence on business performance but less than frequency of scanning since it has a Beta coefficient of 0.357. Different scanning information sources exert the least influence on business performance due to the low Beta coefficient of 0.192.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.500	.343		-4.370	.000
	Frequency of Scanning	.620	.071	.500	8.687	.000
	Different Scan Info Sources	.318	.082	.192	3.865	.000
	Use of Scan Techniques	.411	.067	.357	6.175	.000

a. Dependent Variable: Business Performance Measure

Table 4.11 Regression Coefficients

4.7.1 Frequency of scanning regression coefficients

The results in Table 4.11 show that scanning frequency exerts the most influence on business performance. It has the largest Beta value of 0.5 hence it is the most important factor among the independent variables (use of different information sources and use of scanning techniques) in explaining business performance. Frequency of scanning has significant coefficient of 0.000 which is less than the required 0.05. From the results, we can say that scanning frequency's relationship with business performance is not by chance and that there is a significant relationship between frequency of scanning and business performance.

4.7.2 Different scanning information sources regression coefficients

The results in Table 4.11 show that the use of different scanning information sources exerts the least influence on business performance. It has the lowest Beta value of 0.192 hence it is

the least important factor among the three independent variables in explaining business performance. Use of different scanning information sources has significant coefficient of 0.000 which is less than the required 0.05. As a result, we can say that use of different scanning information sources and its relationship with business performance is not by chance and that there is a significant relationship between use of different information sources and business performance.

4.7.3 Use of different scanning tools/techniques regression coefficients

The results in Table 4.11 show that use of different scanning techniques exerts the second most influence on business performance after frequency of scanning. It has the second largest Beta value of 0.357 hence it is the second most important factor among the independent variables (use of different information sources and use of scanning techniques) in explaining business performance. Use of different scanning techniques has significant coefficient of 0.000 which is less than the required 0.05. From this result, we can say that use of different scanning techniques relationship with business performance is not by chance and that there is a significant relationship between use of different scanning techniques and business performance.

4.8 ANOVA (F-Test)

The ANOVA analysis in Table 4.12 show value “F” value of 95.417 and significant coefficient of 0.000 which is less than 0.05 indicating that the use of scanning techniques, different information sources and frequency of scanning are significantly related to business performance.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	87.236	3	29.079	95.417	.000 ^a
	Residual	43.275	142	.305		
	Total	130.511	145			

a. Predictors: (Constant), Use of Scan Techniques, Different Scan Info Sources, Frequency of Scanning

b. Dependent Variable: Business Performance Measure

Table 4.12 ANOVA (F-Test)

4.9 DISCUSSION OF RESULTS

The research study conducted had the aim of analyzing the impact of environmental scanning on the performance of Small to Medium enterprises in Harare. Available literature was collected in chapter two and analyzed with the results from the quantitative tests conducted. Each factor was discussed as follows;

4.9.1 Frequency of Scanning in relation to literature

The results show that frequency of scanning has a Beta coefficient of 0.5 which is the highest of the other independent variables showing that it exerts the most influence on business performance. The correlation analysis showed that there was a strong positive correlation between frequency of scanning and business performance. This view is consistent with Karami (2008) who argued that there is a significant relationship between increasing the environmental scanning of the firm and the success of the firm's performance in small and medium sized enterprises. This view was further supported by Ebrahimi (2000) who added that frequency of environmental scanning is directly related to the strategic uncertainty and organizational performance.

The results show that increasing scanning frequency on Retail SMEs customers, suppliers, competitors, internal company information, socio-economic information, regulatory information and available technology on the market has a positive relationship with business performance of the Retail SMEs in Harare due to the strong positive Beta coefficient and significance level. The findings were supported by Temtine (2006) who outlined the five environmental constituents or dimensions namely; social, economic, political, regulatory and technological which should be frequently scanned as they contain valuable information which leads to firm performance.

4.9.2 Use of different scanning information sources in relation to literature

The results showed that different scanning information sources exert the least influence on business performance due to the low Beta coefficient of 0.192 than the other two independent variables. It has a weak positive relationship with business performance due to the low beta value of 0.192. The correlation test showed that there was a weak positive correlation between the use of different scanning information sources and business performance. The result was based on ten information sources from employees, industry meetings, business magazines, internal reports, library, government newspapers, customers, competitors, consultants and broadcast media. This shows that different information sources have influence on the business performance of SMEs in the Retail sector. This view is supported by Kourtely (2005) who suggested that for a firm to possess competitive advantage, it must

constantly monitor several information sources simultaneously. The results are further supported by Sutcliffe (2005) who stated that managers who collect bits of information from a broad range of information sources can integrate the collected information into rich network of factors which contribute to firm performance.

The results show that both internal and external sources of information are positively related to business performance. This finding from the results is supported by Karami (2008) who indicated that there are low rich information sources which consist of income statements, memos and letters, and high rich information sources such as face-to face discussions with workers, customers and suppliers.

4.9.3 Use of scanning tools/techniques in relation to literature

The Correlation results indicate a moderate positive correlation between the use of scanning techniques/tools and business performance. From the regression results, it has the second highest influence on business performance after frequency of scanning with a Beta of 0.352. This result shows that it exerts great influence on Retail SME business performance in Harare.

These findings are contrary to Meers and Robertson (2007) who argued that the majority of small firms did not utilize the traditional tools and techniques of strategic planning. The results indicate that utilizing information generated from the scanning tools such as SWOT analysis, PEST analysis and Porter's five forces and the implementation process are important in influencing business performance. This result is supported by Gupta (2013) who stated that environmental techniques assists organizations to react to changes in its external and internal environments which leads to business performance.

4.9.4 Environmental scanning in relation to literature

Environmental scanning in this study was measured by its determinant factors which comprised of frequency of scanning, use of different information sources and use of scanning techniques/tools. From the results of multiple regression, the "R" coefficient which shows the

combined effect of all the independent variables on business performance had a strong positive value of 0.818.

This result indicated a strong relationship between environmental scanning and business performance in Retail SMEs in Harare. This view is shared by Karami (2008) who stated that effective scanning of the environment is an essential requirement to the successful alignment of competitive strategies with environmental requirements and the achievement of outstanding performance in SMEs. This shared view was consistent with Beal (2000) who stated that many strategists and strategic management scholars generally agreed that small firms which aligned their competitive strategies with the requirements of their environment (environmental scanning) outperformed firms that failed to achieve such alignment. The results further showed that environmental scanning factors used in the research study accounted for 66.8% in predicting business performance.

4.10 CHAPTER SUMMARY

The chapter presented results from various statistical techniques performed on the information collected from the structured questionnaires. The results showed a strong positive relationship between environmental scanning and business performance of Retail SMEs in Harare. The individual determinant factors of environmental scanning which consisted of frequency of scanning, use of different information sources and use of scanning techniques/tools were also tested and results indicated a positive relationship with business performance of Retail SMEs in Harare. The next chapter will look into the possible conclusions from the study and necessary recommendations made by the researcher.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

In chapter four, the survey results were analyzed and discussed in relation with the relevant literature on the three determinant factors of environmental scanning and its relationship with firm performance. Statistical applications were applied which included correlation and regression analysis to determine the relationship among the variables. This chapter presents the research conclusions together with possible recommendations related to the research study.

5.2 CONCLUSIONS

The purpose of the research study was to analyze the impact of environmental scanning on the performance of Retail SMEs in Harare. It also looked into the determinant factors of environmental scanning and how they are related with business performance. In this section, the conclusions which are based on the results obtained in chapter four will be presented. It will also include an evaluation of whether the research objectives set out in chapter one have been achieved.

5.2.3 To establish the effect of environmental scanning on the performance of Retail SMEs in Harare

The results of correlation and regression analysis in chapter four indicated a strong positive relation between environmental scanning and business performance. The objective was achieved through the survey conducted and results obtained. It can be concluded that

environmental scanning is positively related to business performance of firms operating within the Retail sector in Harare. This means that Retail SMEs should conduct a thorough analysis of the operating environment which they are exposed to in order to survive the harsh operating environment prevailing in Harare.

For the Retail SMEs to realize business growth and profits, it is imperative that they frequently scan for information both internal and external sources and apply scanning techniques to analyze the obtained information in order to generate strategies for survival and competitive advantage. Without scanning the environment, Retail SMEs will miss on vital information which is essential for the success of the businesses.

5.2.4 To determine the influence of scanning tools/techniques on the performance of Retail SMEs in Harare

The results of correlation analysis in Table 4.17 indicate a moderate positive correlation between scanning techniques and business performance of Retail SMEs in Harare. From the results, it can be concluded that scanning techniques indeed have a positive influence on business performance. The objective was achieved from the results obtained in chapter four.

The implications are that Retail SMEs should utilize environmental scanning tools such as SWOT analysis, PEST analysis and Porter's five forces. These techniques helps SMEs to critically analyze the environmental information obtained from different sources into organization strategies addressing their weaknesses and strengths against competitors. Most SMEs do not use these scanning technics hence fail to strategies for the future leading to their closure.

5.2.5 To establish the effect of using different scanning information sources on performance of Retail SMEs in Harare.

The results of both regression and correlation analysis indicated a positive relation between the use of different scanning information sources on performance of Retail SMEs in Harare. It can then be concluded that Retail SMEs in Harare who use different scanning information sources are more likely to increase their business performance. The different information

sources aid in accessing vital information from a wide range of environmental sources thereby equipping them with the relevant knowledge for decision making.

The study concluded that information gathered from both the external and internal operating environment was vital in realizing business performance of Retail SMEs in Harare. The implications are that the SMEs management and owner should dedicate enough time and resources in gathering vital information from competitors, consultants, employees, customers, broadcast media, business magazines, library, internal reports, government newspapers and make time to attend industry meetings where they also discuss and gather information with peers and industry specialists.

5.2.6 To determine the influence of scanning frequency on the performance of Retail SMEs in Harare

The results of both correlation and regression analysis in chapter four indicated a strong positive relationship and influence between frequency of scanning and business performance of Retail SMEs in Harare. Therefore, it can be concluded that the more number of times the Retail SMEs scan their environment, the more their business will perform.

The implications are that business owners and senior management in Retail SMEs in Harare should continuously scan their operating environment and dedicate a team of senior managers who are responsible for that activity.

5.3 VALIDATION OF RESEARCH HYPOTHESIS/ PROPOSITION/ ASSUMPTION/THEORY

The formulated hypothesis in chapter one for the research study were as follows;

H1: There is a positive relationship between environmental scanning and performance of Retail SMEs in Harare.

H2: There is a positive correlation between use of scanning tools/techniques and performance of Retail SMEs in Harare.

H3: There is a positive relationship between scanning frequency and performance of Retail SMEs in Harare.

H4: There is a positive relationship between use of different scanning information sources and performance of Retail SMEs in Harare.

The hypothesis testing results are presented in Table 5.1. It can be concluded that all the proposed hypothesis for the research study were accepted.

HYPOTHESIS	Decision
<i>H1</i> : There is a positive relationship between environmental scanning and performance of Retail SMEs in Harare	Hypothesis accepted
<i>H2</i> : There is a positive correlation between use of scanning tools/techniques and performance of Retail SMEs in Harare	Hypothesis accepted
<i>H3</i> : There is a positive relationship between scanning frequency and performance of Retail SMEs in Harare	Hypothesis accepted
<i>H4</i> : There is a positive relationship between use of different scanning information sources and performance of Retail SMEs in Harare.	Hypothesis accepted

Table 5.13 Hypothesis Testing Results

5.4 RECOMMENDATIONS

The harsh turbulent business environment prevailing in Harare has caused many SMEs to fail and close businesses. There is huge uncertainty in the environmental outlook hence the need for environmental scanning to be carried out in all growing and established SMEs. The results of the study reached a conclusion on the strong relationship which exists between environmental scanning and business performance of SMEs in Harare. As a result, for SMEs to realize sales growth, increase their business branches /outlets, expand their products and services and employ more skilled labor, they need to conduct environmental scanning. It is

imperative for Retail SMEs to fully understand the environmental scanning factors such that they develop ways of improving the performance of their businesses. The following recommendations will assist Retail SMEs to carryout environmental scanning for the success of their businesses.

5.4.1 Recommendations based on environmental scanning

Basing on the results obtained from both regression and correlation analysis, it is recommended that Retail SMEs conduct environmental scanning in their organizations. Since the results indicate a strong correlation with business performance, SME owners need to put in place all the necessary resources required to establish a controlled environmental scanning system in their companies. The researcher further recommends SME owners and management to draft organizational policies which favor environmental scanning to enhance its implementation as core business of the organizations.

5.4.2 Recommendations on frequency of environmental scanning

Frequency of scanning is strongly related to business performance as concluded from the research study. It is recommended that Retail SMEs continuously and regularly scan and search for information from their operating environments. Frequent scanning will aid in updating management of changes in the environment which will assist in strategy formulation during turbulent and uncertain environmental conditions.

It is also recommended that Retail SMEs place more resources and time increasing their scanning frequency on customers, suppliers and available technology. More frequent scanning of customers helps firms to be well informed of their different needs and demands which is key to sales growth. There is need to be well informed of the available technology on the market for competitive advantage over other firms. SMEs need to put in place the required budget for continuous and regular scanning of its operating environment.

5.4.3 Recommendations on use of different information sources

From the results of the research study, it was concluded that the use of different information sources had a great influence on business performance. It is recommended that Retail SMEs utilize different information sources both internal and external to the company. By so doing, information about the environment is obtained from wide range of sources covering almost all sectors of the operating environment.

The researcher recommends that Retail SMEs place more emphasis and resources on attending industry meetings and scanning competitors. By attending to industry meetings, they learn more on the current issues pertaining to their particular industry and share ideas with peers and specialists in the industry. The information from competitors is vital as it provides a competitive advantage for the firm over its competitors. The researcher recommends that government introduces a policy on SME training which includes conferences and seminars where information sharing is encouraged.

It is recommended that management in SMEs provide information management systems which links up all employees within the company such that internal information source of information is utilized by the companies.

5.4.4 Recommendations on use of scanning techniques/tools

It was concluded that use of scanning techniques and tools are positively related to business performance. It is recommended that Retail SMEs use scanning techniques and tools in their organization. This will aid in information processing and coming up with business strategies which will assist the organization during turbulent and harsh operating environments. It is also recommended that SMEs management personnel are trained in the implementation of these techniques and how to utilize the processed information in their companies. This can be achieved by SME owners and management setting aside a budget for training and development more inclined towards environmental scanning techniques training.

5.5 STUDY LIMITATIONS AND SUGGESTIONS FOR FURTHER STUDY

The current research study was conducted in Harare only and possible areas of further research can focus on other major cities in Zimbabwe like Bulawayo and Masvingo. In this current study, the main focus was on SMEs operating within the Retail sector. However, other possible research areas can incorporate different business sectors like manufacturing, travel and hospitality and mining. This will fill in the gaps in the current study and allow for results generalization.

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APPENDIX: QUESTIONNAIRE

UNIVERSITY OF ZIMBABWE



GRADUATE SCHOOL OF MANAGEMENT
MASTERS OF BUSINESS ADMINISTRATION
Administrative Section

**An analysis of the impact of Environmental Scanning on the performance of
Small to Medium Retail Enterprises in Harare.**

Dear Sir/Madam

RE: MASTER IN BUSINESS ADMINISTRATION RESEARCH QUESTIONNAIRE

You are kindly requested to assist in the completion of the structured questionnaire which is attached together with this cover letter. The researcher is interested in the environmental scanning in Retail Small to Medium Enterprises in Harare and how it is linked to overall business performance. The structured questionnaire is in partial fulfilment of the University of Zimbabwe Master of Business Administration Degree program.

The researcher hereby assures the respondents that the research is purely for academic reasons and as such confidentiality and anonymity will be observed. You are not required to write your name and you do not have to complete the questionnaire if you feel otherwise. When filling the questionnaire, just tick the option which best represents your intended response. For any enquiries, please contact the director of the graduate school of management Dr.N.Kaseke on the following e-mail address; nykaseke@gmail.com. Your assistance in filling this questionnaire is greatly appreciated.

Yours faithfully

L.Vudzijena (Student Reg: R028622G)

SECTION B: Main Body										
Factors which affect environmental scanning in organisations										
Frequency of Scanning										
5	How frequently does your company gather information from the suppliers									
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>5.Continuously</td> <td>4.Regularly</td> <td>3.Uncertain</td> <td>2.Seldom</td> <td>1.Never</td> </tr> </table>	5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never				
5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never						
6	How frequently does management of your company gather information from customers									
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>5.Continuously</td> <td>4.Regularly</td> <td>3.Uncertain</td> <td>2.Seldom</td> <td>1.Never</td> </tr> </table>	5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never				
5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never						
7	What frequency does your company scan information from competitors									
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>5.Continuously</td> <td>4.Regularly</td> <td>3.Uncertain</td> <td>2.Seldom</td> <td>1.Never</td> </tr> </table>	5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never				
5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never						
8	At what frequency does the management scan Technological information									
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>5.Continuously</td> <td>4.Regularly</td> <td>3.Uncertain</td> <td>2.Seldom</td> <td>1.Never</td> </tr> </table>	5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never				
5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never						
9	How frequently does your company search for Regulatory information/issues									
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>5.Continuously</td> <td>4.Regularly</td> <td>3.Uncertain</td> <td>2.Seldom</td> <td>1.Never</td> </tr> </table>	5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never				
5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never						
10	At what frequency does your management search for Socio-economic information/issues									
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>5.Continuously</td> <td>4.Regularly</td> <td>3.Uncertain</td> <td>2.Seldom</td> <td>1.Never</td> </tr> </table>	5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never				
5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never						
11	How frequently does your management search for Company internal information									
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>5.Continuously</td> <td>4.Regularly</td> <td>3.Uncertain</td> <td>2.Seldom</td> <td>1.Never</td> </tr> </table>	5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never				
5.Continuously	4.Regularly	3.Uncertain	2.Seldom	1.Never						

	Use of different scanning information sources					
12	My organisation gathers information about the business environment from employees within the firm					
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree	
13	Information about the business environment is obtained from specific industry meetings/conferences attended					
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree	
14	Information from trade/business magazines is utilised in the company					
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree	
15	Internal memos, circulars and internal reports are a source of business information used by the company					
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree	
16	The company utilises business information from the library and other electronic information services					
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree	
17	Information from Government official newspapers and periodicals/publications are utilised by the company					
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree	
18	Vital information obtained from customers is utilised by the company					
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree	
	Information gathered from broadcast media (Television and radio) is					

19	utilised by the company							
	<table border="1"> <tr> <td>5.Strongly Agree</td> <td>4.Agree</td> <td>3.Uncertain</td> <td>2.Disagree</td> <td>1.Strongly Disagree</td> </tr> </table>	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree		
5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree				
20	Information obtained from competitors is used by the company							
	<table border="1"> <tr> <td>5.Strongly Agree</td> <td>4.Agree</td> <td>3.Uncertain</td> <td>2.Disagree</td> <td>1.Strongly Disagree</td> </tr> </table>	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree		
5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree				
21	The company uses information gathered from consultants							
	<table border="1"> <tr> <td>5.Strongly Agree</td> <td>4.Agree</td> <td>3.Uncertain</td> <td>2.Disagree</td> <td>1.Strongly Disagree</td> </tr> </table>	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree		
5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree				
Use of scanning tools/Techniques								
22	To what extent does your organisation use the following environmental scanning techniques (SWOT analysis, PEST analysis, Porter`s Five forces)							
	<table border="1"> <tr> <td>4.Large extent</td> <td>3.Moderate extent</td> <td>2.Less extent</td> <td>1.Not a cause</td> </tr> </table>	4.Large extent	3.Moderate extent	2.Less extent	1.Not a cause			
4.Large extent	3.Moderate extent	2.Less extent	1.Not a cause					
23	In your opinion, how effective is the implementation of these scanning techniques in your company							
	<table border="1"> <tr> <td>5.Very effective</td> <td>4.Effective</td> <td>3.Uncertain</td> <td>2.Ineffective</td> <td>1.Absolutely ineffective</td> </tr> </table>	5.Very effective	4.Effective	3.Uncertain	2.Ineffective	1.Absolutely ineffective		
5.Very effective	4.Effective	3.Uncertain	2.Ineffective	1.Absolutely ineffective				
24	The management of the company are competent in the use of these scanning tools/techniques							
	<table border="1"> <tr> <td>5.Strongly Agree</td> <td>4.Agree</td> <td>3.Uncertain</td> <td>2.Disagree</td> <td>1.Strongly Disagree</td> </tr> </table>	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree		
5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree				
25	Information generated from the scanning tools/techniques is utilised in the company							
	<table border="1"> <tr> <td>5.Strongly Agree</td> <td>4.Agree</td> <td>3.Uncertain</td> <td>2.Disagree</td> <td>1.Strongly Disagree</td> </tr> </table>	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree		
5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree				
SECTION C: OUTCOME								
Business Performance measure								

26	Has the sales growth of the company been increasing						
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree		
27	The number of employees in the company have been increasing						
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree		
28	The company has opened up other branches/outlets elsewhere						
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree		
29	The company has introduced new products/services						
	5.Strongly Agree	4.Agree	3.Uncertain	2.Disagree	1.Strongly Disagree		

The End

Thank you for your time