



**STRATEGIC PLANNING PRACTICES: THE ANTECEDENTS AND BUSINESS
PERFORMANCE OUTCOMES IN ZIMBABWEAN SMALL TO MEDIUM SCALE
ENTERPRISES (SMES).**

BY

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DEDICATION

This thesis is dedicated to the Almighty God for bestowing me with strength, guidance and mercy. This piece of work is also dedicated to all Zimbabwean Entrepreneurs operating in the SME sector and I hope that this study will enable them to embrace the given recommendations to spur growth, sustainability and lengthy survival of their enterprises.

DECLARATION

I, the undersigned **Raynold Tinomudaishe Chikwama** do hereby declare that this thesis is my own original work with the exception of Acknowledgements, Quotations and References that are attributed to their sources, and this thesis has not been previously submitted in part or full, and will not be presented to any University for similar or any other degree award.

.....
Signature

.....
Date

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ABSTRACT

Despite Zimbabwe sharing with the rest of the world, the notion that SMEs are the impeccable engines to economic revival, growth and development, many of the nation's SMEs are plagued with high failure rates, a phenomenon which motivated the need to carry out this study. Previous studies carried out in most foreign countries suggested that the high failure rate of SMEs was attributable to lack of strategic planning among a host of other factors.

Notwithstanding the globally acknowledged efficacy of strategic planning towards business performance of SMEs, there is little evidence indicating whether Zimbabwean SMEs practice strategic planning and how their engagement in strategic planning impact the firms' business performance. The focus of this study was, therefore, on ascertaining the driving factors of strategic planning practices in Zimbabwean SMEs and also to establish the impact of strategic planning on business performance of these enterprises.

This study hinged on the positivist research philosophy and a quantitative approach was adopted where proportional stratified random sampling was used to sample 150 SMEs operating within the Harare Metropolitan Province. The unit of analysis was the owners and managers of the sampled SMEs, who were purposively chosen for their superior knowledge of strategic planning practices of SMEs. Data was collected using self-administered structured questionnaires. The collected data was then coded and analyzed using Statistical Package for Social Sciences (SPSS) version 23.

This study confirmed that the four perceived driving factors (globalisation, business ownership motivations, environmental dynamism and innovation & technological advancement) had a positive and statistically significant influence on the adoption or practice of strategic planning among SMEs. In addition, the study partially confirmed the claim that adoption or practice of strategic planning has a positive impact on business performance of SMEs. Only two strategic planning factors (environmental scanning and strategy implementation) showed that they had positive and statistically significant impact on business performance of SMEs. It was on this basis that the study recommended SME owners/managers to prioritize the scanning of environment and strategy implementation in order to enhance business performance of their enterprises.

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LIST OF ABBREVIATIONS/ ACRONYMS

CZI	Confederation of Zimbabwe Industries
GDP	Gross Domestic Product
GOZ	Government of Zimbabwe
FDI	Foreign Direct Investment
RBZ	Reserve Bank of Zimbabwe
SME	Small to Medium Scale Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.0 INTRODUCTION

Small to Medium Scale Enterprises (SMEs) are considered to be the backbone or engine for economic growth and thus play a significant economic role in many countries. The fact that sub-sector provides reasonably priced goods, services and income as well as providing job opportunities has been the reason for growing interest and concern for both developed and developing governments to ensure improved performance and growth for SMEs (Kauffman, 2006). However, SMEs in the 21st century are confronted with unprecedented challenges in a changing business, political and economic environment. The survival and growth of SMEs in the 21st century is dependent upon the firms` ability to develop flexible competitive advantages that enable them to adapt to change (Morris, Kuratko and Covin, 2008).

The above argument by Morris et al (2008) implies that the survival and growth of SMEs has to be through internal initiatives or organic means involving strategic planning and creativity in order for them to subsist the turbulent business environment. Given that the business environment is constantly changing, a condition that has resulted in an intense competitive business world means improved business performance has become a crucial issue for SMEs let alone large firms. Therefore, in order to remain competitive and sustainable, SME owners and managers need to ensure that their firms are performing well.

Interestingly to note, strategic planning has been increasingly recognised in the extant literature of SMEs as a major predictor for business performance (Sandada, 2014; Kantabutra, 2010). Several previous empirical studies that examined business performance of SMEs have regarded practice of strategic planning as a success factor that is critical for the small firms in their endeavour to achieve competitive advantage. Although several researches around the globe particularly those conducted in developed countries have acknowledged the efficacy of strategic planning towards business performance of SMEs, few studies have been done to ascertain the

extent to which strategic planning impacts on business performance of Zimbabwean SMEs. This research is, therefore, motivated by the need to investigate perceived antecedents of strategic planning practices among Zimbabwean SMEs and also to examine whether the practice of strategic planning by these SMEs has an impact on enhancing their business performance.

1.1 BACKGROUND TO THE STUDY

For the last decade, Zimbabwe has been experiencing structural regression with accelerated deindustrialisation and informalisation of the economy (CZI, 2012). Since 2008, Zimbabwean economy has been in a free fall with an economic decline of up to 50% which saw the country's formal sector progressively declining with many enterprises wholly ceasing operations, while others markedly downsized their production levels (Bloch, 2014). The economic turmoil that befell Zimbabwe led to the nation's failure in attracting significant foreign direct investment (FDI) and long term lines of credit to sustain and replace the domestic debt. According to United Nations statistics in 2013, Zimbabwe remains one of the least recipients of FDI in Africa, getting amounts less than \$1.5 billion annually (World Economic Forum, 2014). To date, the country's economy remains delicate as shown by trends in its real Gross Domestic Product (GDP) growth rate of 5.4% in 2009, 11.4% in 2010, 11.9% in 2011, 10.6% in 2012 and 3.4% in 2013 (Government of Zimbabwe, 2013). Zimbabwe is in a situation of economic insecurity with the country's global competitiveness rating remaining low. In 2014 the country was rated 124th out of 144 countries on the global competitiveness index (World Economic Forum, 2014).

Despite the immense economic devastation that faced Zimbabwe over the years, the SME sector is being regarded to be the impeccable engine of economic growth to ensure the revival of the once vibrant nation that gained its reputation as the breadbasket of Africa (Mavengere, 2011). SMEs are expected to bring about the desired change to the adverse trend being experienced in Zimbabwe's economy through complementing the efforts of both the private and public sector in enhancing the national development process (RBZ, 2012). The quality of SMEs is very critical in the economic development of any nation as they operate within the economic environment

characterised by volatility, dynamism and competitive markets that may seriously threaten their survival (O'Regan and Ghobadian, 2007).

Notwithstanding the seamless expectation that the SME sector will resuscitate the growth of the economy, many Zimbabwean SMEs have witnessed poor performance levels accompanied by a high attrition rate. Findings have shown that most Zimbabwean SMEs die within their first five years of existence, a smaller percentage encounter extinction between the sixth and tenth year while only five to ten percent survive, thrive and grow to maturity (Tsikirayi, 2014). According to Tsikirayi (2014), many factors have been identified as likely contributing to the premature death of Zimbabwean SMEs, and key among them include cut-throat competition and lack of strategic planning. The answer for the underachievement of Zimbabwean SMEs to drive economic growth has been deemed not to lie with policy but with the strategic behaviours of these enterprises. Therefore, understanding the strategic behaviours of Zimbabwean SMEs has been regarded to be the key to unlocking the enterprises' inherent potential to foster the nation's economic recovery (Nyamwanza, 2013).

In the light of the above, it is evident that there is an alerting argument from scholars such as Nyamwanza (2013) and Tsikirayi (2014) that Zimbabwean SMEs need to engage in strategic planning if they are to maintain their position as key economic players. It is against this background that the research aims to explore the perceived factors that drive Zimbabwean SMEs to practice strategic planning and to ascertain if the adoption of strategic planning practices has a bearing on enhancing the business performance for these entities.

1.2 PROBLEM STATEMENT

The quest for factors that facilitate the success, growth and sustainability of SMEs continue to be on the rise considering that these small business entities are increasingly threatened by low profit margins and also plagued with high failure rates. Findings have shown that most Zimbabwean SMEs die within their first five years of existence, a smaller percentage encounter extinction between the sixth and tenth year while only five to ten percent survive, thrive and grow to maturity (Tsikirayi, 2014). Previous studies have attributed the high failure rate of SMEs to a

host of factors amongst them failure to strategically plan. Existing literature has established that lack of strategic planning may thwart SMEs from achieving their potential of sustained growth and survival. Therefore, this study sought to establish whether strategic planning enhances business performance of SMEs.

Strategic planning is conceived to be an essential management tool that buffer SMEs from the highly unstable business environment which is characterised by the heightened pace of technological change, volatile business cycles and stiff competition. Considering the growing importance and significance of SMEs in the socio-economic structure of Zimbabwe, entrepreneurs within this sector need to understand the value of strategic planning to their business operations. The players in the SME sector also need to appreciate the efficacy of strategic planning practices as these could be key pillars to their success, growth and sustainability. However, there is little evidence indicating whether Zimbabwean SMEs practice strategic planning and how their engagement in strategic planning impact the firms' business performance yet the subject underscores the success of these small business entities. Therefore, the catch for this research is on the need to gain an understanding of the factors that drive the adoption of strategic planning in Zimbabwean SMEs and also to ascertain the impact that the strategic planning practices have on the firms' business performance.

Furthermore, it appears that there is paucity of research on small firms particularly for developing countries in respect of strategic planning practices and their impact on business performance (Dubihlela and Sandada, 2014). In addition, there is lack of evidence of extensive studies that were conducted to determine the strategic planning practices of Zimbabwean SMEs. Conspicuously, one can hardly find studies on strategic planning of SMEs in the Zimbabwean context and it may be insensible to assume that findings from previous studies which were done in different nations of the world can apply in the Zimbabwean context.

The assertion of this study is that if strategic planning practices of Zimbabwean SMEs remain unknown and unchecked, this will continue to undermine the overall business performance of these enterprises which will consequently cripple the performance of the nation's economy.

1.3 RESEARCH OBJECTIVES

The overall objective of this study was to determine the driving factors of strategic planning and to ascertain the impact of strategic planning practices on business performance of SMEs operating within the Harare Metropolitan Province.

The sub-objectives of the study were formulated as follows:

- (i) To determine if there are any significant differences in strategic planning practices in respect of sex, level of education and industry among SMEs.
- (ii) To establish the relationship between perceived driving factors and strategic planning among SMEs.
- (iii) To ascertain the impact of strategic planning factors on business performance of SMEs.

1.4 RESEARCH QUESTIONS

This study sought to answer the general question: What are the perceived drivers of strategic planning and which strategic planning practices have an impact on business performance of SMEs?

The general question was further divided into sub-questions as follows:

- a) Which factors influence SMEs to adopt or practice strategic planning?
- b) What effect will the adoption or practice of strategic planning have on business performance of SMEs?
- c) What are the recommended strategic planning practices that enhance business performance of SMEs?

1.5 RESEARCH HYPOTHESES

In order to approve or disapprove the findings from previous studies, this research study was premised on the following hypotheses:

- H1:** Perceived drivers have a positive influence in the adoption or practice of strategic planning among SMEs.
- H2:** The adoption or practice of strategic planning has a positive impact on business performance of SMEs.

1.6 SIGNIFICANCE OF THE STUDY

Given the dearth of previous empirical work on the subject of strategic planning practices among Zimbabwean SMEs, this study seeks to explore the driving factors and to ascertain the impact of strategic planning practices on the business performance of SMEs within Harare Metropolitan Province. This study therefore assist both practitioners and scholars alike to understand strategic planning practices and their impact on business performance as there are no known studies in this area that have been done specifically for the Zimbabwean SME sector.

The study is valuable to SMEs in that it extends the knowledge of strategic planning practices, techniques and processes, which may result in enterprise growth, sustainability and competitiveness. The results of the research study should be able assist SME owners and managers in understanding the strategic path through which a business can achieve the desired performance. In particular, the current research provides important and invaluable insights for SME owners and managers about how strategic planning activities can provide an enabling mechanism to improve business performance. In essence, this research, combined with the results of the previous studies, serves as a tool for SMEs in improving the effectiveness of strategic planning as well as their sustainability.

This research study also provides an insight to academicians on the extent to which strategic planning impacts business performance of SMEs specifically in the Zimbabwean context. The

research study also provides academicians with knowledge on the factors that influence strategic planning of SMEs. The result of the study provides room for academicians to further focus on other strategic planning factors of SMEs which could have been omitted by this research.

1.7 SCOPE OF THE STUDY

The study focused on active SMEs operating within Harare Metropolitan Province which is the capital city and the country's current largest industrial hub (Ministry of Industry and Commerce, 2012). The study also confined itself to SMEs registered with the Ministry of Small and Medium Enterprises and Cooperative Development in Zimbabwe. The study ensured that the selected SMEs employed between 6 and 75 full time paid employees with a maximum annual turnover of \$1 million and that they operated in any sectors of the Zimbabwean economy except in construction as well as mining and quarrying where total annual turnover should be \$2 million and \$3 million respectively (Government of Zimbabwe, 2013).

1.8 DISSERTATION OUTLINE

This dissertation comprises of five chapters and they are discussed as follows:

Chapter 1: This chapter gives a general overview of the study and also explains the significance of this particular research. This section also focuses on the problem statement by outlining the research gap that motivated the researcher to undertake this study. This chapter also discusses the research objectives, research questions, research hypotheses as well as the scope of the study.

Chapter 2: The focal point of this chapter is on reviewing the relevant literature that is related to the study. The researcher will do an analysis on a number of diverse articles and journals which focus on strategic planning practices and business performance of SMEs. The researcher will further delineate the different theoretical viewpoints of other scholars and also assimilate relevant constructs in this particular study. This chapter on literature review will be the backbone for the current study as the different theoretical constructs will assist the researcher to model a conceptual framework. It is also from this review of literature that the researcher will generate

hypotheses for clarifying the relationship between strategic planning practices and business performance of SMEs.

Chapter 3: This chapter presents the research philosophy, research design, research strategy, the target population for the study and the sampling techniques to be adopted by the researcher. The chapter also outlines how data for this study will be collected and analyzed.

Chapter 4: The main focus for this chapter is on data analyses, interpretation and discussion of the findings. The researcher will use both descriptive and inferential statistical tools for data analyses as this research study adopted the quantitative approach.

Chapter 5: This is the last chapter of the dissertation and it concludes the study by summarizing on the findings. The chapter will also identify limitations to the research study and a set of recommendations to relevant stakeholders will be outlined.

1.9 CHAPTER SUMMARY

This chapter presented a synopsis of the research problem and its background, research objectives, research questions, study hypotheses, significance of the study and the scope of the study. The chapter also outlined the structure of this thesis. The next chapter presents an in depth review of relevant literature on strategic planning practices of SMEs. It chronicles the underlying driving factors for the adoption of strategic planning by SMEs and the impact that the strategic planning factors have on the business performance of these entities.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 INTRODUCTION

This chapter presents a selective analysis on the existing literature which galvanises the subject of inquiry for this study. Perceived drivers and business performance outcomes of strategic planning among SMEs are at the epicentre of this thesis. A review of literature was undertaken in order to establish the different perspectives of scholars, academicians and researchers regarding the field of strategic planning among SMEs. This chapter offers definitional and conceptual clarity surrounding strategic planning among SMEs. A perfunctory note of what the next chapter contains puts the lid on this chapter.

2.1 DEFINITION OF SMES

Literature on SMEs is abounding and despite the existence of extensive scholarly researches on SMEs, there appears to be no unanimous congruence on the definition of an SME. Hassan and Mohamed (2015) argue that the idea of unanimity around a single definition of an SME is utopian. According to Ayyagari et al (2011), the definitions of an SME include various measures that differ across industries, sectors, regional economic groupings and countries. The heterogeneity of the activities within the SME sector compounds the problem of having an exhaustive and wholesome definition of this sector. Previous studies have shown that qualitative and quantitative measures such as separation of ownership, market share, number of employees, turn over (sales volume), total amount of assets, size or amount of capital invested and the nature of the business can be the basis upon which SMEs can be defined.

Terziovski et al, as cited by Rahman (2001) note that, SMEs generally are defined or classified on quantifiable characteristics such as number of employees, sales volume or worth of assets. In contrast to the quantitative approach, O'Regan and Ghobadian (2006) observe that SMEs can be defined from their distinct qualitative characteristics which include limited resources, lack of

specialist expertise, reliance on a few key customers and unable to influence, to any significant degree the threats of the external environment. In general, qualitative definitions of an SME refer directly, for their great majority, to the entrepreneur's position in the creation and management process (Hassan and Mohamed, 2015).

It is widely acknowledged that the definition of an SME varies according to sector, geographical location and the researcher (Nicholas, Ledwith and Perks, 2011). For the purpose of this research study, number of employees and annual turnover were used as the quantitative measures upon which an SME was defined. Therefore, this research study adopted the definition proffered by the Government of Zimbabwe that an SME is a business which employs between 6 and 75 full time paid employees with a maximum total annual turnover of \$1 million for all sectors except construction as well as mining and quarrying where maximum total annual turnover should be \$2 million and \$3 million respectively (Government of Zimbabwe, 2011).

2.2 STRATEGIC PLANNING

Similar to the definition of an SME, strategic planning is also a relative concept among scholars, academicians and researchers such that there is no one size fit all definition. Huang (2005) defines strategic planning as a complex and a participative management technique by an organisation that involves scanning of the environment and formulation of vision, mission and strategies in an endeavour to enhance business performance. Desai (2000) opines that strategic planning creates a viable link between a business' mission, vision, goals, objectives, strategic choices, and resources. Fraser and Stupak (2002) suggested that strategic planning support the clarification of business objectives, systematic gathering of information, prioritization of projects, teamwork, environmental alertness, communication of strategic intent to all stakeholders and enhanced performance. O'Regan and Ghobadian (2006) further postulated that strategic planning involves the aligning of long-term business objectives, and the formulating and implementing of formal plans to achieve these goals. Consequently, strategic planning being the essential instrument for strategic management enables practitioners to identify the essential conditions as well as the scope for future business activities (Kraus, Reiche and Reschke, 2008). There is evidence from the existing literature to suggest that strategic planning can be viewed as

a controlled attempt by organisations to produce essential decisions and actions that profile the firm's operations and its future intended activities (Walker et al, 2008). Therefore, it is apt to view strategic planning as an attempt to prepare for all future eventualities by abstraction and thus to account for the complexity and the dynamics of the environment.

Evidence from previous studies suggest that different scholars concur that environmental analysis, business mission and vision statements, formulation of long-term goals, formulation and implementation of strategies together with controlling of performance are among the key components of strategic planning. Dincer, Tatoglu, and Glaister (2006), reiterates that the key aspects of strategic planning include the formulation of a mission statement of the enterprise, establishing the objectives, crafting and implementing the strategies, and monitoring and controlling the progress in strategy implementation. In a South African study carried out by Sandada, Poee and Dhurup in 2014, eight strategic planning aspects that were identified included sources of information, environmental scanning, business mission and vision, employee participation, time horizon of strategic planning, formality of strategic planning, strategy implementation incentives, and evaluation, and control. The review of the available literature has shown that strategic planning is a unifying theme that gives coherence and direction to the actions and decisions of an organization as it guides managerial decisions toward superior performance.

2.2.1 ENVIRONMENTAL SCANNING

Today's business environment is engulfed with high levels of competition, uncertainty and turbulence such that businesses are required to scan and analyze their environment to enable them detect the market volatilities in an effective manner that enhances competitiveness (Karami, 2008). This depicts that scanning of the business environment is essential for organisations if they want to successfully adapt to the dictates of the continuously changing markets. It is necessary to scan the environment so that businesses may better deal with the changes in the environment in which they operate.

Strategic planning, among other things, involves the analysis of the internal and external business environment with the intention of discovering organizational strengths, weaknesses, opportunities and threats. Firms rely on analyzing the business environment in establishing their goals and in determining the strategies to employ in order to achieve the set objectives. Strategic planning is a process that requires an organization to stay alert of its capacity and of the operating environment in order to realise competitiveness. Strategic planning nurtures in management the habit of periodically appraising the competitive position of their organizations.

The environmental scan includes internal analysis of the firm, analysis of the firm's industry (task environment) and external macro-environment (political, environmental, social and technological factors). According to Smit et al (2007), the business environment consists of three different environments, namely the micro-environment, market environment and the macro-environment. The micro-environment consists of the business itself and other aspects in which it has complete control, such as the mission and goals, departments in organisation, the culture of the organisation and organisational resources that include human, expertise and financial resources. The market or task environment includes the environment surrounding the business, which consists of consumers, suppliers, intermediaries, competitors, substitute products, possible new entrants and labour unions. The macro-environment consists of variables, which the business does not control, but instead these forces influence the way the business operates. These variables include the political, economic, social, technological, ecological and international factors (Smit et al, 2007).

In conducting an environmental assessment, a business needs to review, evaluate and disseminate information from both the external and internal environments. Hunger and Wheelen (2007) suggest that to gather all the information about factors that affect the business, there is a need to assess both the internal and external environments. The internal and external environment can be profiled as Strengths, Weaknesses, Opportunities, and Threats (SWOT) (Chris & Pierre, 2009). Strategic planning will enable an organization to identify the prevailing opportunities and threats, and also to bring out or quantify the organisation's resource capabilities taking into account the strengths and weaknesses of its resources so as to align itself accordingly to cope with the environmental challenges (Karami, 2008). Given the information

gathered from scanning the environment, the firm should match its identified strengths to the opportunities, while addressing its weaknesses and external threats. Mori, Kazungu & Mchopa (2014), opine that effective strategic planning can yield a good strategy that neutralizes threats, exploits opportunities, capitalizes on strengths and/or fixes weaknesses. An industry analysis can also be performed using a framework of Porter's five forces: Entry barriers, bargaining power of suppliers, bargaining power of customers, threat of substitute products and industry rivalry (Howard, 2007).

Previous studies have confirmed the importance of environmental scanning as a key component of strategic planning. In 2008 Jorosi undertook a study of the environmental scanning practices of Botswana's small and medium sized manufacturing enterprises and the research corroborated other studies in specifying that organizations rely on scanning the business environment in order to make informed decisions. In another study conducted in South Africa, Neneh and Van Zyl (2012) found that about 53% of SMEs scan their business environment in order for them to achieve long-term survival and sustainability.

2.2.2 FORMALITY OF STRATEGIC PLANNING

According to Kraus et al (2007), a formalised strategic plan implies a deliberate means to systematically include factors and techniques in order to achieve specified goals. In simple terms, formality of strategic planning describes the extent to which the strategic plan is presented in a written form. Formal strategic planning can lead to a better understanding of the business and to the discovery of a broader range of strategic alternatives. Kraus et al (2007) further posit that firms with a formalised strategic planning approach are more likely to give more active consideration to potential barriers from the outside. Informal planning, on the other hand, has only limited value, since only a few planning areas can be dealt with at the same time, whereas a formalised plan allows for a synopsis of multiple planning areas (Kraus et al, 2007) It is often argued that SME owners and managers have their primary focus on the short-term operational concerns rather than long-term strategic issues, and their decision-making is generally reactive and intuitive rather than being deliberate and proactive (Mazzarol, 2004; Stonehouse & Pemberton, 2002). It is also further argued that operators of small businesses often engage in ad

hoc rather than formal planning. Informal planning provides little basis upon which business performance can be measured or analysed (Waihenya, 2014).

Previous studies have proven that the formality of strategic planning helps a business to improve business performance. Pellissier and Kruger (2011) in their study on the practice of strategic management within the South African long-term insurance industry reported that firms in the insurance industry confirmed that formalised strategic plans enhanced business performance. Delmar and Shane (2003) in their longitudinal analysis found that new ventures conducting formal strategic planning have higher survival rates. The presence of this factor in a study carried out by Sandada, Pooe and Dhurup (2014), indicate that SMEs acknowledge the necessity of formalizing their strategic plans. From the existing literature it can be concluded that firms that apply formalised strategic planning attach great importance to the quality of the strategic decision-making processes and that decision makers develop larger knowledge of the strategic issues through the process of planning.

2.2.3 BUSINESS MISSION AND VISION

According to Forbes and Seena (2006) as cited by Sandada, Pooe and Dhurup (2014), mission statement is crucial in a business as it establishes a common purpose, guides decision making, and inspires employees. Ungerer et al. (2007), state that the business mission ensures employee commitment through creating an understanding of the business domain in which the business would want to operate. David (2003) opines that while a mission statement states the business of the organisation, a vision statement clarifies what it wants to become. Finkelstein et al (2008), mention that vision encapsulates the ideology or guiding philosophy of a business and it expresses the values, purpose and direction through the mission and business objectives. Kantabutra and Avery (2010) point out that vision is needed by a business to guide, remind of history of the company, inspire, and to control the business.

Previous studies have confirmed the importance of business mission and vision as they impact positively on business performance (Mazzarol et al, 2009; Kantabutra, 2010). French et al (2004) conducted a study which analyzed the role of strategic planning in the performance of small

service businesses and their study confirmed that business mission and vision statement is an important factor of strategic planning. A vision and mission statement is crucial in enhancing business performance because it reminds employees of the key organizational values which are also key guidelines for diagnosing and finding solutions to problems. The business mission and vision statement will further ensure that an organisation maintains its vision and, that customers and other stakeholders are regarded as the primary concern when conducting its business operations (Bart & Hupfer 2004). Some empirical evidence suggests that vision-driven businesses improve on their performance (Kantabutra 2010). A study of the power of vision in apparel stores by Kantabutra (2010), found that vision characteristics and content have positive and direct effects on both customer and staff satisfaction, and hence business performance.

2.2.4 TIME HORIZON

Dincer et al (2006) in their study confirmed the importance of time horizon as a factor of the strategic planning process. SMEs are frequently said to be more flexible than larger organisations, and SMEs often do not possess the necessary experience and knowledge to plan ahead for such a long time (Dincer et al, 2006). The question is how long the optimal time horizon of strategic planning should be in small firms. Empirical evidence shows that the average time frame for strategic planning in young SMEs is about eighteen months (Kraus et al, 2007), and thus only half as long as most strategy textbooks propose. In the study by Sandada, Poee and Dhurup (2014), most of the SMEs indicated that they make use of three to four year strategic plans thereby inferring that generally SME owners and managers have a medium term focus for their businesses.

2.2.5 EMPLOYEE PARTICIPATION

It is commonly referred to in management literature, as employee involvement (Lussier and Achua, 2007). Strategic planning allows several members of the enterprise to participate in the planning process and hence plays an important role in determining the direction of an organization. Different authors and scholars assert that employee involvement allows

organisation members to actively question, experiment and create dialogue that enables managers to be in control of organisational outcomes. Most researchers generally agree that employee participation in the strategic planning process is critical in the successful implementation of a strategy. According to Speculand (2009), a participative strategic planning process is encouraged because it leads to a unity of purpose, cooperation, and employee motivation.

From the available literature, it is suggested that if organisations apply strategic planning more purposefully the organisational goals will be clearer and better pursued by individual employees. The employees or members of the enterprise must be involved to make sound tactical and operational decisions that are aligned with the desired strategic direction. Raps (2005) reiterate that employee participation is crucial because it increases the general awareness of the strategy, it builds a consensus in the business about the implementation of the strategy and it boosts employees' morale and, hence, provides them with a strong drive to implement the strategies. Organisations that engage in a participative strategic planning process should set up temporary committees that encompass employees of diverse ranks for consultation purposes and for the smooth running of the strategic planning process (Elbana, 2008). In a qualitative study of implementing strategies successfully, Aaltonen and Ikavalko (2002) confirm the view that middle managers and supervisors play a key role in implementing strategies.

2.2.6 STRATEGY IMPLEMENTATION

According to Thompson and Strickland as cited in Nyamwanza (2014), strategy implementation is an integral component of the strategic management process and is viewed as the process that turns the formulated strategy into a series of actions that ensure that the vision, mission, strategy and strategic objectives of the organisation are successfully achieved as planned. Strategy implementation is viewed as a dynamic, iterative and complex process, which comprises a series of decisions and activities by managers and employees affected by a number of interrelated internal and external factors to turn strategic plans into reality in order to achieve strategic objectives (Li et al, 2008). Shah (2005) opines that the implementation task involves the coordination of a range of efforts aimed at transforming strategic intentions into actions. Strategy

implementation shapes the manner in which an organisation should build, exploit and merge organizational structures in following the formulated strategies that lead to competitive advantage and improved performance (Soroshian et al, 2010). According to Voola and O’Cass (2010), strategy implementation is a valid route to organisational performance such that in their quest for competitive advantage, managers must not only develop competitive strategies, but simultaneously develop capabilities that act as key mediators.

According to Li et al (2008), it is evident that strategy implementation has remained a key challenge for most of today’s organisations. It is how well the strategies are implemented that governs business success and not how good the strategy is formulated (Speculand, 2009). The manner in which organisations go about strategy implementation becomes the major contributor to performance, hence it is important to come up with methods for successful strategy implementation. Literature indicates that management issues are at the core of effective strategy implementation and should be given prominent attention by SMEs owners and managers if they are to prosper. Business performance is not only a function of how well strategies are formulated, it also depends on how well implementation is done (Shah, 2005). According to Chen et al (2008), strategy implementation is core to the competitiveness of an organisation and determines its development. There is a strong need for organisations to consciously think through how they will implement strategies for improved performance rather than remaining victims of circumstances when it comes to strategy implementation. Therefore, having a plan does not necessary translate in organisational success. Speculand (2009) notes that, one can have the greatest strategy in the world but if one cannot implement the strategy then it is not worth the paper the strategy is written on. The success of strategy implementation is influenced by an array of factors (soft, hard and mixed), ranging from people who communicate or implement the strategy, to systems or mechanisms for coordination and control (Li et al, 2008).

2.2.7 EVALUATION AND CONTROL

Strategy evaluation and control are important as they help a business to keep track of progress in attaining milestones and targets. Pearce and Robinson (2005) posit that a business that constantly monitors and controls its projects is able to check on its progress and correct deviations in a

timely and cost-effective way. Nah et al (2001) opine that evaluation and control ensures that a business enterprise measures progress against completion dates, costs and quality or standards. A business entity needs to review its strategic choices and continuously make adjustments in order to maintain a fit with the environment. David (2003) recommends a systematic review, evaluation and controlling of the implementation of strategies because the best formulated and well implemented strategies become valueless as the business environment changes.

According to Ehlers and Lazenby (2007) through continuous monitoring and control, SMEs are able to sustain a competitive edge. Strydom (2011) expresses similar sentiments by mentioning that strategy evaluation and control inform the managers about the reasons leading to the failure of meeting a certain objective, performance standard or any other performance indicator. A continuous evaluation of strategies offers benefits such as allowing benchmarking of progress to be established and monitored effectively, creating manager and employee commitment to achieve objectives, and enabling the monitoring of changes in the external opportunities and threats as well as the internal strengths and weaknesses of the business (Dubihlela and Sandada, 2014). The basic thought is that evaluation and control, keeps the implementation of strategies in check in order for organisations to identify the fit between strategies and objectives (David 2003). Pearce and Robinson (2005) suggest that to be effective, operational control systems need to follow four steps, namely setting standards of performance, measuring actual performance, identifying deviations from set standards and initiating corrective action. The evaluation and control construct suggests that SMEs are likely to monitor their progress in strategy implementation and take corrective action to correct deviations from the standards set.

2.3 DRIVERS FOR THE ADOPTION OF STRATEGIC PLANNING

The adoption of strategic planning by SMEs in their operation is driven by different factors. A review of the evidence from the literature suggests the salient key motivating factors or drivers for SMEs to engage in strategic planning include environmental dynamics and uncertainty, business ownership motivations, globalisation, and advent of new technology are among the key factors that drive the adoption of strategic planning in business enterprises. Meers and Robertson (2007) affirm that globalisation, new technology, emerging new markets and deregulation are

among a host of factors that are constantly causing challenges for today's firms. They further suggest that firms need to be proactive in formulating sound strategies in order for them to overcome these challenges. Similarly, Al Ghamdi (2005) opines that globalisation, technological advancement, deregulation, emerging of new markets and industries, and economic restructuring are some of the factors that increasingly driving organisations to engage in strategic planning.

2.3.1 ENVIRONMENTAL DYNAMISM

The fact that the current business environment is volatile, complex and uncertain is driving firms of all sizes to search for innovative ways of conducting business and improving their profit margins (Stopford, 2001). However, SME owners and managers perceive the importance of the business operating environment differently (Mezias and Starbuck, 2003). Bertrand and Schoar (2003) further support the fact that SME owners and managers address their business opportunities and threats in a different manner. According to Miliken as cited in Geissler & Krys (2013), environmental dynamism causes uncertainty which in turn lead managers to make inaccurate predictions. Geissler & Krys (2013) further posit that three core dimensions of uncertainty are volatility, complexity and ambiguity. The success of a company is dependent upon its environmental and market conditions such that it is important for an organisation to make a comprehensive assessment of market complexity and market turbulence when developing strategies.

Market complexity can be defined as the amount of effort or difficulty which organisations encounter when operating in markets. The increase in the number of competitors is the reason for an increase in market complexity especially when firms are producing multiple products or services for the market, or if the number of markets in which a firm is operating also increases (Picard, 2004). Firms need to increasingly change their strategy processes and also to engage in significant planning efforts that are supported by control and incremental changes, if they intend to overcome market complexity (Smith, 2002). Instability and lack of clear direction in a market is evidence for market turbulence. Market turbulence results in uncertainty as it impedes on the intended outcomes of business activities and, also denies information and direction needed for risk management. Calatone et al (2003) opine that market turbulence increases the need for rapid

innovation but it concurrently forces owners and managers to make risky investment decisions. Market turbulence often leads to rapid entry of firms and products in markets, whilst simultaneously leading the exit of some companies and products.

Companies around the globe are facing challenges in their quest to understand and adjust to the wide ranging as well as devastating external and internal market changes. The market changes are altering modes of production, rapidly increasing competition, eroding traditional customer bases, altering established market dominance patterns and changing the potential of firms. There is dire need for firms to hastily find solutions and adapt to the newly changing market conditions because these changes have perilous outcomes as they can lead to the failure of both existing and new products and, ultimately, lead to the loss of value or collapse of firms. This compels management to be more proactive and conscious of the environment in which their organisations are operating. According to Al Ghamdi (2005), business management define the concept of environmental assessment as a process under which businesses gather relevant information from the environment in their endeavour to achieve a sustainable competitive advantage. Given today's high levels of market volatility, uncertainty and turbulence, firms are encouraged to make environmental scanning as a prerequisite in order for them to effectively detect market changes in an efficient manner that improves their competitiveness (Karami, 2008). Environmental scanning is an essential tool for firms as it will enable these business entities to adjust to the dictates of the increasingly changing market environment.

2.3.2 BUSINESS OWNERSHIP MOTIVATIONS

Despite ownership motivations and strategic planning being generally treated as independent areas of study in small business literature, the two concepts are intricately linked (Wang, Walker and Redmond, 2006). Individuals are motivated to be in business by different factors and more often than not, small business ownership is inextricably attached with the personal lives of business operators and their families (Culkin & Smith, 2000). The existing literature on small business ownership suggests that individuals are either pushed or pulled to get into business (Hughes, 2003; Singh & DeNoble, 2003). Small business ownership occurs from the combination of both pull and push forces. With respect to small business ownership, operators

are largely motivated by the expectations of a positive change that owning a business will bring to their personal circumstances.

Business ownership is regarded to be a driving factor of strategic planning because most small businesses operate as “extensions” of their operators and the strategic visions of the business are closely aligned with the private motivations and ambitions of operators (Mochrie, 2005). Put simply, in small businesses the operator is usually the business. Although business entities are mainly focused on profit margins and growth opportunities that ensure viability and continuation of operations, small business operators might not necessarily prioritise the business financials as their motivation to get in business could have been primarily affective or based on a non-financial will (Beaver & Jennings, 2000; Shepherd & Wiklund, 2005). As such, Wang et al (2006) opine that operators who were motivated to get into business as a result of achieving financial gains are more likely to engage in strategic planning compared to operators who were motivated by pursuing non-financial objectives.

2.3.3 GLOBALISATION

One of the challenges of the 21st century for SMEs is global competitiveness due to the fact that the world is becoming “smaller” and more of a global marketplace (Geissler & Krys, 2013). This means that customers need to be provided with constant and reliable products and services of a recognized quality, while the market environment is characterized by global competition (Kesidou & Demirel, 2012). As a result of increasing competition, companies everywhere are more or less producing the same products or are offering a similar offering (substitute). However, the inescapable reality is that organisations need to clearly understand and strategically manage the forces, complexities and interdependences associated with global economy integration. As an aftermath of globalisation buyers today are used to a wide range of choices and the complexity of product portfolios contribute to the many challenges facing strategic planning as companies are constantly launching new products and line extensions. Therefore, organisations regardless of their sizes have to take into account many different factors in their strategic planning.

As business institutions continue to move in to the 21st century the realities associated with globalisation can be expected to become more prevalent and consequently the dialogue between the organisation and the environment will become more strategically complex. Koutsouks et al (2000), opine that such strategic complexity has led to more recent investigations of strategic planning models that are able to hedge against uncertainty and respond to events as they unfold in time. A business entity might be able to cope with the global challenge if it realizes reliable, balanced and high standard operation in its business. Govindarajan & Gupta (2000), postulated that globalisation would further increase in the coming decades as exports and foreign direct investments will grow significantly faster than GDP as companies are supplying goods and services to an ever wider range of international markets. The accent of organisations for increasingly engaging in cross-border flows is on capturing economies of global scale, exploiting cost reduction or quality enhancing potential of optimal locations, tapping technological advancements, realising advantages from special skills, labour advantages or the availability of natural resources within specific geographic locations (Govindarajan & Gupta, 2000).

Wheelan & Hunger (2006), attest to the role of strategic planning by placing emphasis on the need for business institutions to develop business intelligence in order to remain competitive within a global context. The intricacies and complexities associated with doing business on a global basis can be expected to increase, as more business institutions both large and small enter the arena resulting in stiffer competition. According to Geissler & Krys (2013), organisations need to regularly re-examine their strategic options on an informed basis especially that they are existing within a constantly changing context with so many strategic variables that need to be considered.

2.3.4 INNOVATION AND TECHNOLOGICAL ADVANCEMENT

The advent of new technology in the world has affected the manner in which people now communicate and the way firms do business (Geissler & Krys, 2013). Self-scanners and video displays at stores, ATMs, the Internet, and mobile phones are a few examples of how technology is affecting businesses and consumers. Sterling & Kittross (2001) opine that firms in many industries had to embrace a wide range of changes in communication capabilities as a result of

the development on improved telecommunications systems. The integration of information and communication technology together with the new applications of technology has led to fundamental changes in structures, purposes, and capabilities of 21st century firms (Picard, 2004).

According to Kammerer (2009), firms have strong incentives to engage in innovation and technologies that are congruent with customer benefits. In support of the same view Kesidou and Demirel (2012) argue that business entities initiate innovation and utilise up to date technology in order to satisfy minimum customer and societal requirements. Horbach (2008) opines that environmental consciousness is a relevant parameter for innovative organisations especially in environmentally sensitive industries. The evidence suggests that small firms seeking to grow will need to focus on innovation in the form of new product development, and this will be contingent on the firm`s ability to understand the importance of strategic planning especially in marketing in order to achieve success (Huang, Soutar & Brown, 2002). As a result, organisations have to revise their strategic planning in tandem with the prevailing innovation and technologies, for instance, the organisation can allocate more of their promotion budgets to online advertisements and mobile marketing and not just rely on traditional print media such as newspapers and magazines (Geissler & Krys, 2013).

The fast spread of new technology causes market volatility and it is for this reason why innovation together with technological advancement is regarded as one of the key drivers that influence an organisation to engage in strategic planning. The convergence of the underlying technologies of telephone, computers, and media production are thus creating enormous opportunities for firms, challenging existing products and services, and creating a wide variety of potential strategic responses by companies. Therefore, where firms are engaged in innovation and market growth, there is also need for more strategic level planning (Mazzarol, 2008).

2.4 BUSINESS PERFORMANCE OUTCOMES OF STRATEGIC PLANNING

Strategic planning has gained a lot of attention in recent years because of the various benefits it brings to SMEs in this constantly changing environment. A number of studies have been

conducted to ascertain the contribution of strategic planning to business performance. Delmar and Shane (2003) opine that strategic planning provides three major contributions to operators of small businesses: (a) it facilitates faster decision making by identifying missing information without first requiring the commitment of resources; (b) it provides tools for managing the supply and demand of resources in a manner that avoids time-consuming bottlenecks; and (c) it identifies action steps to achieve broader goals in a timely manner. According to Lawlor (2006) the result of using good strategic plan will be an organization with focus, accountability, more time for the important activities, better decisions, proper allocation of resources, good returns, market recognition and enhanced chance of success.

This research study focused on six major non-financial contributions of strategic planning to business performance namely, enhanced business operations, organisation's proactiveness and opportunity identification, effective and efficient decision making, common vision and employee synergy, optimal resource allocation and, adaptability and flexibility.

2.4.1 ENHANCED BUSINESS OPERATIONS

Numerous studies have been conducted to establish whether there is a relationship between strategic planning activities and business performance. Many empirical studies on the role of strategic planning have proved that strategic planning is essential in creating better long term competitive positions and better organizational performance (Suklev & Debarliev, 2012). The findings from the different studies that were conducted emphasized the importance of strategic planning for small business success and profitability. According to Hormozi et al (2002), comprehensive reviews of the small business literature suggest that, *ceteris paribus*, strategic planning is generally more common in better performing enterprises. Review of literature has shown that effective strategic planning help organizations to establish and maintain a competitive advantage that competitors cannot imitate easily. However, it is worthy to also note that there is no overall consensus in literature concerning a positive correlation between strategic planning and performance among organisations.

The nature and benefit of strategic planning was shown by Baker (2003) who found that a firm's strategic planning could be used to enhance the entity's financial performance. Naghi, Negrusa and Gica (2009), argue that small businesses that engage in contemporary strategic management practices tend to outperform those that do not. Strategic planning is widely considered to be one of the factors that contribute to small firm growth (Kraus et al, 2008). According to French, Kelly and Harrison (2004), only about one-third of start-up entrepreneurs create comprehensive marketing and financial plans and those who do so increase their probability for sustainability and success. Strategic planning creates a better understanding of the business environment and reduces uncertainty through generating relevant information (Hodgetts and Kuratko, 2001). It is evident from the existing literature on small businesses that firms who engage in strategic planning are more likely to attain high sales growth, high profit margins, high return on assets and employee growth when compared to those that do not strategically plan. Small businesses that strategically plan are less likely to fail and are more likely to be innovative as well as achieving international growth (Beaver & Prince, 2002; Gibbons & O'Connor, 2005). Strategic planning enhances better organizational performance, which in the long run has impact on its survival (Taiwo and Idunnu, 2007). Delmar and Shane (2003) found in a longitudinal analysis that new ventures conducting formal strategic planning have higher survival rates.

2.4.2 ORGANISATIONAL PROACTIVENESS & OPPORTUNITY IDENTIFICATION

Desai (2000) asserts that businesses should undertake strategic planning because their environments are becoming increasingly complex and unstable. Literature reveals that organisational proactiveness is achieved through scanning the environment in order to seek opportunities and taking pre-emptive action against identified threats. Mori, Kazungu & Mchopa (2014), opine that effective strategic planning can yield a good strategy that neutralizes threats, exploits opportunities, capitalizes on strengths and/or fixes weaknesses. Strategic planning enables entrepreneurs to understand their operating environment, to define the purpose of business, to identify the causes and solutions to problems, and to clarify the ambitions, values, and resources of a business. According to AL-Shammari et al (2007), strategic planners are better placed to adapt to their business environment unlike non-strategic planners and through strategic planning operators are more able to attract and retain their quality labour force through achieving high levels of employee satisfaction and motivation. Strategic planning process strikes

a balance between how a business operates and the requirements of the environment thereby facilitating a firm to gain competitive advantage (Sandada, Poee and Dhurup, 2014).

Proponents of the strategic planning process sustain the view that strategic planning might not be regarded as panacea to business success, but if well managed, businesses are able to clarify future direction, establish priorities, effectively respond to the dynamic business environment and, hence, improve their performance. A strategic plan provide an organization with the roadmap it needs to pursue a specific strategic direction and set of performance goals, deliver customer value, and be successful. This shows that strategic planning practices would therefore help SMEs managers or owners to know where they are, where they are going and how to manage uncertainties in the business environment. Therefore, strategic planning can be observed as a useful tool for plotting organization survival in the future so that an organization's current and future operations will be compatible with that which is required in tomorrow's world. This implies that without strategic planning the SMEs might not have the sense of direction in performing their businesses.

Strategic planning can contribute to organisational proactiveness and opportunity identification through generating relevant information, creating a better understanding of the important environment, and by reducing uncertainty (Hodgetts and Kuratko, 2001 in Kraus, 2008). A business enterprise can count on timely and accurate information about market conditions. It is essential to build and employ effective mechanisms for observing and listening to what is going on in the competitive environment. Real-time information in turn must feed on-going strategic and operational shifts and deployments. This is supported by Hunger and Wheelen (2007) who found out that strategic planning has evolved to the point that its primary value is to help the organization operate successfully in dynamic and complex environment. Moreover, Ole Gabriel (2012) remarked that the excellent execution of an excellent strategy is the best test of managerial excellence and the most reliable recipe for winning in the market place.

2.4.3 EFFICIENT AND EFFECTIVE DECISION MAKING

Strategic planning is believed by some scholars and researchers, to provide SME owners and managers with a platform for effective decision making and also assisting them with a long-term view of their businesses. Strategic planning improves firm performance through promoting long-range thinking, reducing the focus on operational details and providing a structured process for identifying as well as evaluating strategic alternatives. Through strategic planning, an organization is able to have a sense of direction or road map that enables it to clearly see where it is going and where the future will lead it. Without a sense of direction, an organization will spend its time reacting to problems thus, taking hasty and uninformed decisions that may be very costly.

According to Balasundaram (2009), formal strategic planning provides a structure for decision making, helping small business to take a long term view. Gica, Pop & Bota (2009) opine that the lack of a strategic business plan in small businesses leads to outdated management practices, including an autocratic style of management practiced by the managing director or the proprietor. Business decision making is affected because no one other than the managing director or proprietor can make a decision because other people in the firm do not know where the business is going or how it is going to get there. Hence, strategic planning is regarded as a factor for success through its contribution in better decisions and solutions, satisfaction to the customers, competitive advantage and market recognition which they all facilitate the chances of success and improve performance. The review of the available literature has shown that strategic planning is a unifying theme that gives coherence and direction to the actions and decisions of an organization as it guides managerial decisions toward superior performance.

2.4.4 COMMON VISION & EMPLOYEE SYNERGY

The benefits of employee participation from literature are that it makes opportunity identification easier as those people closest to the customer are involved in the planning process. Involvement of middle and lower level managers ensures that good ideas are not overlooked and that it maximises diversity of viewpoints thus stimulating creativity, a crucial ingredient of innovation

(Gumbe, 2014). Other scholars, such as Gadiesh and Gilbert (2001), maintain that involving employees in strategy execution offers benefits that include motivating employees to capitalise on opportunities swiftly, and to innovate and take risks.

According to Nah et al. (2001), employee participation enhances skills development through information sharing and knowledge transfer. Through a participative strategic planning process, employees are satisfied that their ideas are considered for problem solving, employees develop an interest in the process of planning and become committed and motivated to work hard for goal achievement. When the members of the organization especially the employees who are the main implementers of strategic plan feel the sense of involvement they shall take that they are part of the strategic plan and its achievement so if the goals are achieved they shall be impressed as they are as well focusing on the goals achievement by an organization. Similarly, Barker and Frolick (2003) state that in order to ensure strategy success, employees should be involved unconditionally. Strategic planning ensures that all the different units of the organization work together towards achieving the same objectives. Without a strategic plan, the organic units of the organization will slew off track. Strategic planning, therefore, provides an integrative mechanism for all organizational units to work together.

2.4.5 OPTIMAL RESOURCE ALLOCATION

Strategic planning process delivers a set of defined initiatives (projects) that achieve a desired set of business goals (McDonald, 2007). Strategic planning process encompasses an assessment of the available resources required for achieving the organisation's defined goals and it permits a clear description of the specific plans (initiatives) designed to accomplish the set business targets. Strategic planning assists an organisation to effectively and efficiently allocate its available resources in a manner that also encourages capitalisation of existing opportunities in the marketplace. Strategic planning develops a sense of ownership of the plan and therefore ensures the most effective use is made of the organization's resources by focusing the resources on the key priorities.

2.4.6 ADAPTABILITY AND FLEXIBILITY

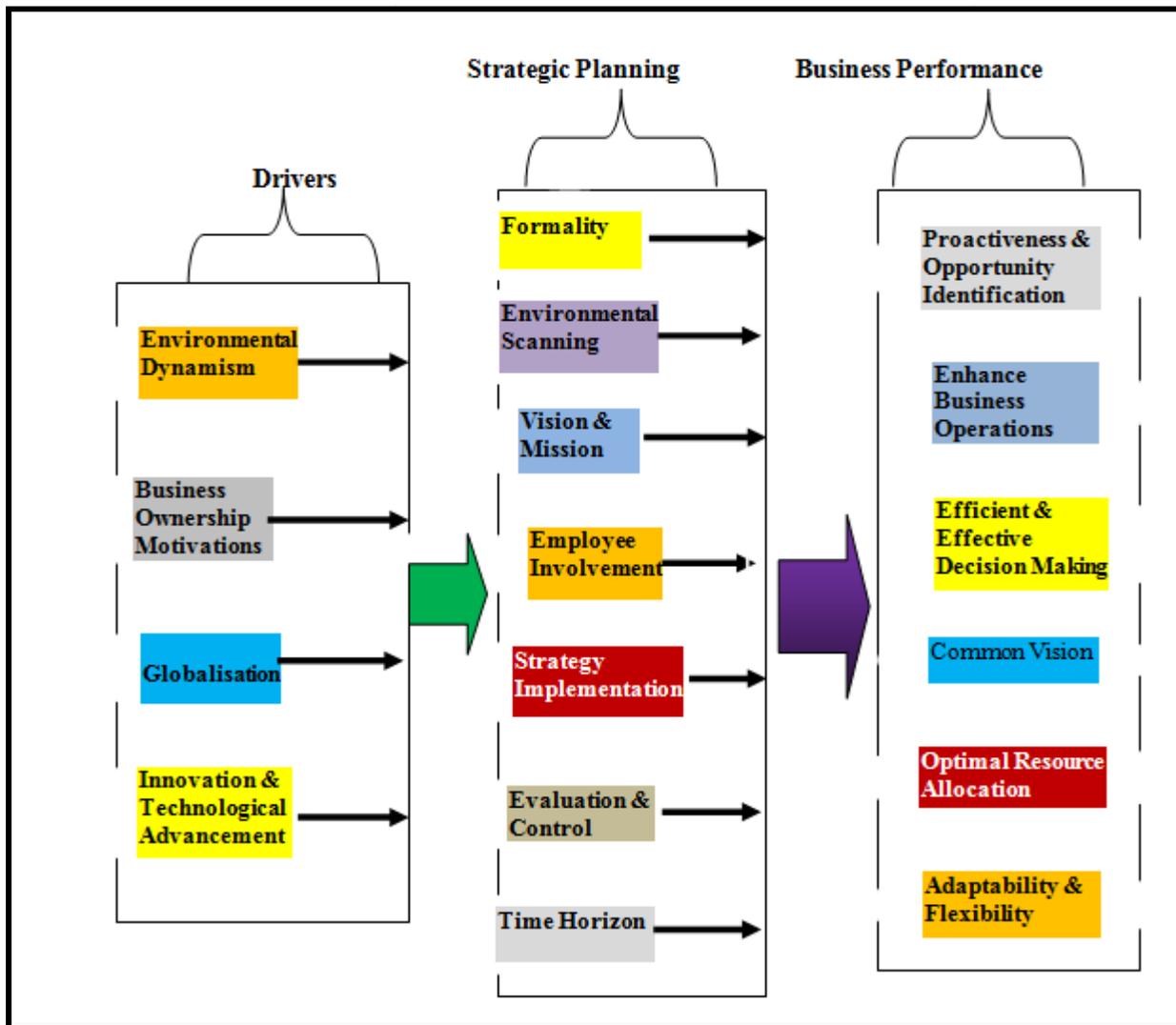
Hitt et al (2001) argue that change is the only constant in this new economy which is driven by the digital revolution and only firms that are capable of adapting themselves to change will survive. In a similar vein, Ahuja and Lampert (2001) also argued that firms that survive and succeed are those that are capable of developing internal processes and systems that enable them to satisfy market demands through providing outputs that meet customer needs and developing competitive advantage over other competitors in the market. Formalised strategic plans have often been criticised in the circles of SMEs for being rigid and not allowing for constantly changing demands. However, for an organisation not to have a plan can result in the lack of direction and ultimately leading to business failure. Strategic planning has evolved to encompass alternative decisions can be generated and considered by companies in dealing with differing scenarios thereby allowing for positive organisational change and adaptation to environmental turbulence. Strategic planning enable organisational leaders to align the internal organisation's environment with the changes occurring in the increasingly volatile operating business environment (Robinson and Pearce, 2005).

2.5 LITERATURE SYNTHESIS AND CONCEPTUAL FRAMEWORK

A discussion from the previous section indicates that much of the literature concerning strategic planning practices has been centred on developed countries and partly South Africa such that there is little information on Zimbabwean SMEs in respect of drivers and business performance outcomes of strategic planning. Despite the fact that most of these studies on strategic planning among SMEs scrutinised the direct relationship between strategic planning practices and business performance, very few scholars considered to study the drivers of strategic planning practices for these small business entities.

In an endeavour to bridge this gap in literature, this study examines the relationship amongst perceived drivers, strategic planning practices and business performance of Zimbabwean SMEs. This section therefore, presents the conceptual model under which the factors influencing the adoption of strategic planning practices among SMEs in the Harare Metropolitan Province are analysed. Judicious consideration has also been given to strategic planning factors that impact on business performance of these SMEs.

The conceptual framework for this study is presented on Figure 2.1 below.



Source: Own Construction

Figure 2.1: Conceptual Framework

Figure 2.1 illustrates the relationship amongst the perceived drivers, strategic planning practices and business performance of SMEs. The current thinking as elaborated in Figure 2.1 is that perceived drivers (environmental dynamism, business ownership motivations, globalisation and innovation & technological advancement) have a positive influence on the adoption or practice of strategic planning among SMEs. Furthermore, strategic planning practices (formality of strategic planning, environmental scanning, vision & mission statements, employee involvement, strategy implementation, evaluation & control and time horizon) are also considered to have positive impact on the business performance of these SMEs.

2.6 CHAPTER SUMMARY

The chapter highlighted the salient attributes which are used to characterise SMEs. The above sections presented the operational definition of strategic planning and elaborated on the perceived drivers and business performance outcomes of strategic planning among SMEs. This chapter also indicated that there is little empirical evidence on the research that sought to evaluate strategic planning practices within the domain of small business enterprises in Zimbabwe. This study, therefore sought to narrow and delve deeper into the assessment of the perceived drivers and business performance outcomes of strategic planning among SMEs within Harare Metropolitan Province. The chapter concluded by presenting the theorised conceptual framework to be used in the assessment of the perceived drivers and business performance outcomes of strategic planning among the SMEs.

The next chapter outlines the research methodology which was used for this study in terms of the research design, sampling procedure, instrumentation, data analysis and ethical considerations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The previous chapter reviewed the existing literature on strategic planning and illuminated on the perceived antecedents and business performance outcomes of strategic planning in SMEs. This chapter discusses the research methodology, which Fisher (2010) defined as a procedural framework within which a research is conducted, and explains how the data was obtained and analyzed. This chapter presents research design and the predominant approaches used in research, population and sampling procedures, method for data collection and analysis. This chapter concludes with the highlighting of ethical guidelines which were observed by the researcher.

3.1 RESEARCH DESIGN

Different researchers and scholars, both in natural sciences and humanities have proffered an array of definitions of a research design. According to Kumar (2005), a research design is a plan, structure and strategy of investigating a research question or problem. Tustin (2006) defines a research design as master plan specifying the methods and procedures for collecting and analyzing the required information. There are two purposes of a research design, namely assisting the researcher to conceptualise an operational plan on how to carry out a study; and to ensure that the study is carried out in such a way that the data collected are valid, reliable and objective, hence accurately answer the research questions (Leedy, 2005). Morse (2001) posits that a research design enables the researcher to effectively address the research problem as unambiguously as possible.

This study adopted a quantitative, cross-sectional research design and this was in line with Bryman & Bell (2007) who postulated that a cross-sectional design is used for research that collects data on relevant variables on only one case at a single point in time from a variety of people, subjects or phenomena. In this study, data was collected on relevant variables from a

variety of SME owners and managers, within a short period of time. According to Babbie & Mouton (2002), a quantitative study is an inquiry into a social or human problem based on testing a theory composed of variables, measured with numbers and analyzed with statistical procedures in order to determine whether the predictive generalizations of the theory hold true. Therefore, this quantitative study sought to ascertain the influence that the perceived driving factors have in the adoption or practice of strategic planning among SMEs as well as to establish the impact of strategic planning practice on business performance of SMEs.

3.1.1 RESEARCH PURPOSE

According to Saunders et al (2009), there are three main purposes for undertaking a research study namely, exploratory, descriptive and explanatory. Neuman (2000) described the three purposes of research as follows:

- Exploratory research aims to explore a new topic.
- Descriptive research aims to describe a social phenomenon.
- Explanatory research aims to test the predictions or principles involved in a theory.

The main purpose of this research study was explanatory as the thrust was on explaining the influence that perceived driving factors have in the adoption or practice of strategic planning among SMEs within the Harare Metropolitan Province. The research study also sought to establish the impact of strategic planning practices on business performance of these SMEs.

3.1.2 PHILOSOPHICAL PARADIGM

Saunders et al (2009), opine that positivism, realism, interpretivism and pragmatism are the four main research philosophical paradigms.

This study adopted the positivist approach as the researcher sought to ascertain the influence posed by the perceived drivers in the adoption or practice of strategic planning among SMEs as well as to establish the impact of strategic planning practices on business performance of these enterprises. The positivist philosophy was also deemed appropriate due to the fact that the

research study encompassed the setting of hypotheses which had to be tested. The variables that were under scrutiny in this research are realities that exist outside the researcher's mind and they had to be studied using quantitative methods. The positivist approach is much more objective in comparison with qualitative methods as data can be controlled and measured, to address the accumulation of facts in determining the causes of behavior. Moreover, the study adopted the positivist approach through considering that quantitative data is replicable thereby making it possible for other researchers to conduct the same study in different places as noted by Robson (2002). Furthermore, the sample size of the research study was deemed large and the objectives were to describe, explain and identify statistical relationships between variables. The researcher ensured independence between himself and the respondents whereupon the two parties neither affected each other during the research.

According to Bryman & Bell (2009), positivism advocates for the application of the methods borrowed from the natural sciences to the study of social reality and beyond. Collis and Hussey (2003) posit that, the key characteristic of the positivist approach is that it encompasses the use of reductionist techniques when exploring the relationships between the variables being studied. It is then a necessary condition for the researcher to control the study and, therefore, understand how the concerned variables are behaving. Saunders et al (2009) note that positivism entails at least the following five features:

- It uses deductive reasoning.
- Seeks to explain the causal relationships between a set of variables.
- Uses a highly structured methodology to facilitate interpretation.
- Makes use of controls to allow for hypothesis testing.
- It makes use of quantitative approach which makes it easier to compare and generalize data.

3.2 RESEARCH APPROACH

Deductive approach and Inductive approach are the two main approaches that involve the relationship between theory and data in research where, the former is concerned with quantitative research whilst the latter is concerned with qualitative research (Bryman & Bell, 2007).

Creswell (2008) defines quantitative research as a type of research that seeks to explain phenomena by collecting numerical data that are analysed using mathematically based methods particularly statistics. In contrast, Saunders et al (2009) posit that qualitative research is a process of enquiry which involves exploring and understanding social or human phenomena by relying on the collection of non-standardised meanings expressed in words.

The central focus of this research study was on the influence of perceived drivers on strategic planning and impact of strategic planning practices on business performance of SMEs operating within Harare Metropolitan Province. The researcher adopted the deductive approach where hypotheses were deduced basing on the knowledge that was gathered from existing literature on the strategic planning of SMEs. According to Harwell (2011), the thrust for quantitative research is to maximise objectivity, replicability and generalisability of findings, and it is typically interested in prediction. The research objectives sought to establish the relationships and causations between variables such that the use of a deductive approach was most appropriate for this study. Consistent with the positivist philosophical paradigm, the deductive approach was deemed to be the most suitable as the study involved the collection of large amount of data and conducting of statistical procedures in disapproving or approving the hypotheses.

3.3 RESEARCH STRATEGY

Saunders et al (2009) defines a research strategy as a general plan of how a researcher goes about in answering research questions. According to Yin (2009), the common forms of research strategy include case study, survey, experiment, grounded theory, ethnography and action research.

The fact that most of the previous business and management research studies focusing on strategic planning used survey methodology also compelled the researcher to adopt a survey strategy for this study. The survey design was also preferred for this study because of its nature that allows for the collection of large amounts of data from a sizeable sample in a high economical way (Collis and Hussey, 2003). According to Neuman (2000), survey methodology is appropriate for research questions about self-reported beliefs or about the behaviours, opinions and attitudes of individuals. Furthermore, data obtained from a survey design is quantifiable and flexible to give room for the application of more sophisticated analyses that are appropriate for the organisations under study. Fisher (2010) also opines that a survey design enables a comprehensive characteristic assessment of a situation. To buttress the advantages of using a survey design for a research study, Saunders et al (2009) note that a survey gives the researcher more control over the research process and through proper sampling the survey design can generate findings that are representative of the studied population.

3.4 POPULATION AND SAMPLING PROCEDURES

A study population is the totality of the objects, phenomena, cases, events or activities specified for the purposes of sampling (Brynard and Hanekom, 2005). This is further supported by Zikmund (2003) who postulated that a target population is the complete group of the specific population elements relevant to a research project.

The study population for this research consisted of the SMEs within Harare Metropolitan Province that employed between 6 and 75 full time paid employees and with a maximum total annual turnover of \$1 million (Government of Zimbabwe, 2011). This research study focused on SMEs operating in all other sectors of the Zimbabwean economy except for those within construction as well as mining and quarrying where maximum total annual turnover should be \$2 million and \$3 million respectively (Government of Zimbabwe, 2011). The target population for the study were SME owners and managers in Harare Metropolitan Province. The study focused on SME owners and managers because these are the incumbents responsible for strategic planning in small organisations and hence possess the appropriate information on strategic planning practices of these enterprises. The sampling frame of the study comprised of 250

registered and operational SMEs within Harare Metropolitan Province as provided by the database which was obtained from the Ministry of Small and Medium Enterprises and Cooperative Development in Zimbabwe.

3.4.1 SAMPLING

According to Posit and Hungler (2013), sampling is defined as the procedure of selecting a proportion of the population to represent the whole population under study.

3.4.1.1 SAMPLE SIZE

The issue of the appropriate sample size to be used for a research study is still a contentious subject that has not been entirely resolved among scholars. According to Fisher (2010), the sample size of a research project is determined by the size of the target population and the size of the margin of error that the researcher is prepared to accept. The existing literature on sampling procedures has also revealed that in calculating the sample size for a research project, the researcher should at least consider population parameters that the study intend to estimate, the cost associated with the selected research instruments and the variability or spread of the target population.

This study adopted the simplified formula which was developed by Yamane in 1967 to determine the appropriate sample size for the research project. In line with Yamane's formula, a 95 percent confidence level and a ± 5 percent level of precision were assumed for the study.

Yamane's formula is presented as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = sample size
N = Population size
e = Level of precision

Considering that the study population for the research project comprised of 250 SMEs and that a 5 percent level of precision was assumed, it meant that the calculated sample size for the research project was 153 SMEs.

3.4.1.2 SAMPLING TECHNIQUES

Zikmund (2003) posits that probability sampling and non-probability sampling are the two major techniques of sampling.

According to Cooper and Schindler (2014), probability sampling is a controlled procedure that assures that each population element is given a known non-zero chance of selection. This means that in probability sampling, the elements in the population have some known chance of being selected as sample subjects. Probability sampling can be sub-divided into simple random, systematic, cluster or stratified sampling techniques. In contrast, Cooper and Schindler (2014) further postulate that with non-probability sampling a subjective approach is used and the probability or chance of the elements in the population being selected as sample subjects is unknown. Non-probability sampling techniques include quota sampling, convenience sampling and purposive sampling.

The main advantage of probability sampling techniques over non-probability techniques is on their representative nature of the sample to the target population thereby enhancing the chance of yielding unbiased results (Cooper and Schindler, 2014).

3.4.1.3 SAMPLING PROCEDURE

For the purposes of this research study, probability sampling techniques in the form of stratified random sampling and simple random sampling were used together with a non-probability sampling technique in the form of purposive sampling as outlined overleaf.

A list obtained from the Ministry of Small and Medium Enterprises and Cooperative Development in Zimbabwe indicated that SMEs are divided into seven (7) different categories

depending on their main economic activities as shown in Table 3.1 below. These categories formed the seven (7) strata. Stratified sampling technique was used to sample the SMEs from these seven strata and a representative sample from each stratum was then chosen. Stratified random sampling was chosen because the technique ensured inclusion in the sample, of sub-groups (stratum) which otherwise would have been omitted by other sampling methods due to their small number in the population

After conducting stratified random sampling, proportional sampling was further used to determine the appropriate representation of the study population. According to Dempsey and Dempsey (2000), proportional sampling requires the researcher to be able to identify the percentage of the population which each stratum contains.

The researcher sampled the population proportionally, basing on the following formula:

$$\text{No. of SMEs in each Stratum} = \frac{\text{No. Of SMEs in stratum}}{\text{Total No. of SMEs}} \times \text{sample size (153)}$$

Table 3.1: Sampling Grid

No.	Stratum/ Category	No. of SMEs	Sample
1	Manufacturing	20	12
2	Health Care and Education Facilities	27	17
3	Financial and Business Service Institutions	10	6
4	Tourism and Hospitality	65	39
5	Agriculture	34	21
6	Transport and Telecommunication	36	22
7	Retail	58	36
	Total	250	153

Once the number from each stratum was determined, simple random sampling technique was used to sample the individual SMEs. All the SMEs in each stratum were assigned numbers on equal sized cards and were put in a hat. The equal sized cards were then randomly picked from the hat without replacement until the required number from each stratum was obtained. Simple random sampling technique was preferred since it gave each SME an equal chance of being selected. Furthermore, simple random sampling technique allows generalisability of the obtained results to a larger population through the use of inferential statistics.

Purposive sampling technique was then used to sample the respondents. Purposive sampling allowed the researcher to use cases that had the required knowledge and information with respect to the objectives of the study. To this end, SME owners and managers were selected to complete the questionnaire because these are the incumbents responsible for strategic planning in these organisations and hence possessed the appropriate information which was required for the study.

3.5 DATA COLLECTION

The researcher adopted the survey method to which self-administered structured questionnaires were used to gain insight into strategic planning practices of SMEs.

3.5.1 RESEARCH INSTRUMENT

This study utilized the self-administered structured questionnaire in collecting the data from the targeted respondents. Hofstee (2006) described self-administered questionnaires as a form of structured interviewing, where all the respondents are asked the same set of questions and are offered the same options in answering these questions.

The use of self-administered questionnaires was opted for because of its cost effectiveness and ease to administer. The method also ensured a greater possibility of anonymity and greater convenience for respondents since they could complete the questionnaire at their own pace and time (Bryman and Bell, 2007). Self-administered questionnaires also provide respondents with some degree of autonomy which in turn limit bias to the information supplied. In an endeavour to enhance the response rate, the questionnaires were either hand delivered or send via e-mail to the targeted respondents of the selected SMEs (owners/ managers).

The questionnaire design was based on prior studies investigating strategic planning practices among SMEs. The measurement dimensions for the questionnaire were appropriately modified to suit the current study as shown in Table 3.2, Table 3.3 and Table 3.4 overleaf. The structured questionnaire which was used for this study composed of multiple choice and close-ended

questions. A demographic section solicited information about the owners or managers, such as sex, age, position occupied in the business, educational qualifications, as well as the business' characteristics such as, number of years in business and number of employees. The remaining sections solicited information related to the perceived antecedents and business performance outcomes of strategic planning among SMEs. The survey items were uniformly structured on a 5 point Likert scale (from [1] representing "Strongly Disagree" to [5] representing "Strongly Agree"), where respondents chose the most appropriate number that corresponded to their level of agreement or disagreement with a given statement. The fact that the questions were close-ended meant that the questionnaires were completed faster and the results were also easy to analyze.

The questionnaire was designed in English considering that it was being administered to professionals (owners and managers) within SMEs who were expected to have the basic understanding of the English language. The questionnaire was also designed with the researcher conscious of the remarks made by Saunders et al (2009) that, "the best way of obtaining valid responses to questions is to keep both the visual appearance of the questionnaire and the wording of each question simple". As result, concise questions were kept with due care taken to their actual phrasing. To ensure clarity, the questionnaire was designed to start with explanations of key terms and the purpose of the study.

3.5.1.1 MEASUREMENT SCALES FOR THE RESEARCH VARIABLES

Table 3.2: Measurement Scales of Strategic Planning Factors

Construct	Items	Source
Formality of Strategic Plans	<ol style="list-style-type: none"> 1. The organisation has developed formal strategic plans. 2. Formal methods (facts, figures) are used to present the strategic plan. 3. Formal meetings are used to convey information about strategic planning. 	Sandada (2015)
Environmental Scanning	<ol style="list-style-type: none"> 1. The strategic plan includes scanning of the environment (assessment of the organisation's Strengths, Weaknesses, Opportunities & Threats). 2. The business conducts environmental scanning in order to be informed about technological advances. 3. The business conducts environmental scanning in order to be informed about customers and their needs. 	Sandada (2015)
Business Mission and Vision	<ol style="list-style-type: none"> 3 The organisation does have the vision and mission statements. 4 There is a clear vision & mission statement about the future of the business. 5 Everyone is aware of the vision & mission of the business. 	Sandada (2015)
Employee Participation	<ol style="list-style-type: none"> 1. Employees at all levels of the organisation are involved in the strategic planning process. 2. Employees are consulted in the strategic planning process. 3. There is open dialogue of the strategic planning procedures. 	Sandada (2015)
Strategy Implementation	<ol style="list-style-type: none"> 1. Effective strategy implementation is at the core of the organisation's competitiveness. 2. Non-monetary rewards are used to motivate employees to be committed to carry out the plan and accomplish goals. 3. The business rewards employees with bonuses to enforce commitment towards carrying out the strategic plan. 	Sandada (2015)
Evaluation and Control	<ol style="list-style-type: none"> 1. The organisation monitors and evaluates the execution of the planned strategies. 2. Feedback about progress in goal achievement is done during regular scheduled meetings. 	Sandada (2015)
Time Horizon	<ol style="list-style-type: none"> 1. The optimal time frame of the organisation's strategic plan spans beyond two years before the strategic plan is reviewed and updated. 2. There are ad-hoc adjustments to the strategic plan whenever the need arises. 	Sandada (2015)

Table 3.3: Measurement Scales of Perceived Drivers of Strategic Planning

Construct	Items	Source
Environmental Dynamics and Uncertainty	<ol style="list-style-type: none"> 1. Organisations engage in strategic planning to counter market changes 2. The degree and complexity of the changing business environment is compelling organisations to plan more strategically. 	Glanz (2005); Fourie (2007); Zhang, Majid & Foo (2012)
Business Ownership Motivations	<ol style="list-style-type: none"> 1. The owner has the primary responsibility for setting strategic direction in the organisation. 2. The formulation of strategic plans is dependent upon the motivations and desires of the owner. 3. It is the owner who fosters the culture of strategic planning in the organisation. 	Wang, Walker & Redmond (2011); Zahir (2012)
Globalisation and Growing Competition	<ol style="list-style-type: none"> 1. Globalisation is strongly influencing organisations to adopt strategic planning in a bid to gain competitiveness. 2. Growing competition requires an organisation to strategically plan. 	O'Regan, Ghobadin & Gallear (2006); Fourie (2007); Waihenya (2014)
Innovation and Technological Advancement	<ol style="list-style-type: none"> 1. Creativity and new product development are among the outcomes of strategic planning. 2. Technology and new business models evolve from strategic planning. 	O'Regan, Ghobadin & Gallear (2006); Fourie (2007); Waihenya (2014)

Table 3.4: Measurement Scales of Business Performance Outcomes of Strategic Planning

Construct	Items	Source
Proactiveness and Opportunity Identification	<ol style="list-style-type: none"> 1. External orientation and environmental scanning maximise opportunity identification for the organisation. 2. Through strategic planning, the organisation is proactive in preparing for future contingencies and account for environmental dynamics & complexity. 	Fourie (2007); Earle (2009); Shahin (2011); Waihenya (2014)
Enhanced Business Operations	<ol style="list-style-type: none"> 1. Strategic planning assists the organisation to exploit core competencies and attain better business performance. 2. Strategic planning ensures that the organisation operates successfully in a dynamic and complex business environment. 	Fourie (2007); Earle (2009); Shahin (2011); Waihenya (2014)
Efficient and Effective Decision Making	<ol style="list-style-type: none"> 1. Strategic planning avails the organisation with pertinent information to make the right decisions. 2. Adoption of strategic planning smoothens and makes the decision making process fast as well as easier. 	Fourie (2007); Earle (2009); Shahin (2011); Waihenya (2014)

Employee Involvement Around Common Vision	<ol style="list-style-type: none"> 1. A strategic plan is a comprehensive master plan that gives employees` a common sense of direction as well as allowing them to work towards a common goal. 2. Strategic planning unifies employees` and allows them to share a common vision. 3. Strategic planning help to keep the workforce informed about corporate goals and their attainment on a regular basis. 	Fourie (2007); Earle (2009); Shahin (2011); Waihenya (2014)
Optimal Resource Allocation	<ol style="list-style-type: none"> 1. Strategic planning creates a rational basis for optimal resource allocation among stakeholders of the organisation. 2. Strategic planning ensures the most effective use of organisational resources by focusing the resources on key priorities 	Fourie (2007); Earle (2009); Shahin (2011); Waihenya (2014)
Adaptability and Flexibility	<ol style="list-style-type: none"> 1. Strategic planning enhances the organisation`s flexibility and its ability for improvisation. 2. Strategic planning ensures that the organisation is stable and able to adapt to changes in the marketplace. 	Fourie (2007); Earle (2009); Shahin (2011); Waihenya (2014)

3.5.2 PILOTING OF THE RESEARCH INSTRUMENT

The developed questionnaire was piloted in 14 SMEs, two from each of the 7 strata identified in the study as depicted by Table 3.1. The SMEs used in piloting were exempted from the main study. The pilot study provided the researcher with better information on the feasibility of the study and also assisted in determining whether the study was effective in fulfilling the purpose of the research project. According to Cohen et al (2011), a piloting exercise has several functions, principally to increase the reliability, validity and practicability of the questionnaire. The pilot study was done in order to refine the research instrument and establish the logistics for the main study. The pilot study also explored the appropriateness of questions to the target population and it also tested the correctness of the instructions given in the questionnaire.

3.6 DATA ANALYSIS TECHNIQUES

Quantitative data was collected in this study and Statistical Package for Social Sciences (SPSS) version 23 was used for data capturing and analysis. SPSS enabled the researcher to perform various data analysis procedures including validity and reliability test, normality test and hypothesis testing.

3.6.1 TEST FOR VALIDITY AND RELIABILITY

According to Saunders et al (2009), validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. Validity is concerned with how accurately the data obtained represent the variables of the study. In order to enhance the validity of the study, the questionnaire was derived from validated items derived from available literature and was given to three experts in the area of business management at the University of Zimbabwe to obtain expert opinion. In addition, a pilot study was also conducted to ensure that the respondents fully comprehended the questionnaire in line with the study objectives.

Saunders et al (2009) posit that reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. For this study, the data was tested for reliability using the Cronbach's Alpha functionality in SPSS. The study was guided by Malhotra (2007) who postulated that the Cronbach's Alpha coefficient should be equal or greater than 0.7 for an item to be acceptable. Therefore, the reliability of the items in this study was tested to ensure that they were consistently measuring the same constructs.

3.6.2 NORMALITY TEST

The collected data was subjected to rigorous statistical tests, firstly to test for normality before the analysis. The Shapiro-Wilk test is usually appropriate for small sample sizes (**<50 samples**), but can also handle sample sizes as large as 2000 samples. It is for this reason that this study used the Shapiro-Wilk test in assessing the normality of data. The normality test establishes how data is distributed. On a Shapiro-Wilk test, a p value greater than 0.05 (**p>0.05**) indicates that the data is normally distributed signifying that the sample selected does not differ significantly from

the population of the study and parametric tests can be performed using the data. On the other hand, if the p value is less than 0.05 (**p<0.05**), then the data is not normally distributed as a result sample differs significantly from the population and this calls for the performance of non-parametric tests.

3.6.3 CORRELATION ANALYSIS

Before conducting a regression analysis, Pearson's product-moment coefficient was computed in order to ascertain the bivariate relationship between independent variables and the dependent variable. The Pearson's product-moment coefficient is a parametric statistical test for evenly distributed data (Zikmund, Babin, Car, & Griffin, 2009). The Pearson's product-moment coefficient was therefore used because the data was normally distributed. The correlations range from -1.0 for a perfect negative relationship to +1.0 for a perfect positive relationship (Welman, Kruger, & Mitchell, 2005).

3.6.4 REGRESSION ANALYSIS

Having established the strength of correlations between the variables, the study proceeded to conduct a regression analysis as correlation analysis only measure the strength of a relationship but fail to determine predictive relationship between variables. Regression analysis was performed to test the predictive relationship between sets of constructs.

3.6.5 DESCRIPTIVE STATISTICAL ANALYSIS

Descriptive statistics such as the mean, standard deviations and frequency distributions were used to analyze the composition of the sample. Independent Samples T test and One-Way Analysis of Variance (ANOVA) were used to ascertain whether there is a statistically significant difference in strategic planning behaviour among SME owners and managers in respect of sex, level of education and industry.

3.7 ETHICAL CONSIDERATIONS

The issue of ethics is a vital consideration in research that involves human subjects (Cooper & Schindler, 2010). Research ethics is defined as the appropriate behaviour by a researcher relative to the norms of society (Zikmund, 2010). A researcher, research subjects, and clients or consumers of a research have to be protected from any adverse consequences of the research (Cooper & Schindler, 2010).

This research considered ethical factors in a number of ways. The researcher ensured that the respondents participated in the research on a voluntary basis, and the respondents had the right to withdraw from the research at any time of their choice. To this end, those who participated in the research were asked to complete consent forms to confirm that they were not coerced to participate in the study. Respondents were, in the clearest terms, made aware that there was not going to be any direct material benefits or rewards which were going to accrue to them as a result of their participation in the study.

The researcher also respected another ethical requirement to protect the identity of respondents through exercising anonymity and confidentiality. The researcher was not interested in the names or identities of the respondents but only the valuable information they were going to provide. The researcher also tried by any means possible not to pose questions that embarrassed and make the respondents uncomfortable. Finally, the researcher maintained objectivity, presented the true research findings and used the research results for academic purposes only. The researcher, to the best of his ability, truthfully analysed and reported the findings as obtained from the field.

3.8 CHAPTER SUMMARY

The chapter presented the research design and research approach that were deemed appropriate for this research study and proffered justification to their selection. The study population was also delineated and the sampling frame was defined. The chapter also outlined how the data was collected and analysed. The chapter concludes by discussing the ethical considerations to the study. The next chapter concentrates on data analysis, findings and discussion.

CHAPTER FOUR

RESEARCH FINDINGS

4.0 INTRODUCTION

The previous chapter focused on the methodology used for data collection and analysis. The focal point of this chapter is to establish how the collected data addressed the research objectives and this was facilitated by the analysis, presentation and interpretation of the collected data using the statistical package SPSS version 23. To this end, this chapter will present response rate, descriptive analysis, reliability analysis, normality tests, correlation analysis, regression analysis and hypothesis testing. In an endeavour to ensure clarity and simplicity, tables and graphs were used in presenting the analysis and interpretation of the collected data.

4.1 RESPONSE RATE

According to the database obtained from the Ministry of Small and Medium Enterprises and Cooperative Development in Zimbabwe, the study had a target population of 250 registered and active SMEs operating within the Harare Metropolitan Province from which a sample of 153 SMEs was selected. The sampled SMEs were categorised in 7 strata in accordance with their economic activities. One questionnaire was either hand-delivered or send electronically via email to each sample element with the specific request that it be completed by the owner or a senior manager as the study sought to establish the perceived drivers and benefits of strategic planning among SMEs. Owner/ senior managers were targeted because they are conversant with the strategic planning practices in these firms.

A total of 117 questionnaires were received from the 153 questionnaires that were administered to the targeted respondents.

$$\therefore \text{Response Rate} = \frac{117}{153} = 76.47\%$$

According to Neuman (2000), the standard acceptable response rate of self administered questionnaires is 60% and basing on this criterion, the established response rate of 76.47% was therefore deemed appropriate for the study.

4.2 DEMOGRAPHIC ANALYSIS

According to Cooper and Schindler (2014), it is pertinent for the researcher to understand the background statistics of the respondents as demographic data can unearth salient relationships that may be present in the data. Being cognisant of this fact, it was found imperative for this study to explore the respondents on a personal level focusing on their *Sex, Age, Position held in the Organisation and Highest Level of Education*. In respect of the organisation's background data, the *Industrial Sector, the Period of Operation and the Number of permanent employees in the organisation* were analysed.

4.2.1 SEX OF RESPONDENTS

The sex profile of the participants in the study indicates that the majority of the respondents 79 (67.5%) were males and 38 (32.5%) of the respondents were females. Figure 4.1 below, presents the sex profile of the respondents.

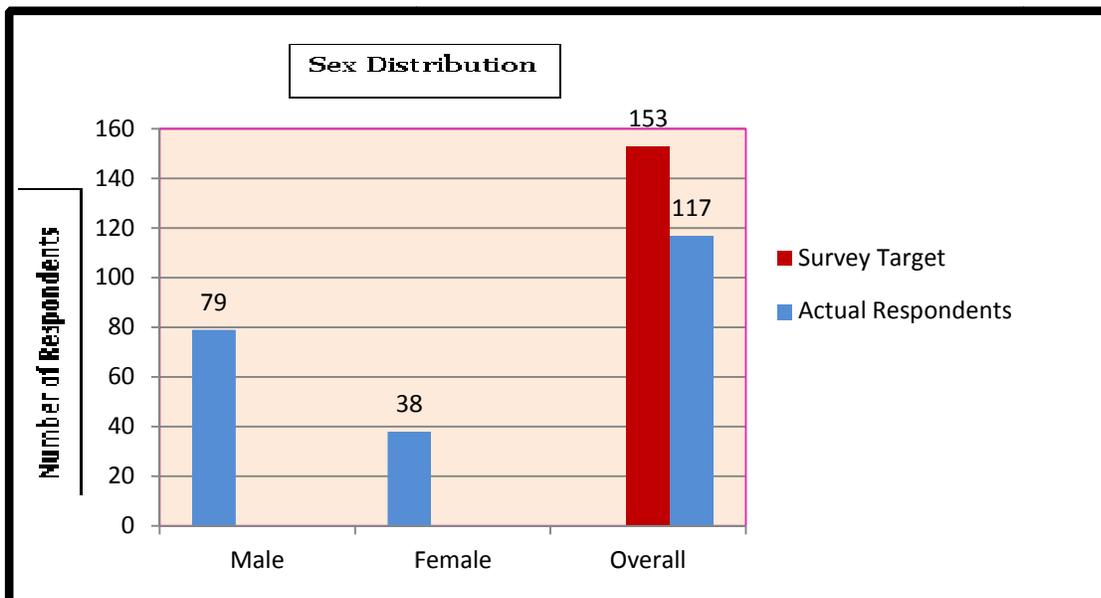


Figure 4.1: Sex of Respondents

The dominance of male respondents is a reflection of the higher proportion of males in the ownership and managerial positions of SMEs. It seems that mainly male managers or owners lead most SMEs in Zimbabwe and this is also an indication that the society under which the study was conducted is patriarchal.

4.2.2 AGE OF RESPONDENTS

Table 4.1 below is a depiction of the distribution of respondents by their age. It is clear that the majority of respondents 49 (41.9%) were in the age category of 30-39 years, followed by two other age categories, 40-49 and 20-29, which accounted for 35 (29.9%) and 23 (19.7%) of the sample, respectively. In addition, only 10 respondents (8.5%) indicated that they were in the age category of 50-59 and there were no respondents that fell in the age category of greater than 60 years.

Table 4.1: Classification by Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 - 29	23	19.7	19.7	19.7
	30 - 39	49	41.9	41.9	61.5
	40 - 49	35	29.9	29.9	91.5
	50 - 59	10	8.5	8.5	100.0
	Total	117	100.0	100.0	

The data shows that SMEs are mainly driven by the “economically active group”. In Zimbabwe, government policies such as the Indigenisation and Economic Empowerment Policy together with the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) have been championing the “economically active group” to be involved in the SME Sector as SMEs are deemed to be the engine for the nation’s economic growth.

4.2.3 POSITION IN ORGANISATION

The respondents that were mainly targeted by this research study comprised of the Owners, Chief Executive Officers and Senior Managers considering that they are the ones conversant with the strategic planning practices in SMEs. In this research study, majority of SMEs’

positions were occupied by Owners, 47 (40.2%) followed by Senior Managers 43 (36.8%), respectively. In contrast, 27 respondents (23.1%) were Chief Executive Officers.

The distribution of the positions held by the respondents is shown in Figure 4.2 on the next page.

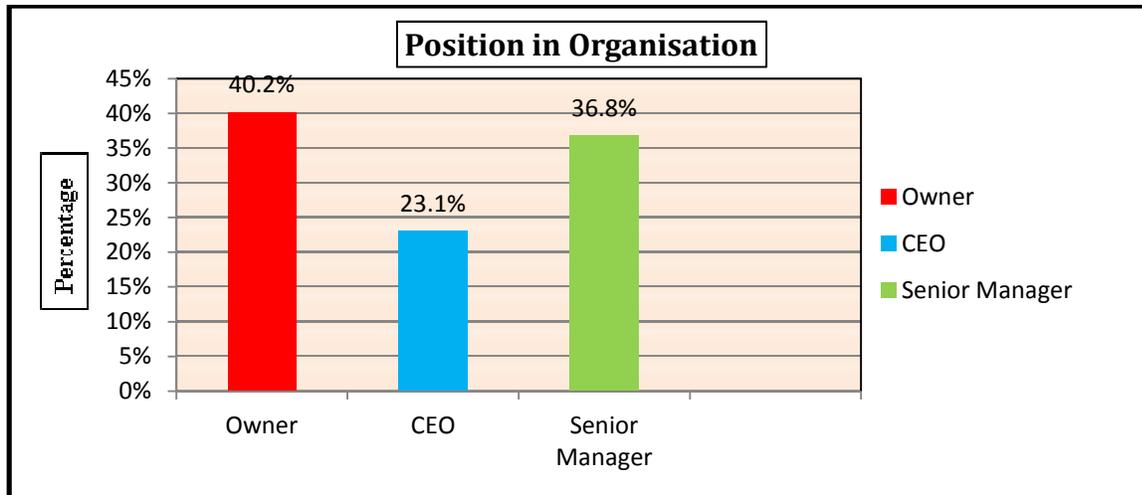


Figure 4.2: Position of Respondents

4.2.4 HIGHEST LEVEL OF EDUCATION ATTAINED

The respondents were asked to identify their highest level of education and the outcome clearly showed that university graduates have a considerable presence in the SME Sector. This is justified by the fact that 43 (36.8%) of the respondents have an Undergraduate degree as their highest qualification, closely followed by 34 respondents (29.1%) with Post-Graduate degrees.

The classification of the respondents by virtue of their highest level of education is depicted by Figure 4.3 on the next page.

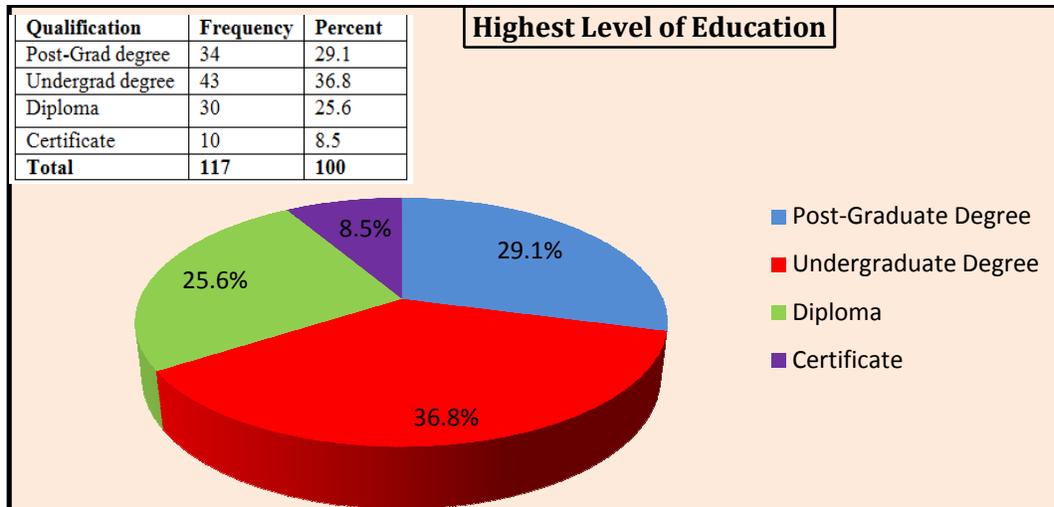


Figure 4.3: Highest Educational Qualification

The third significant category constituted of 30 respondents (25.6%) who were Diploma holders and merely 10 respondents (8.5%) had a Certificate as their highest level of education. This statistic points to the fact that graduates from tertiary institutions of higher learning contribute significantly to the SME Sector.

4.2.5 DISPERSION OF RESPONDENTS BY SECTOR

Guided by the database that was obtained from the Ministry of Small and Medium Enterprises and Cooperative Development in Zimbabwe, 7 sectors were represented in the sample. The majority of SMEs that participated in the study operated in the Retail Sector (n=29; 24.8%) followed by those within Tourism and Hospitality Sector (n=24; 20.5%). The moderately represented sectors were Health and Education, which constituted 17 respondents (14.5%); Agriculture which consisted of 15 respondents (12.8%); Transport and Telecommunication, which consisted of 12 respondents (12%) and Manufacturing, which also constituted 12 respondents (10.3%). The least represented was the Financial and Business Services sector comprising of 6 respondents (5.1%). From the results of the study, it can be depicted that most of Zimbabwe's SMEs are concentrated in Retail and Tourism and Hospitality sectors. It can further be inferred that most Zimbabwean SMEs fall within the Retail and Tourism and Hospitality sectors because of the affordable start up capital required to venture into these businesses.

Figure 4.4 below illustrates the distribution of the respondents by sector.

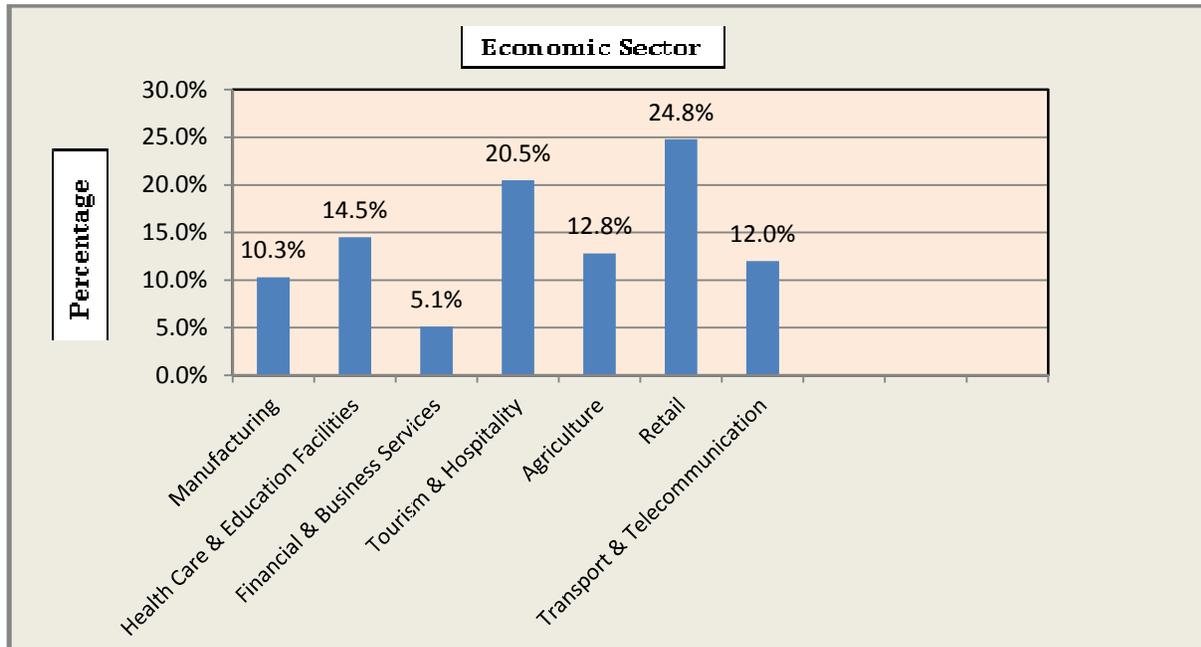


Figure 4.4: Classification by Economic Sector

4.2.6 PERIOD OF OPERATION

It was also the essence of this research study to understand the period of operation for the SMEs that were sampled. The results show that 49 respondents (41.9%) indicated that their organisation had been in operation for 6-10 years, followed by 38 respondents (32.5%) who had their organisation in operation for a period less than 5 years. In contrast, 24 respondents (20.5%) indicated that their organisation had operated for 11-20 years whilst only 6 respondents (5.1%) highlighted that their organisation operated for a period greater than 21 years.

The results are presented in Figure 4.5 overleaf.

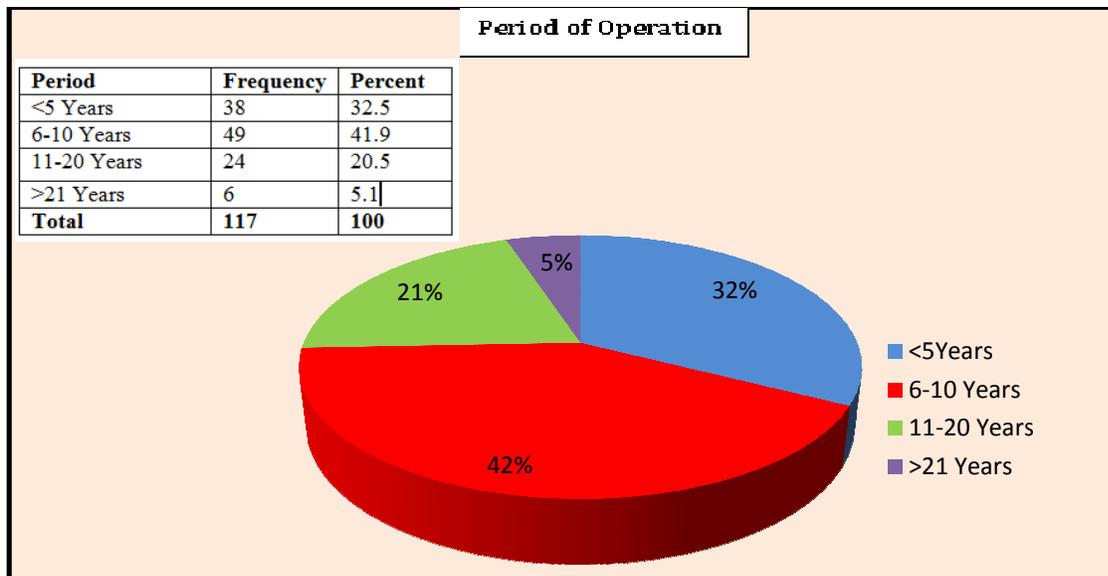


Figure 4.5: Period of Operation

The majority of Zimbabwean SMEs have operated for 6-10 years followed by those who have been in operation for a period less than 5 years. This is mainly because many existing SMEs were instituted in the post-dollarisation era, which began in 2009, when the economic turmoil that had crippled the country of Zimbabwe subsided, and saw the proliferation of the informal sector. These results are also commensurate with the high failure rate of SMEs which is indicated in literature as only few SMEs are able to maintain and sustain consistent growth after start up (Tsikirayi, 2014; Mazzarol, Reboud & Souter, 2009; Jocumsen, 2004).

4.2.7 NUMBER OF PERMANENT EMPLOYEES

The study also sought to account for the number of permanent employees for the respective SMEs that participated in the research. The results show that the majority of the SMEs (n=50, 42.7%) employ less than 10 permanent employees followed by those SMEs that employ between 11 and 20 permanent employees (n=36, 30.8%) and those who employ between 21 and 30 permanent employees (n=20, 17.1%). In contrast, SMEs that employ between 31 and 40 permanent employees were only 5 (4.3%) whilst those SMEs who employ between 41 and 50 permanent employees were 4 (3.4%). Finally, SMEs that employ more than 51 employees (n=2, 1.7%) constituted the small part of the sample.

Table 4.2 below summarises the distribution of respondents on account of the number of permanent employees in their respective organisations.

Table 4.2: Classification by Number of Permanent Employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<10	50	42.7	42.7	42.7
	11 - 20	36	30.8	30.8	73.5
	21 - 30	20	17.1	17.1	90.6
	31 - 40	5	4.3	4.3	94.9
	41 - 50	4	3.4	3.4	98.3
	>51	2	1.7	1.7	100.0
	Total	117	100.0	100.0	

4.3 RELIABILITY TEST

For a research instrument to be considered credible it must be valid and reliable (Sandada, 2015). Therefore, it was deemed imperative to ensure that the questionnaire actually measured what it was supposed to measure. Reliability test was also conducted to ensure that the questionnaire could be depended upon to secure consistent results upon repeated application in future research studies. The procedure that was adopted in both validating the questionnaire as well as testing for its reliability is explained in the section below.

The validity of the questionnaire was ensured through consulting practitioners and academicians in the field of strategic planning in order to check for relevancy or ambiguity in the wording of the questions. In addition the questionnaire was also pilot tested to check for questions that were not clear or irrelevant. The two-stage verification process helped in the purification of the instrument.

The reliability of the scale is the degree to which a set of items measure the same construct (Hair et al, 2010). According to Malhotra (2007), a scale is considered to be reliable if the Cronbach's Alpha values are equal to or exceed the recommended threshold of 0.70. From the computation of the Chronbach's Alpha, a significantly notable overall statistic was observed for the

questionnaire, whilst the alpha statistics for the variables under study was significantly higher than the minimum threshold of 0.70.

The summarized tables below show the final reliability scores that were obtained after all the 117 questionnaires had been captured in SPSS for analysis.

Table 4.3: Reliability Test Table

	Cronbach's Alpha	N of Items
Strategic Planning	.819	19
Business Performance	.767	13
Drivers of Strategic Planning	.763	9

The table indicates that the reliability scores for all the variables under study were perfectly above 0.70 which imply that the scores were acceptable and the research instrument was reliable.

Table 4.4: Reliability Statistics

Cronbach's Alpha	No of Variables
.847	3

The overall reliability score as indicated in table 4.4 above was **0.847** and this implies that the research questionnaire had a good level of internal reliability such that the instrument was acceptable for data collection.

After ascertaining that the questionnaire which was used was valid and reliable, the study proceeded by carrying out a normality test. The results of the normality test are presented in the next section.

4.4 NORMALITY TEST

The normality test can be conducted through either the Shapiro-Wilk test or Kolmogorov-Smirnov test and the decision on which test to use between these two is based on the sample size of the research study. The Shapiro-Wilk test is usually appropriate for small sample sizes (<1000 samples) whilst the Kolmogorov-Smirnov handle sample sizes greater than 1000 samples. The

normality test establishes how data is distributed. On a normality test, a p value greater than 0.05 (**p>0.05**) indicates that the data is normally distributed signifying that the sample selected does not differ significantly from the population of the study and Parametric statistical tests can be performed using this data. On the other hand, if the p value is less than 0.05 (**p<0.05**), then the data is not normally distributed as a result sample differs significantly from the population and this calls for the performance of Non-Parametric statistical tests on the data.

The sample size of this research study constituted of 117 respondents and the Shapiro-Wilk test was deemed the most appropriate for normality analysis since the Kolmogrov-Smirnova test is suitable for very large samples.

Table 4.5 depicts the SPSS analysis of the normality test.

Table 4.5: Tests of Normality

	Shapiro-Wilk		
	Statistic	df	Sig.
Drivers of Strategic Planning	.989	117	.465
Business Performance	.992	117	.697
Strategic Planning	.984	117	.166

From the analysis, the p-values in the Sig. column portrayed that all the three (3) variables under study were above 0.05 (**p>0.05**). In this case, with significance levels greater than 0.05 (**p>0.05**) it meant that the data was normally distributed and the Researcher had to use Parametric statistical tests in analysing the data.

Parametric statistical tests make assumptions about the parameters (defining properties) of the population distribution from which the data is drawn whilst Non-parametric statistical tests make no such assumptions (Cooper and Schindler, 2003).

After determining the normal distribution of the data, the study went further to establish the relationship between the variables in order to address the first objective which was stated as follows:

- To determine if there are any significant differences in strategic planning practices in respect of sex, level of education and industry among SMEs.

The study adopted the Independent Samples T-test and One-Way Analysis of Variance in establishing whether there were any significant differences in strategic planning practices in respect of sex, level of education and industry among SMEs. The results are explained in the next section.

4.5 T-TESTS

According to Pallant (2005), T-tests are considered as one of the most critical analytical tools in research. T-tests are used when comparing the values on some continuous variable for two groups, or on two occasions. When conducting the T-tests if the value in the **Sig (2 tailed)** column is equal or less than 0.05 ($p \leq 0.05$), then there is a significant difference in the mean scores of the dependent variable for each of the two groups. If the value is greater than 0.05 ($p > 0.05$), then there is no significant difference between the groups (Pallant, 2005).

4.5.1 INDEPENDENT SAMPLES T-TEST FOR STRATEGIC PLANNING AND SEX

An Independent Samples T-test was conducted to compare the strategic planning practices for males and females operating in the SME sector. The results of the T-test are shown in tables 4.6 below and 4.7 overleaf.

Table 4.6 Group Statistics

	Sex	N	Mean	Std. Deviation	Std. Error Mean
Planning	male	79	3.5567	.42831	.04819
	female	38	3.7293	.37177	.06031

Table 4.7 Independent Samples Test

	Levene's Test for Equality of Variances		t	df	Sig. (2 tailed)
	F	Sig			
Equal variances assumed	.770	.382	-2.128	115	.035
Equal variances not assumed			-2.237	83.232	.028

The results revealed that there was a statistically significant difference in scores for males [M=3.5567, SD=0.42831] and females [M=3.7293, SD=0.37177; $t(115)=-2.128$, $p=0.035$]. In this study, there was a statistically significant difference in the mean strategic planning scores for males and females. This claim is presented in table 4.15 above, where the Sig. (2-tailed) value is 0.035 implying that the value falls within the required cut off of less or equal to 0.05 ($p \leq 0.05$). Therefore, it can be concluded that males and females operating within SMEs practice strategic planning differently.

After establishing that males and females within the SME sector practice strategic planning differently, the research proceeded to test whether there were any further significant differences in strategic planning practices with regards to varying levels of education as well as the different industries in which the respondents operated. In both cases there were more than two groups being analysed therefore One-Way Analysis of Variance (ANOVA) was adopted. The results of the analysis of variance on the two conditions are explained in the section to follow.

4.6 ANALYSIS OF VARIANCE

Analysis of variance (ANOVA) is applied when comparing values on some continuous variable for more than two groups or conditions (Pallant, 2005). One-way between-groups analysis of variance is used when there is one independent (grouping) variable with three or more levels (groups) and one dependent continuous variable. According to Pallant (2005), the 'One-Way' part of the title indicates that there is only one independent variable, and 'Between-Groups' means that there are- different subjects or cases in each of the groups.

When conducting the one-way analysis of variance, the Sig. value should be equal or less than 0.05 ($p \leq 0.05$) in order to conclude that there is a significant difference among the mean scores of the dependent variable for each of the three or more groups (Pallant, 2005). If the Sig. value is greater than 0.05 ($p > 0.05$), then there is no significant difference among the groups.

4.6.1 ONE WAY ANOVA FOR STRATEGIC PLANNING AND LEVEL OF EDUCATION

A one-way analysis of variance was conducted to compare the strategic planning practices across the different levels of education that were attained by the respondents. The results of the one-way analysis of variance are shown in tables 4.8 below.

Table 4.8: ANOVA –Strategic Planning and Level of Education

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.947	3	.316	1.854	.141
Within Groups	19.240	113	.170		
Total	20.188	116			

The results from the one-way analysis of variance showed that the Sig. value was 0.141 which is greater than 0.05 ($p > 0.05$), thereby representing that there is no statistically significant difference in strategic planning practices among incumbents who attained different levels of education within the SME sector.

Having ascertained that there is no statistically significant difference in strategic planning practices in SMEs among incumbents who possess different levels of education, the study continued with testing whether there was a significant difference in strategic planning practices across different industries within the SME sector. The findings from the one-way analysis of variance are presented on the next page.

4.6.2 ONE WAY ANOVA FOR STRATEGIC PLANNING AND INDUSTRY

A one-way analysis of variance was conducted to compare the strategic planning practices across the different industries within the SME sector. The results of the one-way analysis of variance are shown in tables 4.9 below.

Table 4.9: ANOVA Strategic Planning and Industry

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.782	6	.130	.738	.620
Within Groups	19.406	110	.176		
Total	20.188	116			

The results from the one-way analysis of variance depicted that the Sig. value was 0.620 which is greater than 0.05 ($p > 0.05$), hence bringing to a conclusion that there is no statistically significant difference in strategic planning practices among the different industries within the SME sector.

Having dealt with the first objective which was meant to determine whether there were significant differences in strategic planning practices of SMEs in respect of sex, level of education and industry, the research study proceeded to focus on the second objective which was meant to identify the relationship and strength between the perceived driving factors and strategic planning of SMEs.

The study adopted Correlation analysis and Regression analysis in establishing the existing relationship between perceived drivers and strategic planning of SMEs. The results are explained in the next section.

4.7 RELATIONSHIP BETWEEN PERCEIVED DRIVERS AND STRATEGIC PLANNING

One of the objectives for this research study was to establish the nature of bivariate relationship that existed between perceived drivers of strategic planning and strategic planning itself among SMEs. The study identified four variables as the perceived drivers of strategic planning among

SMEs namely, Environmental Dynamics; Innovation and Technological Advancement; Business Ownership Motivations and Globalisation.

4.7.1 CORRELATION ANALYSIS

Pearson's product-moment correlation coefficient was adopted in testing the correlations amongst the above mentioned perceived drivers and strategic planning. Correlation analysis depicts direction, statistical significance and magnitude of relationships. The sign of the correlation coefficient indicates the direction of the relationship whilst the direction itself describes whether there is a positive or negative relationship between the variables. The correlations range from -1.0 for a perfect negative relationship to +1.0 for a perfect positive relationship (Welman, Kruger, & Mitchell, 2005).

Table 4.10 illustrates the correlation analysis between the four perceived drivers and strategic planning of SMEs.

Table 4.10 Correlation Analysis – Perceived Drivers and Strategic Planning

Correlations						
		Strategic Planning	Environmental Dynamism	Business Ownership Motivations	Globalisation	Innovation & Technological Advancement
Strategic Planning		1				
Environmental Dynamism	Coefficient	.276**	1			
	Sig. (2-tailed)	.003				
Business Ownership Motivations	Coefficient	.472**	.102	1		
	Sig. (2-tailed)	.000	.272			
Globalisation	Coefficient	.429**	.146	.172	1	
	Sig. (2-tailed)	.000	.117	.063		
Innovation & Technological Advancement	Coefficient	.395**	.018	.521**	.103	1
	Sig. (2-tailed)	.000	.851	.000	.270	
**. Correlation is significant at the 0.01 level (2-tailed)						

In this study all the four perceived drivers of strategic planning (Environmental Dynamism; Business Ownership Motivations; Globalisation and Innovation & Technological Advancement) which were under investigation proved to be positively correlated with Strategic Planning and all the four associations were also statistically significant.

4.7.1.1 ENVIRONMENTAL DYNAMISM AND STRATEGIC PLANNING

The results showed that there is a positive, weak and statistically significant relationship between Environmental Dynamism and Strategic Planning among SMEs [$r=0.276$, $p<0.01$ ($p=0.003$)].

4.7.1.2 BUSINESS OWNERSHIP MOTIVATIONS AND STRATEGIC PLANNING

Strategic Planning reported a positive, moderate and statistically significant association with Business Ownership Motivations among SMEs [$r=0.472$, $p<0.01$ ($p=0.000$)].

4.7.1.3 GLOBALISATION AND STRATEGIC PLANNING

The results depicted that there is a positive, moderate and statistically significant relationship between globalisation and Strategic Planning among SMEs [$r=0.429$, $p<0.01$ ($p=0.000$)].

4.7.1.4 INNOVATION & TECHNOLOGICAL ADVANCEMENT AND STRATEGIC PLANNING

The results indicated that there is a positive, moderate and statistically significant relationship between innovation and technological advancement, and strategic planning among SMEs [$r=0.395$, $p<0.01$ ($p=0.000$)].

Having established the strength of the relationships between the four perceived driving factors and strategic planning of SMEs, the study proceeded to conduct a regression analysis as correlation analysis only measure the strength of a relationship but fails to determine predictive relationship between the variables.

4.7.2 REGRESSION ANALYSIS

Regression analysis was performed to test the predictive relationship between two sets of constructs; namely, perceived driving factors and strategic planning measures. The four

perceived driving factors of strategic planning were used as independent variables and strategic planning itself was used as a dependent variable.

Table 4.11 below presents the model summary of the regression analysis between the four perceived driving factors and strategic planning.

Table 4.11: Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642 ^a	.413	.392	.32536

Predictors: (Constant), Innovation, Dynamism, Globalisation, Motivations

From the above analysis, the regression coefficient for the relationship of the four perceived drivers and strategic planning was 0.642 whilst the corresponding R-square statistic was 0.413. The value of R-square (0.413) shows that the model is a moderate predictor of the perceived driving forces of strategic planning among SMEs. This means that Environmental Dynamism, Business Ownership Motivations, Globalisation and Innovation & Technological Advancement explain 41.3% of the variation in strategic planning among SMEs. The remaining 58.7% is explained by other factors that were not included in the study focus.

4.7.2.1 STATISTICAL SIGNIFICANCE OF THE REGRESSION MODEL

Table 4.12: Regression Model Validity

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.331	4	2.083	19.675	.000 ^b
	Residual	11.856	112	.106		
	Total	20.188	116			

a. Dependent Variable: Strategic Planning

b. Predictors: (Constant), Innovation, Dynamism, Globalisation, Motivations

The F-ratio depicted in table 4.12 above was used to test whether the overall regression model was a good fit for the data. It is given then that the independent variables were statistically significant in predicting the dependent variable, $F(4, 112) = 19.675$, $p < .05$ ($p=0.000$). Therefore, the regression model was a good fit for analysing the effect of perceived drivers on strategic planning of SMEs.

4.7.2.2 MODEL COEFFICIENTS

Table 4.13: Model Coefficients and Statistical Significance of Independent Variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.846	.238		7.761	.000		
Dynamism	.109	.041	.195	2.658	.009	.971	1.030
Motivations	.120	.036	.287	3.338	.001	.709	1.411
Globalisation	.154	.035	.329	4.439	.000	.953	1.049
Innovation	.119	.049	.208	2.448	.016	.727	1.375

a. Dependent Variable: Strategic Planning

The coefficient analysis gives the beta values (regression coefficients) which measure the extent of contribution for independent variables to the dependent variable. In this study the focus was on ascertaining the extent to which Environmental Dynamism, Business Ownership Motivations, Globalisation and Innovation & Technological Advancement contributed to the adoption of strategic planning among SMEs. The p-value for each coefficient was also used to determine whether the relationship between the independent and dependent variable was statistically significant.

The results showed that:

- a) Globalisation makes the most significant contribution to Strategic Planning of SMEs [$\beta = 0.329$, $p < 0.05$ ($p = 0.000$)]. The increase in competition as a result of globalisation will compel SMEs to engage in Strategic Planning.
- b) Business Ownership Motivations make the second most significant contribution to Strategic Planning of SMEs [$\beta = 0.287$, $p < 0.05$ ($p = 0.001$)]. Strategic Planning among SMEs is a direct spin of how the owners of these enterprises are motivated to strategically plan.
- c) Innovation and Technological Advancement make the third most significant contribution to Strategic Planning of SMEs [$\beta = 0.208$, $p < 0.05$ ($p = 0.016$)]. Improvement in innovation and technology will encourage SMEs to Strategic Plan.
- d) Environmental Dynamism makes the least significant contribution to Strategic Planning of SMEs [$\beta = 0.195$, $p < 0.05$ ($p = 0.009$)]. The more the business environment becomes unpredictable and uncertain the more the SMEs adopt strategic planning.

4.7.2.2.1 MULTI-COLLINEARITY DIAGNOSTICS

Table 4.13 above shows that there is no problem at all with multi-collinearity. All the values of the partial and part correlations do not drop sharply from the zero-order correlation. The computed tolerance is the relative percentage of the variance in a dimension that cannot be explained by the other dimensions (Zikmund *et al.*, 2014). According to Cooper & Schindler (2014), when the tolerances tend towards 0 than to 1, there is high multi-collinearity amongst the variables and the standard error of the regression coefficients will be inflated, but in this study, all the tolerances tended towards 1 than to 0.

From the foregoing it follows that with regards to the predictor variables:

- ❖ [ED] Environmental Dynamism
- ❖ [BOM] Business Ownership Motivations
- ❖ [GL] Globalisation
- ❖ [ITA] Innovation and Technological Advancement

Strategic Planning [SP] can be quantified as:

$$\therefore SP = k + \alpha GL + \beta BOM + \delta ITA + \rho ED$$

Where α , β , μ , δ and ρ are regression coefficients, and k , is a constant

$$\therefore SP = 1.846 + (0.329 \times GL) + (0.287 \times BOM) + (0.208 \times ITA) + (0.195 \times ED)$$

It can be concluded that Globalisation is the most significant driver to the adoption of strategic planning among SMEs, followed by Business Ownership Motivations, Innovation and Technological Advancement, and last but not least Environmental Dynamism.

Apart from establishing the relationships between the perceived driving factors and strategic planning among SMEs, the third and last objective of this research study was also to ascertain the impact of strategic planning practices on business performance of SMEs.

Therefore, the study also adopted Correlation analysis and Regression analysis in ascertaining the impact of strategic planning factors on business performance of SMEs and the results of these analyses are explained in the segment to follow.

4.8 IMPACT OF STRATEGIC PLANNING PRACTICES ON BUSINESS PERFORMANCE

This study focused on seven strategic planning factors among SMEs namely, Formality of Strategic Planning; Environmental Scanning; Vision & Mission Statements; Employee Involvement; Strategy Implementation; Evaluation & Control; and Time Horizon. The study also sought to ascertain the impact that these seven strategic planning factors exerted on business performance of SMEs.

4.8.1 CORRELATION ANALYSIS

Correlation analysis is used to describe the strength and direction of the linear relationship between two variables. The correlations range from -1.0 for a perfect negative relationship to +1.0 for a perfect positive relationship (Welman, Kruger, & Mitchell, 2005). Pearson's product-moment correlation coefficient was adopted in testing the correlations amongst the above mentioned seven strategic planning factors and business performance.

This research study revealed that all the seven strategic planning factors that were under investigation (Formality of Strategic Planning; Environmental Scanning; Vision & Mission Statements; Employee Involvement; Strategy Implementation; Evaluation & Control; and Time Horizon) were positively correlated with Business Performance. However, out of the seven strategic planning factors only five associations (Formality of Strategic Planning; Environmental Scanning; Vision & Mission Statements; Employee Involvement; Strategy Implementation) proved to be statistically significant with the other two associations (Evaluation & Control; and Time Horizon) reported to be statistically insignificant.

Table 4.14 overleaf illustrates the Pearson's product-moment correlation coefficients that were obtained from the correlation analysis.

Table 4.14: Correlation Analysis – Strategic Planning Factors and Business Performance

Correlations									
		Business Performance	Formality	Scanning	Vision & Mission	Employee Involvement	Strategy Implement	Evaluation & Control	Time Horizon
Business Performance		1							
Formality	Coefficient	.219*	1						
	Sig.	.018							
Scanning	Coefficient	.540**	.395**	1					
	Sig.	.000	.000						
Vision & Mission	Coefficient	.210*	.165	.206*	1				
	Sig.	.023	.075	.026					
Employee Involvement	Coefficient	.542**	.237*	.369**	.067	1			
	Sig.	.000	.010	.000	.471				
Strategy Implement	Coefficient	.568**	-.022	.220	.090	.633**	1		
	Sig.	.000	.814	.017	.337	.000			
Evaluation & Control	Coefficient	.068	-.012	.063	.052	-.067	-.054	1	
	Sig.	.467	.897	.503	.581	.470	.565		
Time Horizon	Coefficient	.125	-.042	.011	.224	-.070	.073	-.130	1
	Sig.	.180	.650	.908	.015	.453	.432	.163	

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

4.8.1.1 FORMALITY OF STRATEGIC PLANNING AND BUSINESS PERFORMANCE

The results showed that there is a positive, weak and statistically significant relationship between Formality of Strategic Planning and Business Performance among SMEs [**r=0.219, p<0.05 (p=0.018)**].

4.8.1.2 ENVIRONMENTAL SCANNING AND BUSINESS PERFORMANCE

The results indicated that there is a positive, strong and statistically significant relationship between Environmental Scanning and Business Performance among SMEs [**r=0.540, p<0.01 (p=0.000)**].

4.8.1.3 VISION & MISSION STATEMENTS AND BUSINESS PERFORMANCE

The results showed that there is a positive, weak and statistically significant association between Vision and Mission Statements, and Business Performance among SMEs [$r=0.210$, $p<0.05$ ($p=0.023$)].

4.8.1.4 EMPLOYEE INVOLVEMENT AND BUSINESS PERFORMANCE

The results revealed that there is a positive, strong and statistically significant association between Employee Involvement and Business Performance among SMEs [$r=0.542$, $p<0.01$ ($p=0.000$)].

4.8.1.5 STRATEGY IMPLEMENTATION AND BUSINESS PERFORMANCE

The results showed that there is a positive, strong and statistically significant relationship between Strategy Implementation and Business Performance among SMEs [$r=0.568$, $p<0.01$ ($p=0.000$)].

4.8.1.6 EVALUATION & CONTROL AND BUSINESS PERFORMANCE

The results portrayed that there is a weak positive correlation between Evaluation and Control, and Business Performance among SMEs. However, the results also showed that the relationship between Evaluation and Control, and Business Performance among SMEs has no statistical significance [$r=0.068$, $p>0.05$ ($p=0.467$)].

4.8.1.7 TIME HORIZON AND BUSINESS PERFORMANCE

The results indicated that there is a weak positive correlation between Time Horizon and Business Performance among SMEs. However, the results also showed that the association between Time Horizon and Business Performance among SMEs has no statistical significance [$r=0.125$, $p>0.05$ ($p=0.180$)].

After ascertaining the strength of the relationships between the seven strategic planning factors and business performance of SMEs, the study continued on identifying the predictive relationship between these two variables through Regression analysis. Results of the regression analysis are explained in the next section.

4.8.2 REGRESSION ANALYSIS

Regression analysis was performed to test the predictive relationship between two sets of constructs; namely, strategic planning factors and business performance measures. The seven strategic planning factors were used as independent variables and business performance measures were used as the dependent variable.

Table 4.15 below presents the model summary of the regression analysis between the seven strategic planning factors and business performance.

Table 4.15: Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.735 ^a	.540	.510	.39319

Predictors: (Constant), Horizon, Scanning, Control, Implementation, Vision, Formality, Involvement

The results showed that the regression coefficient for the association of the seven strategic planning factors and business performance was 0.735 whilst the corresponding R-square statistic was 0.540. The value of R-square (0.540) shows that the model is a good predictor of the strategic planning factors among SMEs. This implies that Formality of Strategic Planning, Environmental Scanning, Vision & Mission Statements, Employee Involvement, Strategy Implementation, Evaluation & Control and Time Horizon explain 54% of the variation in Business Performance among SMEs. The remaining 46% is explained by other factors that were not included in the study.

4.8.2.1 STATISTICAL SIGNIFICANCE OF THE REGRESSION MODEL

Table 4.16: Regression Model Validity

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.753	7	2.822	18.253	.000 ^b
	Residual	16.851	109	.155		
	Total	36.604	116			

a. Dependent Variable: Business Performance

b. Predictors: (Constant), Horizon, Scanning, Control, Implementation, Vision, Formality, Involvement

The F-ratio in the ANOVA table above was used to test whether the overall regression model was a good fit for the data. It is given then that the independent variables were statistically significant in predicting the dependent variable, $F(7, 109) = 18.253, p < .05$ ($p=0.000$). Therefore, the regression model was a good fit for analysing the effect of strategic planning factors on business performance of SMEs.

4.8.2.2 MODEL COEFFICIENTS

Table 4.17: Model Coefficients and Statistical Significance of Independent Variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.469	.373		1.257	.211		
Formality	.030	.057	.039	.534	.594	.775	1.290
Scanning	.241	.051	.360	4.758	.000	.737	1.357
Vision	.032	.040	.055	.801	.425	.889	1.125
Involvement	.112	.059	.175	1.909	.059	.500	1.250
Implementation	.292	.069	.370	4.234	.000	.552	1.813
Control	.066	.049	.089	1.335	.185	.960	1.041
Horizon	.056	.036	.107	1.561	.122	.901	1.110

a. Dependent Variable: Business Performance

One of the focal points of this study was to identify the impact of Formality of Strategic Planning, Environmental Scanning, Vision & Mission Statements, Employee Involvement, Strategy Implementation, Evaluation & Control and Time Horizon on Business Performance among SMEs. The p-value for each coefficient was used to determine whether the relationship between the independent and dependent variable was statistically significant.

The beta coefficients revealed that Strategy Implementation makes the greatest impact to the Business Performance of SMEs [$\beta = 0.370, p < 0.05$ ($p=0.000$)], followed by Environmental Scanning [$\beta = 0.360, p < 0.05$ ($p=0.000$)]. However, Employee Involvement [$\beta = 0.175, p > 0.05$ ($p=0.059$)], Time Horizon [$\beta = 0.107, p > 0.05$ ($p=0.112$)], Evaluation and Control [$\beta = 0.089, p > 0.05$ ($p=0.185$)], Vision and Mission Statements [$\beta = 0.055, p > 0.05$ ($p=0.425$)] and Formality of Strategic Planning [$\beta = 0.039, p > 0.05$ ($p=0.594$)] showed statistically insignificant contribution to Business Performance of SMEs.

Whilst these five factors (Formality of Strategic Planning, Vision and Mission Statements, Employee Involvement, Evaluation & Control and Time Horizon) depicted a statistically insignificant contribution to Business Performance of SMEs, they however showed a positive relationship with Business Performance of SMEs.

4.8.2.2.1 MULTI-COLLINEARITY DIAGNOSTICS

Table 4.17 above depicts that there is no problem with multi-collinearity. All the values of the partial and part correlations do not drop sharply from the zero-order correlation. The computed tolerance is the relative percentage of the variance in a dimension that cannot be explained by the other dimensions (Zikmund *et al.*, 2014). According to Cooper & Schindler (2014), when the tolerances tend towards 0 than to 1, there is high multi-collinearity amongst the variables and the standard error of the regression coefficients will be inflated, but in this study, all the tolerances tended towards 1 than to 0.

From the obtained results it follows that with regards to the predictor variables:

- ❖ [ES] Environmental Scanning
- ❖ [SI] Strategy Implementation

Business Performance [BP] can be quantified as:

$$\therefore \mathbf{BP} = k + \alpha \mathbf{SI} + \beta \mathbf{ES}$$

- ❖ Where α and β are regression coefficients, and k , is a constant
- ❖ $\therefore \mathbf{BP} = 0.469 + (0.370 \times \mathbf{SI}) + (0.360 \times \mathbf{ES})$

It can be concluded that Strategy Implementation, has the most significant impact on Business Performance of SMEs, followed by Environmental Scanning.

The Researcher performed T-tests, analysis of variance (ANOVA), correlation analysis and regression analysis in an endeavour to address the three secondary objectives of this research study. Furthermore, this research study sought to test and validate the two hypotheses that were formulated from the review of literature. The data that was collected from the SMEs within the Harare Metropolitan Province, Zimbabwe was used for hypothesis testing and the results are discussed in the next section.

4.9 DISCUSSION OF FINDINGS

The first hypothesis (H1) predicted that perceived driving factors have a positive influence on the adoption or practice of strategic planning among SMEs. The empirical results from this current study confirmed this hypothesis in a significant way. This study confirmed the validity of the four perceived drivers of strategic planning among SMEs (Environmental Dynamism, Business Ownership Motivations, Globalisation and Innovation & Technological Advancement) that were found in literature. From the study's results it can be deduced that of the four perceived driving factors which were investigated, globalisation [$\beta = 0.329$, $p < 0.05$ ($p = 0.000$)] posed the greatest positive influence in compelling SMEs to practice strategic planning. This finding is consistent with Govindarajan & Gupta (2000) who confirmed that globalisation and its associated growing competition is heavily contributing in pushing organisations to engage in more strategic planning. The results also demonstrated that business ownership motivations [$\beta = 0.287$, $p < 0.05$ ($p = 0.001$)] had the second most contributing influence on the adoption of strategic planning by SMEs. From the findings of this research it can be inferred that strategic planning among SMEs is a direct spin of how the owners of these enterprises are motivated to strategically plan. This is also supported in the study carried out by Wang, Walker and Redmond (2006) which confirmed that business ownership motivations had a significant influence on how organisations strategically plan.

The outcome of this research also revealed that innovation and technological advancement [$\beta = 0.208$, $p < 0.05$ ($p = 0.016$)] play a significant part in compelling SMEs to engage in strategic planning. This outcome is supported by Mazzarol (2008) who argued that the fast spreading of new technology require firms to engage more strategic level planning. Lastly, this research study also demonstrated that the more the business environment is dynamic and uncertain [$\beta = 0.195$, $p < 0.05$ ($p = 0.009$)] the more likely it is for SMEs to adopt strategic planning practices. This evidence is also in line with a study conducted by Stopford (2001) who found that the degree and complexity of a changing business environment is driving firms to engage in strategic planning. Kraus et al (2006) were also in support of Stopford's study when they noted that increasing environmental dynamism, complexity and uncertainty are compelling almost every organisation to adopt strategic planning.

The second hypothesis (H2) predicted that the adoption or practice of strategic planning has a positive impact on the business performance of SMEs. The results from this research study partially confirmed this claim. The outcome revealed that there is a positive correlation between the seven strategic planning factors which were investigated (Formality of Strategic Planning, Environmental Scanning, Vision & Mission Statements, Employee Involvement, Strategy Implementation, Evaluation & Control and Time Horizon) and business performance. Similar findings about the positive correlation between strategic planning and business performance are reported by other scholars such as McIlquham-Schmidt (2010); Arasa and K'Obonyo (2012). Furthermore, this study depicted that out of the seven strategic planning factors which were under investigation, only two namely, strategy implementation SMEs [$\beta = 0.370$, $p < 0.05$ ($p = 0.000$)] and environmental scanning [$\beta = 0.360$, $p < 0.05$ ($p = 0.000$)] had a statistically significant relationship with business performance. This in literature is supported Karami (2008), whose study found that in today's high levels of competition, and uncertainty, businesses scan the environment to improve their competitiveness. Popoola's (2000) study of corporate banks in Nigeria also revealed that environmental scanning enables banks to gain competitive advantage. Ehlers and Lazenby (2006) posit that effective strategy implementation is a necessary condition for the success of businesses. Okumus (2003) also asserts that successful strategy implementation leads to business success. Therefore, it can be deduced that for SMEs to enhance their business performance they need to largely engage in environmental scanning and ensure effective strategy implementation.

Despite the fact that other five factors of strategic planning (Formality of Strategic Planning, Vision & Mission Statements, Employee Involvement, Evaluation & Control and Time Horizon) showed statistically insignificant relationships with business performance, these factors however did not show a negative relationship with business performance. There is convincing evidence from the literature that depict the positive association between these five factors and business performance. Kraus et al. (2006) affirms that formalised strategic plans help a business to achieve goals and to grow. With regard to business mission and vision, Forbes and Seena (2006), Mazzarol, Rebound, and Soutar (2009), and Kantabutra (2008) confirm that a business mission and vision statement enhances business performance as it guides in decision-making, and

motivates and inspires personnel. Concerning employee participation in strategic planning, Gadiesh and Gilbert (2001) and Speculand (2009) assert that employee participation in strategic planning leads to employee motivation and ensure unity of purpose and cooperation in the business. In respect of evaluation and control, Pearce and Robinson (2005) posit that constant monitoring and control of the implemented strategies will enable organisations to check on their progress and correct deviations in a timely and cost-effective way. Moreover, a study by Dincer et al. (2006) on strategic planning of Turkish firms confirms the importance of time horizon of strategic planning in contributing to business performance.

The outcomes of the Hypothesis Testing are depicted in Table 4.18 below:

Table 4.18: Hypothesis Testing and Outcomes

Hypothesis	Decision
H1: Perceived drivers have a positive influence on the adoption or practice of strategic planning among SMEs.	Hypothesis Accepted
H2: The adoption or practice of strategic planning has a positive impact on business performance of SMEs.	Hypothesis Partially Accepted

4.10 CHAPTER SUMMARY

This chapter presented an analysis of the research’s findings. The presentation of the findings was done using tables and figures in order to openly bring out the salient issues from the study. This study found that there is positive and statistically significant relationship between the perceived drivers (environmental dynamism, business ownership motivations, globalisation and innovation) and strategic planning among SMEs. All the four perceived drivers of strategic planning of ERM were found to be relevant although they depicted a varying magnitude of contribution. Furthermore, this study concluded that environmental scanning and strategy implementation were the two main important factors of strategic planning that had a positive impact on business performance of SMEs. The next chapter presents the conclusions and recommendations of this study based on the findings explained in this chapter.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

The previous chapter focused on presentation, analysis and interpretation of the empirical findings of the study. This chapter draws inferences and conclusions from the major findings that were discussed in the previous chapter. Conclusions will be discussed based on the study's objectives which were set out in chapter one and on the basis of a theoretical framework that was modeled from the literature review. The discussion on conclusions will be followed by recommendations whose primary focus is on improving key areas which were identified in the findings. Managerial implications as well as theoretical implications will also be presented. Last but not least, contained in this chapter, are the limitations of the current study together with areas that warrant further research.

5.1 SUMMARY OF FINDINGS AND CONCLUSIONS

The overall objective of this study was to determine the antecedents of strategic planning practices and the business performance outcomes of strategic planning among SMEs. The study also sought to ascertain if statistically significant differences exist in strategic planning practices among SMEs in respect of sex, level of education and industry.

5.1.1.1 STRATEGIC PLANNING PRACTICES IN RESPECT OF SEX

The study findings revealed that the majority of owners and managers among SMEs were males (67.5%) compared to females (32.5%). The Independent Samples T-test as depicted on Table 4.7 revealed that there exist statistically significant differences in the way SME male and female owners/managers practice strategic planning.

From this outcome it is plausible to infer that owners and managers of SMEs are influenced by their differing gender perceptual processes in selecting strategic planning practices in today's dynamic business environment.

5.1.1.2 STRATEGIC PLANNING PRACTICES IN RESPECT OF LEVEL OF EDUCATION

The study showed that university graduates have a considerable presence in the SME Sector. This was justified by the fact that 43 (36.8%) of the respondents had Undergraduate degrees as their highest qualification, closely followed by 34 respondents (29.1%) who had Post-Graduate degrees. The overriding conclusion is that the informal sector through SMEs is playing a fundamental role in absorbing educated and qualified people who are failing to get employment in the formal sector.

The One-Way Analysis of Variance shown in Table 4.8 indicates that there are no statistically significant differences in the strategic planning practices even though they possess different educational qualifications. Therefore as depicted by the results, the incumbents operating in the SME sector share similar strategic planning practices regardless of the varying levels of education that they attained.

5.1.1.3 STRATEGIC PLANNING PRACTICES IN RESPECT OF INDUSTRY

The study findings indicated that SMEs belonging to different industries are predominantly using similar strategic planning practices in their businesses as shown by One-Way Analysis of Variance in Table 4.9. This may be due to the perceived importance of strategic planning on the performance of business by SME owners and managers operating in different sectors of the Zimbabwean economy.

5.1.2 INFLUENCE OF PERCEIVED DRIVING FACTORS ON STRATEGIC PLANING

The review of available literature in chapter two of this study revealed that there are four perceived drivers of strategic planning among SMEs, namely, environmental dynamism, business ownership motivations, globalisation and innovation & technological advancement. The findings revealed that all the four perceived drivers which were under investigation had positive and statistically significant influence on strategic planning. Regression analysis in Table 4.11 also established that the four perceived drivers (environmental dynamism, business ownership motivations, globalisation and innovation & technological advancement) were responsible for 41.3% of the variation in strategic planning among SMEs. This was also supported by the positive correlations between the four perceived drives and strategic planning as revealed in Table 4.10.

From the findings of this study, it can be concluded that globalisation has the greatest influence on the adoption or practice of strategic planning among SMEs, followed by business ownership motivations. Environmental dynamism has the least influence on the adoption or practice of strategic planning among SMEs followed by innovation and technological advancement. Basing on the analysis of results, this research study accepted the null hypothesis and concluded that perceived driving factors have a positive influence on the adoption or practice of strategic planning among SMEs.

5.1.3 IMPACT OF STRATEGIC PLANNING FACTORS ON BUSINESS PERFORMANCE

After investigating the association between the perceived driving factors and strategic planning, the research study also sought to ascertain the impact of strategic planning factors on business performance of SMEs. Regression analysis as shown in Table 4.15 revealed that the seven strategic planning factors which were being investigated were responsible for 54 % of the variation in business performance of SMEs. From the Correlation analysis depicted in Table 4.14, positive and statistically significant associations were established between five strategic planning factors (formality of strategic planning, environmental scanning, vision & mission statements, employee involvement and strategy implementation) and business performance. Table 4.14 also show that time horizon and evaluation & control are positively correlated with

business performance of SMEs although the two associations are statistically insignificant. In contrast, Regression analysis as depicted in Table 4.17 revealed that of the seven strategic planning factors only two (environmental scanning and strategy implementation) were ascertained to have a statistically significant impact on business performance of SMEs. The two pertinent strategic planning factors which characterise the business performance of SMEs that emerged from this study are also supported in other studies and scholars for example, environmental scanning (Jorosi, 2008) and strategy implementation (Nah et al, 2001).

This study suggests that if SMEs practice or adopt strategic planning, they will be able to assess their environment, adjust their strategies, cushion themselves from the dynamic environment, and hence improve their performance. From the results it can also be inferred that increased environmental scanning and strategy implementation lead to high levels of business performance. Relying on the results obtained, this research study partially accepted the null hypothesis that strategic planning factors have a positive impact on business performance of SMEs.

5.2 EMPIRICAL AND THEORETICAL CONTRIBUTION

The research study endeavoured to provide both academic and practical contributions to the existing body of literature on strategic planning practices and business performance of SMEs. On the academic side, the study contributed fundamental literature to the often neglected research area of business management among SMEs within a developing country. The study also seeks to provide empirical evidence to substantiate other researches that were conducted especially in the developed countries.

The study corroborated the findings from other researches concerning the validity of four perceived driving factors of strategic planning among SMEs. The four driving factors of strategic planning whose validity was confirmed are environmental dynamism, business ownership motivations, globalisation and innovation & technological advancement. Also in line with existing literature the study confirmed the prominence of strategic planning practices as the forerunner to improved business performance among SMEs. Furthermore, the research advanced

a conceptual framework based on the context of Zimbabwean SMEs. The conceptual framework illustrated the strength, statistical significance and the relationships amongst the perceived driving factors, strategic planning factors and business performance of Zimbabwean SMEs. Figure 5.1 below and Figure 5.2 overleaf present the initial conceptual framework modelled from the literature review and the revised conceptual framework, respectively.

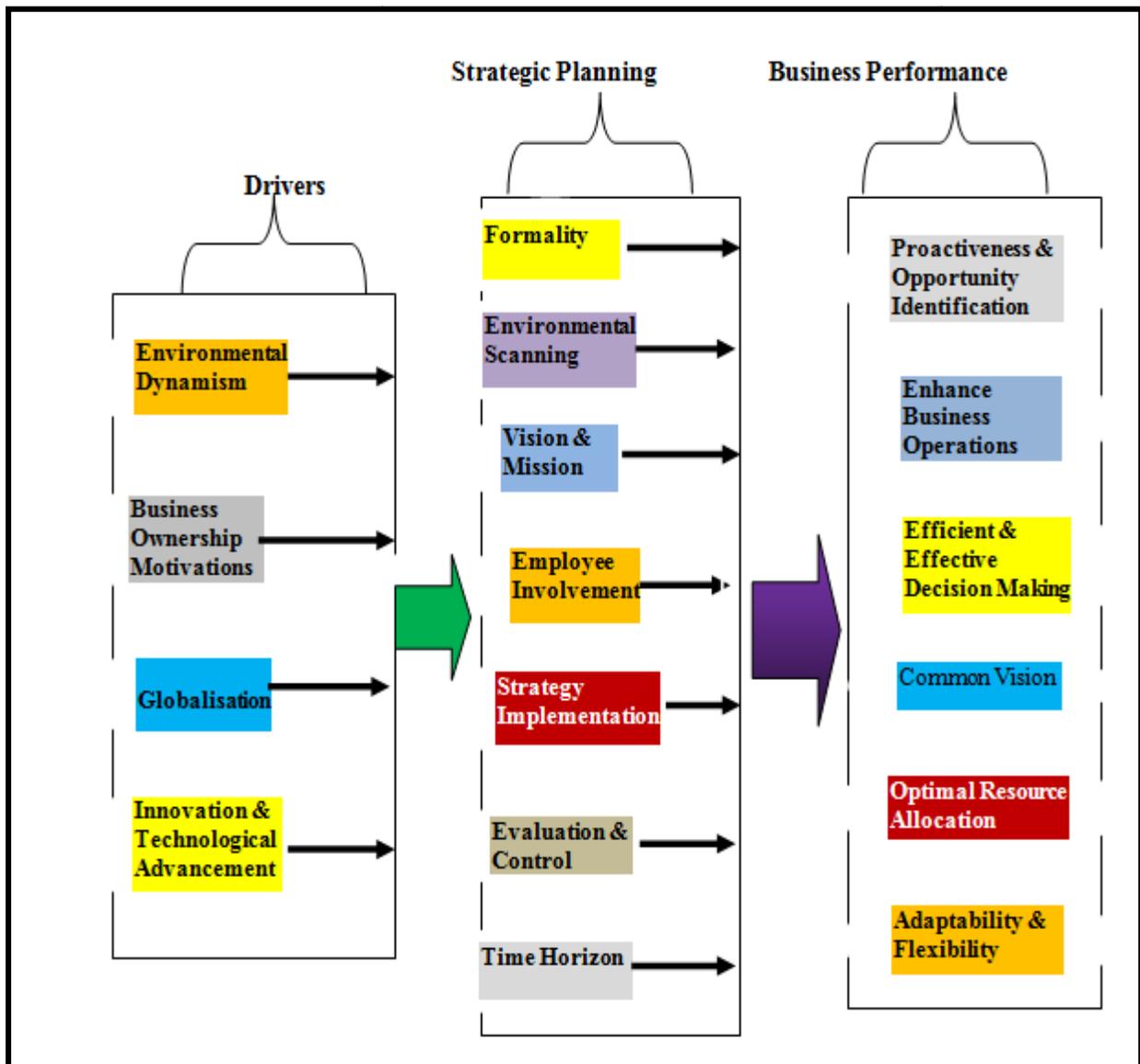


Figure 5.1: Initial Conceptual Framework

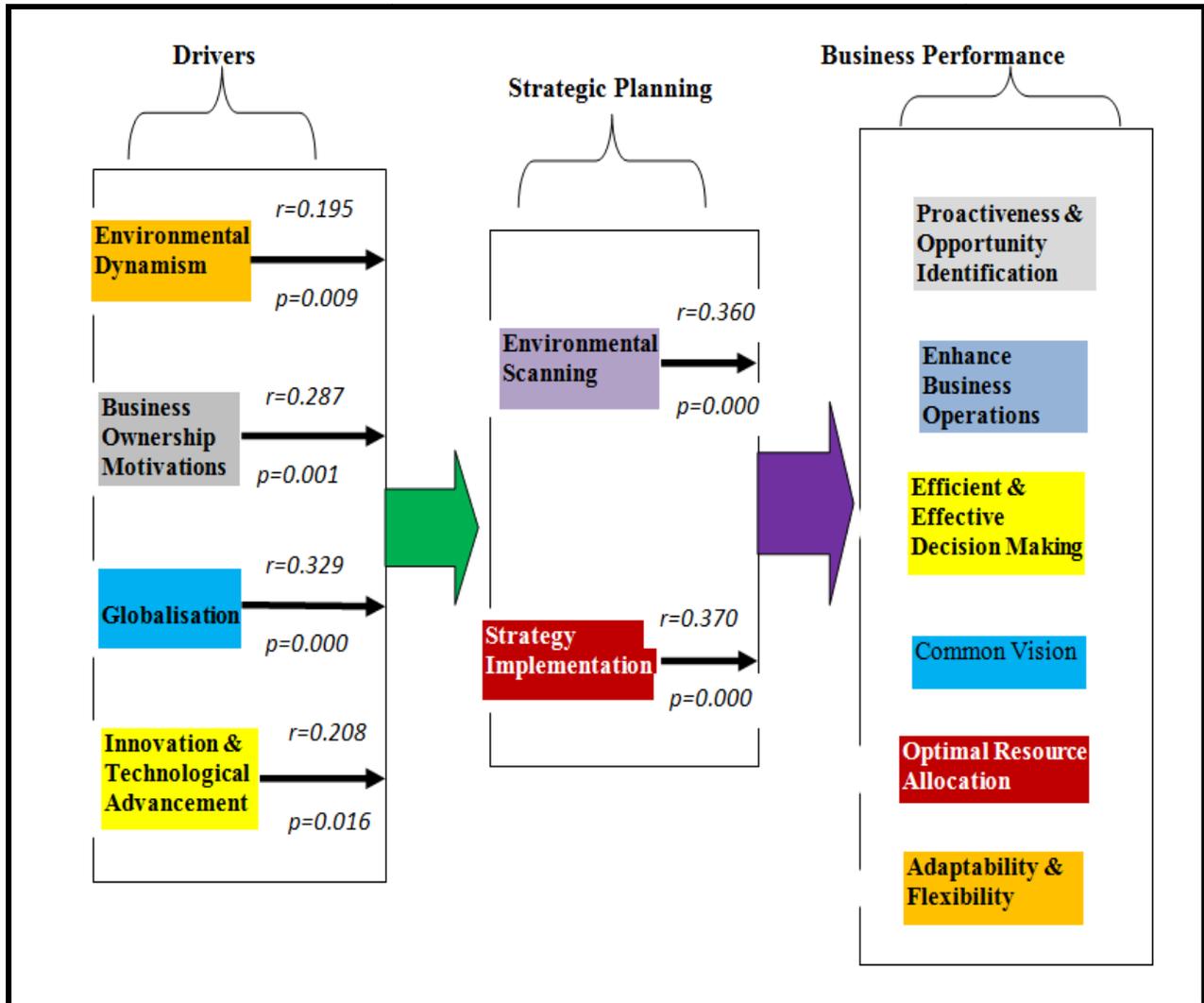


Figure 5.2: Revised Conceptual Framework

Figure 5.2 above shows the revised conceptual framework which shows the strength, significance and relationship amongst the perceived drivers, strategic planning factors and business performance of Zimbabwean SMEs. It is also worth noting that in the context of Zimbabwean SMEs only two strategic planning practices (environmental scanning and strategy implementation) were found to have significant impact on business performance as opposed to the initial conceptual framework which had six statistically significant strategic planning factors. The variation of the two conceptual frameworks depicts the research study's contribution to the existing body of knowledge concerning strategic planning practices and business performance among SMEs.

5.3 MANAGERIAL AND POLICY RECOMMENDATIONS

The SME sector is deemed the engine for economic growth and a major source of employment in Zimbabwe such that this study has useful implications for business owners, professionals and academicians. This study examined the influence of the perceived driving factors on the adoption or practice of strategic planning among SMEs and also investigated the impact of the strategic planning factors on business performance of these small to medium business entities. Recommendations can be drawn from the findings of the study and if they are seriously taken into consideration by the relevant authorities they might bring the necessary changes which will consequently improve business performance of SMEs.

At the time of this study, Zimbabwean SMEs were at the backdrop of being characterised by high attrition rate. The study established that strategic planning factors lay the foundation to improved business performance. It is imperative for SME owners and managers to have an appreciation as well as to understand the strategic planning factors because it will help them discern on which factors to apply in improving the performance of their businesses. The results indicate that environmental scanning and strategy implementation are the two most influential strategic planning dimensions that improve business performance of Zimbabwean SMEs. Therefore, small business owners and managers in the SME sector could improve their business performance by unconditionally prioritising environmental scanning and strategy implementation.

Business environment is continuously being engulfed with volatility, turbulence and uncertainty a condition now requiring owners and managers to judiciously scan the environment. Environmental scanning will assist business entities to gather relevant information that is useful in strategic planning (Karami, 2008). The formulated strategic plans are only as good as their implementation which emphasizes the strong need for owners and managers to consciously think through how they will implement the planned strategies for improved performance. The fact that environmental scanning and strategy implementation strongly influence business performance implies that SME owners and managers should augment these two capabilities in order for them to achieve successful business strategies.

The nation's high attrition rate of SMEs has been regarded retrogressive by various sectors of the economy such that there is now growing importance on entrepreneurship towards the socio-economic development of Zimbabwe. It is against this backdrop that the government of Zimbabwe is being recommended to assist SMEs by providing training on basic strategic planning education which will consequently improve the skills and knowledge of SME owners and managers. This can be realised through funded or subsidised workshops, short courses, flexible university or college courses. Policy makers and academicians are also recommended to assist SME owners and managers through drafting education programmes that will train this targeted group on strategic planning.

In summary, this research study submits that in light of environmental dynamism, business ownership motivations, globalisation and innovation & technological advancement, SME owners and managers can successfully enhance their business performance by prioritising environmental scanning and strategy implementation. Ultimately, enhanced business performance is expected to generate more revenue for SMEs and hence, boost their profitability and chances of survival especially in Zimbabwe's challenging economic circumstances.

5.4 RESEARCH LIMITATIONS

Despite the fact that the current research study offers fruitful insights in respect of the strategic planning practices and business performance of SMEs, it is not devoid of its own limitations. The study only focused on Zimbabwean SMEs operating within the Harare Metropolitan Province and this could present a potential drawback in terms of generalising the results to other SMEs in the country as they could have different views about strategic planning and business performance. Furthermore, the study only utilised owners and managers of SMEs as the key informants during data collection and this is regarded a limitation in that the research could have yielded biased results.

The fact that quantitative approach was adopted for this study also present some limitations in the form of the research instrument (structured self administered questionnaire) that was used to solicit the required information from respondents. Although the researcher had attempted to

design the study questionnaire in such a way that each variable under investigation had as much information or questions as possible, structured close-ended questions inevitably restrict the researcher to further probe for in-depth information from the respondents.

In addition, the research was carried out on limited time constraint (six months) such that cross-sectional survey data was employed to test the proposed hypotheses yet a deeper understanding of the relationships among the identified scale dimensions could have been obtained if longitudinal survey data was used.

Another restraint was that some respondents were not comfortable to release information which they classified as confidential in their operations. The hurdle was circumvented by assuring respondents that all information gathered would be kept confidential and was for academic purposes only. Furthermore, no identification information was required on the questionnaire as a means of assuring respondents' anonymity hence privacy.

5.5 AREAS OF FURTHER STUDY

From the findings and research limitations, it is recommended that future researches should conduct a similar study in other provinces within Zimbabwe or in other countries in order to examine the similarities and differences. Replication of this study is therefore warranted within the SME industry in order to test the validity and reliability of the scales which were adopted.

This study examined SMEs within different sectors such it will be an interesting extension of the study if future research is conducted to investigate the relationships among strategic planning practices and business performance of SMEs within a specific sector as the findings will be more focused and specific to a particular industry. In addition, future research may also consider conducting comparative studies in respect of strategic planning practices between Zimbabwean SMEs and SMEs from another developing country.

5.6 CHAPTER SUMMARY

This research study examined the relationships amongst the perceived driving factors, strategic planning practices and business performance of Zimbabwean SMEs operating within Harare Metropolitan Province. The results indicate that the four main driving factors of strategic planning in their order of importance are globalisation, business ownership motivations, innovation & technological advancement and environmental dynamism. Furthermore, the results indicated that seven strategic planning factors (formality of strategic planning, environmental scanning, vision & mission statements, employee participation, strategy implementation, evaluation & control and time horizon) had a positive relationship with business performance of SMEs. The study also confirmed that of these seven strategic planning factors, only environmental scanning and strategy implementation make a statistically significant impact on business performance of SMEs. Therefore, it is important for SMEs to prioritise scanning of the environment and implementation of the planned strategies in order to enhance their business performance. Through the adoption or practice of strategic planning, Zimbabwean SMEs may continue to play an increased economic role as they will be cushioned from the dynamic, highly competitive and unstable business environment.

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APPENDICES

APPENDIX A: COVER LETTER



UNIVERSITY OF ZIMBABWE
GRADUATE SCHOOL OF MANAGEMENT

04 January 2016

Attention: The Chief Executive Officer / Senior Official

RE: MBA RESEARCH PROJECT – RAYNOLD T. CHIKWAMA

Mr Raynold T. Chikwama is a registered student with the University of Zimbabwe and he is currently working on his research project for the Masters in Business Administration degree (MBA) in the Faculty of Commerce (Graduate School of Management). The title of his research project is *“Strategic Planning Practices: The Antecedents and Business Performance Outcomes in Zimbabwe”*.

Strategic Planning is an area of major concern for strategic leaders of contemporary organisations, particularly SMEs as the literature is well documented that the high failure rate of these organisations is partly attributed to lack of strategic planning. The primary objective of this research is to investigate the perceptions of the strategic leaders in Zimbabwean SMEs with regards to the drivers and benefits of strategic planning.

As a strategic leader of one of the identified organisations of the study population (using the database that was availed with the Ministry of Small and Medium Enterprises and Cooperative Development in Zimbabwe) you are hereby kindly invited to complete the attached questionnaire (it will take approximately 15 minutes of your time). The success of this study largely depends on your cooperation and it is greatly appreciated if you could complete the questionnaire on or before **09 January 2016**.

All information provided by you will be treated confidentially and under no circumstances will this information be made public or used for any other purposes other than for the academic research. If you have any queries or questions, please do not hesitate to contact Mr Chikwama on 0773 548 439.

Thank you very much for your cooperation.

APPENDIX B: RESEARCH QUESTIONNAIRE

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS QUESTIONNAIRE

THE QUESTIONNAIRE CONSISTS OF FIVE SECTIONS

PLEASE INDICATE THE APPROPRIATE ANSWER WITH A TICK (✓)

SECTION A

This section deals with information pertaining to **YOURSELF** and **YOUR ORGANISATION**. Please be assured that this information is **CONFIDENTIAL** and will only be used to compare groups of respondents.

A1 Please indicate your sex.

Male	1
Female	2

A2 Please indicate your age category.

20-29 Years	1
30-39 Years	2
40-49 Years	3
50-59 Years	4
>60 Years	5

A3 Please indicate your current primary job title.

Owner	1
Chief Executive Officer	2
Senior Manager	3

A4 Please indicate your highest qualification.

Post-Graduate Degree (Masters/ Doctorate)	1
Undergraduate Degree	2
Diploma	3
Certificate	4
Other (Please Specify)	5

PLEASE TURN OVER

A5 Please indicate the industry in which your organisation operate.

Manufacturing	1
Private Health Care/ Private Education & Entertainment Services	2
Private Financial Services	3
Travel/ Accommodation & Catering	4
Agriculture	5
Retail	6
Transport, Storage and Telecommunication	7

A6 Please indicate the period which your organisation has operated to date.

<5 Years	1
6-10 Years	2
11-20 Years	3
>21 Years	4

A7 Please indicate the number of permanent staff members employed by your organisation.

<10 Employees	1
11-20 Employees	2
21-30 Employees	3
31-40 Employees	4
41-50 Employees	5
>51 Employees	6

PLEASE TURN OVER

SECTION B

This section deals with statements about strategic planning practices.

B1 Please indicate the extent to which you agree or disagree with the following statements by using the scale prescribed below:

SD=Strongly Disagree; D=Disagree; N=Neutral; A=Agree; SA=Strongly Agree

FORMALITY OF STRATEGIC PLANNING	SD	D	N	A	SA
1. The organisation has developed formal strategic plans.	1	2	3	4	5
2. Formal methods (facts, figures) are used to present the strategic plan.	1	2	3	4	5
3. Formal meetings are used to convey information about strategic planning.	1	2	3	4	5
ENVIRONMENTAL SCANNING	SD	D	N	A	SA
4. The strategic plan includes scanning of the environment (assessment of the organisation's Strengths, Weaknesses, Opportunities & Threats).	1	2	3	4	5
5. The business conducts environmental scanning in order to be informed about technological advances.	1	2	3	4	5
6. The business conducts environmental scanning in order to be informed about customers and their needs.	1	2	3	4	5
VISION AND MISSION STATEMENT	SD	D	N	A	SA
7. The organisation does have the vision and mission statements.	1	2	3	4	5
8. There is a clear vision & mission statement about the future of the business	1	2	3	4	5
9. Everyone is aware of the vision & mission of the business	1	2	3	4	5
EMPLOYEE INVOLVEMENT	SD	D	N	A	SA
10. Employees at all levels of the organisation are involved in the strategic planning process.	1	2	3	4	5
11. Employees are consulted in the strategic planning process.	1	2	3	4	5
12. There is open dialogue of the strategic planning procedures	1	2	3	4	5
STRATEGY IMPLEMENTATION	SD	D	N	A	SA
13. Effective strategy implementation is at the core of the organisation's competitiveness.	1	2	3	4	5
14. Non-monetary rewards are used to motivate employees to be committed to carry out the plan and accomplish goals.	1	2	3	4	5
15. The business rewards employees with bonuses to enforce commitment towards carrying out the strategic plan	1	2	3	4	5
EVALUATION AND CONTROL	SD	D	N	A	SA
16. The organisation monitors and evaluates the execution of the planned strategies.	1	2	3	4	5
17. Feedback about progress in goal achievement is done during regular scheduled meetings.	1	2	3	4	5
TIME HORIZON	SD	D	N	A	SA
18. The optimal time frame of the organisation's strategic plan spans beyond two years before the strategic plan is reviewed and updated.	1	2	3	4	5
19. There are ad-hoc adjustments to the strategic plan whenever the need arises	1	2	3	4	5

PLEASE TURN OVER

SECTION C

This section deals with **YOUR PERCEPTIONS** of the drivers of strategic planning in **YOUR ORGANISATION**.

C1 Please indicate the extent to which you agree or disagree with the following statements by using the scale prescribed below:

SD=Strongly Disagree; D=Disagree; N=Neutral; A=Agree; SA=Strongly Agree

ENVIRONMENTAL DYNAMISM & UNCERTAINTY	SD	D	N	A	SA
1. Organisations engage in strategic planning to counter market changes.	1	2	3	4	5
2. The degree and complexity of the changing business environment is compelling organisations to plan more strategically.	1	2	3	4	5
OWNER BUSINESS MOTIVATIONS	SD	D	N	A	SA
3. The owner has the primary responsibility for setting strategic direction in the organisation.	1	2	3	4	5
4. The formulation of strategic plans is dependent upon the motivations and desires of the owner.	1	2	3	4	5
5. It is the owner who fosters the culture of strategic planning in the organisation.	1	2	3	4	5
GLOBALISATION & GROWING COMPETITION	SD	D	N	A	SA
6. Globalisation is strongly influencing organisations to adopt strategic planning in a bid to gain competitiveness.	1	2	3	4	5
7. Growing competition requires an organisation to strategically plan.	1	2	3	4	5
INNOVATION & TECHNOLOGY	SD	D	N	A	SA
8. Creativity and new product development are among the outcomes of strategic planning.	1	2	3	4	5
9. Technology and new business models evolve from strategic planning.	1	2	3	4	5

PLEASE TURN OVER

SECTION D

This Section deals with **YOUR PERCEPTIONS** of the benefits of strategic planning in **YOUR ORGANISATION**.

D1 Please indicate the extent to which you agree or disagree with the following statements by using the scale prescribed below:

SD=Strongly Disagree; D=Disagree; N=Neutral; A=Agree; SA=Strongly Agree

OPPORTUNITY IDENTIFICATION	SD	D	N	A	SA
1. External orientation and environmental scanning maximise opportunity identification for the organisation.	1	2	3	4	5
2. Through strategic planning, the organisation is proactive in preparing for future contingencies and account for environmental dynamics & complexity.	1	2	3	4	5
IMPROVED BUSINESS PERFORMANCE	SD	D	N	A	SA
3. Strategic planning assists the organisation to exploit core competencies and attain better business performance.	1	2	3	4	5
4. Strategic planning ensures that the organisation operates successfully in a dynamic and complex business environment.	1	2	3	4	5
EFFECTIVE & EFFICIENT DECISION MAKING	SD	D	N	A	SA
5. Strategic planning avails the organisation with pertinent information to make the right decisions.	1	2	3	4	5
6. Adoption of strategic planning smoothens and makes the decision making process fast as well as easier.	1	2	3	4	5
EMPLOYEE INVOLVEMENT & COMMON VISION	SD	D	N	A	SA
7. A strategic plan is a comprehensive master plan that gives employees` a common sense of direction as well as allowing them to work towards a common goal	1	2	3	4	5
8. Strategic planning unifies employees` and allows them to share a common vision.	1	2	3	4	5
9. Strategic planning help to keep the workforce informed about corporate goals and their attainment on a regular basis.	1	2	3	4	5
OPTIMAL RESOURCE ALLOCATION	SD	D	N	A	SA
10. Strategic planning creates a rational basis for optimal resource allocation among stakeholders of the organisation.	1	2	3	4	5
11. Strategic planning ensures the most effective use of organisational resources by focusing the resources on key priorities.	1	2	3	4	5
ADAPTABILITY & FLEXIBILITY	SD	D	N	A	SA
12. Strategic planning enhances the organisation`s flexibility and its ability for improvisation.	1	2	3	4	5
13. Strategic planning ensures that the organisation is stable and able to adapt to changes in the marketplace.	1	2	3	4	5

Thank you very much for taking the time to complete this questionnaire and for your contribution to the research study.

THE END