

The Driving Forces for the Practice of Strategic Planning in SMEs: Evidence from Harare Metropolitan Province, Zimbabwe

Maxwell Sandada¹, Raynold Tinomudaishe Chikwama²

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. 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. Against this backdrop, the purpose of this study was to examine the driving forces for the practice of strategic planning in SMEs. A quantitative cross sectional study was conducted among active SMEs who are registered with the Ministry of Small and Medium Enterprises and Cooperative Development in Zimbabwe. The study revealed that globalisation, business ownership motivations, environmental dynamism and innovation & technological advancement have a positive and statistically significant influence on the adoption or practice of strategic planning among SMEs. The study has important implications for the practice and implementation of strategic planning among SMEs especially in the context of a developing country such as Zimbabwe.

Keywords: Strategic planning; driving forces; economic revival; growth; development

JEL Classification: P50

1. Introduction

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.

¹ PhD, University of Zimbabwe, Zimbabwe, Address: Students Centre, University of Zimbabwe Campus, Harare 00263, Zimbabwe, Corresponding author: msandada@commerce.uz.ac.zw.

² PhD, University of Zimbabwe, Zimbabwe, Address: Students Centre, University of Zimbabwe Campus, Harare 00263, Zimbabwe, E-mail: r.tinomudaishe@gmail.com.

2. Research Problem

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 which factors drive these firms to engage in strategic planning 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.

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 & 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.

Against this backdrop, the study sought to determine the driving factors of strategic planning among SMEs operating within the Harare Metropolitan Province.

3. Significance of the Study

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 academicians with knowledge on the factors that influence the adoption of strategic planning among Zimbabwean 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.

The rest of the paper is structured as follows: It presents a critical analysis of literature on the drivers of strategic planning. This will be followed by the research design, data presentation, analysis and interpretation of the research findings, and the paper concludes by providing the main conclusions and recommendations for management decision.

4. Literature Review and Hypotheses Development

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 & 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, Poe 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.

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. 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.

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 & 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.

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 & 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.

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.

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 & Krysz, 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 and 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.

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).

The conceptual framework for this study is presented on Figure 4.1 overleaf.

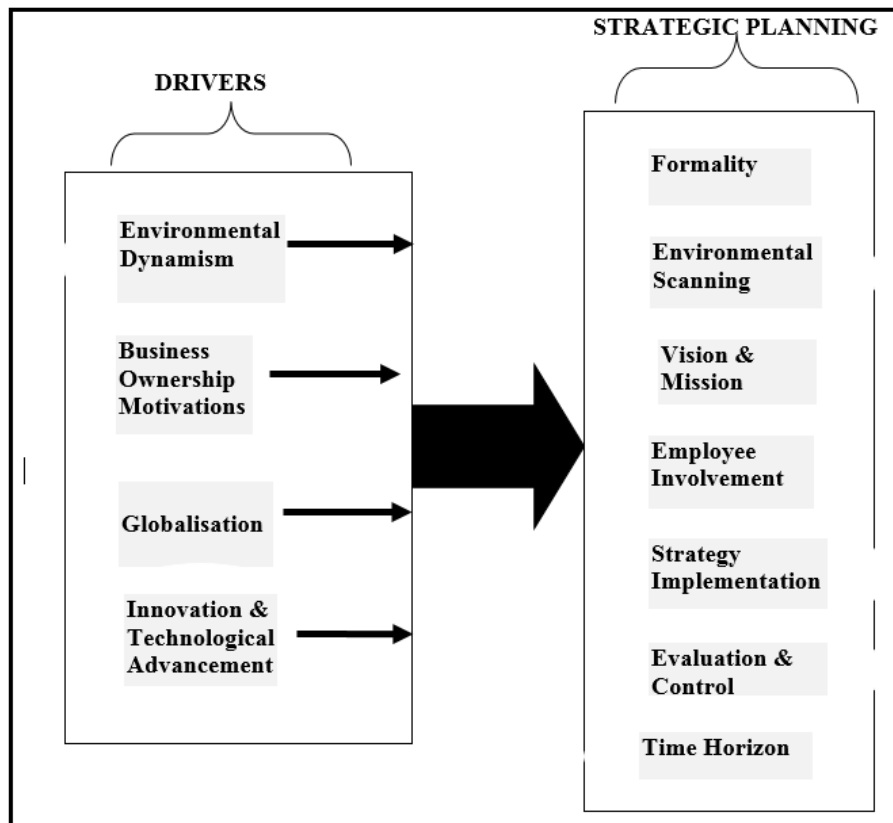


Figure 4.1. Conceptual Framework

Source: Own compilation

Figure 4.1. above illustrates the relationship amongst the perceived drivers and strategic planning practices 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. Based on the foregoing discussion, the study formulated the following hypotheses:

H1: There is a positive relationship between environmental dynamism and strategic planning practice.

H2: There is a positive relationship between business owner aspirations and strategic planning practice.

H3: There is a positive relationship between GLOBALISATION and the adoption of strategic planning.

H4: There is a positive relationship between technological advancements and strategic planning adoption.

5. Research Methodology

The study employed a cross-sectional survey design to investigate the drivers to strategic planning. The quantitative research design was used as it is regarded as an effective way to determine conclusive results (Hair et al., 2010). This study adopted a quantitative, cross-sectional research design. 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 was 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.

Probability sampling techniques in the form of stratified random sampling and simple random sampling were used. 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. The researcher adopted the survey method to which self-administered structured questionnaires were used to gain insight into strategic planning practices of SMEs. 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).

5.1. Data Collection Procedures

A structured questionnaire, which included closed ended questions, was used. The total number of questionnaires distributed to respondents was 153. The

questionnaires were either emailed and hand delivered to mainly the SME owners/managers who had no access to email, in endeavor to stimulate a better response rate. The questionnaires were accompanied by a cover letter which detailed the purpose of the study as well as the instructions on how to respond to the questions. The overall response rate was 117 giving a response rate of 76.47%.

5.2. Measurement Scales

The components of the dependent variable (strategic planning) were formality of strategic planning, environmental scanning, vision & mission statements, employee involvement, strategy implementation, evaluation & control and time horizon. O'Regan and Ghobadian (2006) postulated that strategic planning involves the aligning of long-term business objectives, and the formulating and implementing of formal plans to achieve these goals. The scale developed by Sandada (2013) informed the development of the scale for this study. Environmental Dynamics and Uncertainty was measured by items including market changes, turbulence, and complexity and the scales developed by Fourie (2007) and Zhang, Majid and Foo (2012) were adapted to develop the scale for the current study. Business owner aspirations were defined by Hughes (2003) as the pull and push forces driving someone to own a business, and were measured using aspects motivations, desires of SME owner and Zahir's (2012) scale was adapted to develop a scale for the current study. On the other hand, the scales developed by Fourie (2007) and Waihenya (2014) were used to develop the scale for this study. Waihenya's (2014) scale was also used to develop the technological advancement scale.

5.3 Data Analysis

The data analysis for this study consisted of inspecting the questionnaires for completeness and correctness of information captured. Data was then captured into SPSS and an examination of descriptive responses according to frequency distributions and descriptive statistics was performed. Correlation analyses were performed to assess the degree of association between variables under study. Multiple regression analysis was also conducted so as to identify the extent to which the variables under study influence firm performance.

5.4 Reliability and Validity Measures

To test for reliability the Cronbach's Alpha (α), which is a measure of internal consistency between measurement items, was computed. As shown in Table 4.1, the Cronbach's alpha values ranged from 0.763 to 0.847, thereby surpassing the minimum threshold of 0.6 recommended by Malhotra (2007). The Pearson's product-moment correlation coefficients were computed to assess convergent validity. The study reported significant positive correlations ranging from $r = 0.018$ to $r = 0.472$ (at $p < 0.01$) signifying the attainment of convergent validity. The construct correlation matrix is reported in Table 4.2. Regression analysis was used

to assess predictive validity. Causality was shown by all independent variables, that is, environmental dynamism, owner aspirations, globalisation and technological advancement, as shown in Table 4.4, thus demonstrating the attainment of predictive validity.

Table 4.1. Reliability test table

	Cronbach's Alpha	N of Items
Strategic Planning	.819	19
Drivers of strategic planning	.763	9
Overall alpha	.847	18

6. Results of the Study

6.1. Sample Composition

The gender 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.

In terms of age, 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. 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. With regards the highest level of education, 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.

6.2. Correlation Analysis

Pearson’s product-moment correlation coefficient was adopted in testing the correlations amongst the above mentioned perceived drivers and strategic planning. Table 4.2 illustrates the correlation analysis between the four perceived drivers and strategic planning of SMEs.

Table 4.2. Correlation analysis – perceived drivers and strategic planning

		Planning	Dynamism	Motivations	Globalisation	Innovation
Planning	Pearson Correlation	1	.276**	.472** ¹	.429**	.395**
	Sig. (2-tailed)		.003	.000	.000	.000
	N	117	117	117	117	117
Dynamism	Pearson Correlation	.276**	1	.102	.146	.018
	Sig. (2-tailed)	.003		.272	.117	.851
	N	117	117	117	117	117
Motivations	Pearson Correlation	.472**	.102	1	.172	.521**
	Sig. (2-tailed)	.000	.272		.063	.000
	N	117	117	117	117	117
Globalisation	Pearson Correlation	.429**	.146	.172	1	.103
	Sig. (2-tailed)	.000	.117	.063		.270
	N	117	117	117	117	117
Innovation	Pearson Correlation	.395**	.018	.521**	.103	1
	Sig. (2-tailed)	.000	.851	.000	.270	
	N	117	117	117	117	117

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

As shown in Table 4.2 Business Ownership Motivations; Globalisation and Innovation & Technological Advancement) proved to be positively correlated with Strategic Planning and all the four associations were also statistically significant.

6.3. Regression Analysis

To examine the relationship between the independent and dependent variables, regression analysis was conducted. Regression analysis was deemed to be an appropriate statistical approach due to the existence of significant associations amongst the variables. Prior to conducting regression analysis, key assumptions were verified. The adequacy of the sample size was assessed since regression analysis is

susceptible to sample size. Tabachnik and Fidell (2007) proposed a sample size of $N > 50 + 8m$ (where m = number of independent variables) as adequate to perform multiple regression analysis. The sample size considered in the study is 153 respondents, which is above the minimum of 82 respondents when four independent variables are involved.

Table 4.3 below presents the model summary of the regression analysis between the four perceived driving factors and strategic planning.

Table 4.3. 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

Table 4.3 shows a value of R-square (0.413) which means that the model consisting of 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. The effect of each driver on strategic planning is indicated on table 4.4.

Table 4.4. Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(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: Planning; F=19.675; p=0.000

As depicted in Table 4.4, the value F-value of 19.675, and a p=0.000 shows that the regression model was a good fit for analysing the effect of perceived drivers on strategic planning of SMEs. The results showed also show that Globalisation makes the most significant contribution to Strategic Planning of SMEs [$\beta = 0.329$, $p < 0.05$ ($p=0.000$)]. Business Ownership Motivations make the second most significant contribution to Strategic Planning of SMEs [$\beta = 0.287$, $p < 0.05$ ($p=0.001$)]. Innovation and Technological Advancement make the third most significant contribution to Strategic Planning of SMEs [$\beta = 0.208$, $p < 0.05$ ($p=0.016$)].

Environmental Dynamism makes the least significant contribution to Strategic Planning of SMEs ($\beta = 0.195$, $p < 0.05$).

Multi-collinearity was assessed by inspecting the inter-correlation matrix, tolerance value and the variance inflation factor for each independent variable. Multi-collinearity refers to a high degree of inter-correlation between constructs (Shen & Gao 2008). As shown in Table 4.4 all reported correlations are below 1 or -1, signifying the absence of perfect multi-collinearity within the data set. 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 thereby demonstrating that there was no problem of multi-collinearity.

7. Discussion of Findings

The first hypothesis (H1) predicted that environmental dynamism positively influence the adoption of strategic planning. The results 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 (2001) 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 a positive relationship between owner aspirations and strategic planning. The results demonstrated that business ownership aspirations [$\beta = 0.287$, $p < 0.05$] 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 third hypothesis (H3) stated globalisation leads SMEs to adopt strategic planning. The results confirm the hypothesis ($\beta = 0.329$, $p < 0.05$) and revealed that globalisation 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 fourth hypothesis (H4) stating that technological advancement positively force strategic planning practices is also confirmed. The outcome of this research revealed

that innovation and technological advancement ($\beta = 0.208, p < 0.05$) 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.

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. 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 and strategic planning practices of Zimbabwean SMEs.

8. 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.

The study established that 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 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.

9. 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.

10. 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.

11. Conclusion

This research study examined the relationships amongst the perceived driving factors and strategic planning practices 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. Therefore, it is important for SMEs to prioritise scanning of the environment in order to keep abreast with environmental forces. 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.

12. References

- Al Ghamdi, S.M. (2005). The Use of Strategic Planning Tools and Techniques in Saudi Arabia: An Empirical Study. *International Journal of Management* , 22 (3), 376-395.
- Al-Shammari, H.A. & Hussein, R.T. (2007). Strategic Planning Firm Performance Linkage: Empirical Investigation From An Emergent Market Perspective. *Advances in Competitiveness Research* .
- Ayyagari, M., Demirguic-Kunt, A. & Maksimovic, V. (2011). *Small vs Young Firms Across The World - Contribution to Employment, Job Creation and Growth*. Policy Working Paper, 5611, The World Bank Development Research Group.
- Babbie, E. & Mouton, J. (2002). *The Practice of Social Research*. Cape Town: Oxford University Press.
- Balasundaram, N. (2009). *Incidence of Strategic Planning in Small Business: An Overview*. Sri Lanka: University of Juffna. Department of Commerce.
- Bryman, A. & Bell, E. (2007). *Business Research Methods* (2nd ed.). Oxford: Oxford University Press.
- Cohen, L. & Morrison, K. (2011). *Research Methods in Education* (7th ed.). London: Routledge.
- Confederation of Zimbabwe (CZI). (2012). *Annual CZI Mnaufacturing Sector Survey*.
- Cooper, D.R. & Schindler, P.S. (2014). *Business Research Methods*. Boston: Irwin McGraw Hill.
- Creswell, J.W. (2008). *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*. London: Sage Publications.
- Dansoh, A. (2005). Strategic planning practice of consruction firms in Chana. *Construction Management and Economics*, 23 , 163-168.
- David, F.R. (2003). *Strategic Management: Concepts and Cases*. New Jersey: Pearson Education.
- Delmar, F. & Shane, S. (2003). Does Business Planning Facilitates The Development Of New Ventures? . *Strategic Management Journal* , 24 (12), 1165-1185.
- Dempsey, P. & Dempsey, A. (2000). *Using Nursing Research* (5th ed.). Baltimore: Lippincott.
- Desai, A. (2000). Does strategic planning create value? The stock market`s belief. *Management Decision Journal* 38(10) , 685-693.
- Dincer, O., Tatoglu, E. & Glaister, K.W. (2006). The Strategic Planning Process: Evidence From Turkish Firms. *Management Research News* , 29 (4), 206-219.
- Dubihlela J. & Sandada M. (2014). Impact of Strategic Planning on Small and Medium Enterprises (SMEs) Performance: The Role of Employee Praticipation, Implemenation Incentives and Evaluation and Control. *J. Economics* 5(1) , 45-55.
- Ehlers, T. & Lazenby, K. (2006). *Strategic Management: Southern African Concepts and Cases*. Pretoria: Van Schaik Publishers.
- Fisher, C. (2010). *Researching & Writing a Dissertation: An Essential Guide for Business Students* (3rd ed.). England: Pearson Education Limited.

- Forbes, D. J., & Seena, S. . (2006). The value of a mission statement in an association of not-for-profit hospitals. *International Journal of Health Care Quality Assurance*, 19(5) , 400-419.
- Fraser, D.L. & Stupak, R.J. (2002). A Synthesis of the Strategic Planning Process with the Principles of Learning, Leading and Linking. *International Journal of Public Administration* , 29 (9), 1199-1220.
- French, J.S; Kelly, S. and Harrison, J. (2004). The role of strategic planning in the performance of small professional services firms. *Journal of Management Development* 23(8) , 765-776.
- Gavetti, G; Levinthal, D & Rivkin, J. (2005). Strategy making in novel and complex worlds: the power of analogy. *Strategic Management Journal*, Vol 26, No 8 , 691-712.
- Geissler, C. & Kryszewski, C. (2013). *The Challenges of Strategic Management in the Twenty-First Century*. B. Schwanker, T. Wulf (eds), Scenario-Based Strategic Planning, Roland Berger School of Strategy and Economics.
- Gibson, N.A. (2007). The Informal Sector in Kenya. A Presented at the Youth Micro Finance Forum Held at the University of Nairobi on 12 October 2007.
- Harwell, M.R. (2011). 'Research Design in Qualitative/Quantitative/Mixed Methods' in *The SAGE Handbook for Research in Education, Pursuing Ideas as the Keystone of Exemplary Inquiry*, Clifton, F.C and Ronald, C. (eds), pp. 147-163.
- Hitt, M.A., Bierman, L., Shimizu, K. & Kochhar, R. (2001). Direct and Moderating Effects of Human Capital on Strategy and Performance in Professional Service Firms: A Resource-Based Perspective. *The Academy of Management Journal* , 44 (1), 13-28.
- Hodgetts, R.M. & Kuratko, D.F. (2001). *Effective Small Business Management*. Dryden: Fort Worth, TX.
- Hofstee, E. (2006). *Constructing A Good Dissertation: A Practical Guide for Finishing a Master`s, MBA or PHD on Schedule*. Johannesburg: EPE.
- Huang, C.J. (2006). Strategic Planning and Dysfunction: The Dark Side of Mandating a Formal Planning System. *Soochow Journal of Political Science* , 22, 47-71.
- Hunger, J.D. & Wheelen, T.L. (2007). *Essentials of Strategic Management* (4th ed.). New Jersey: Pearson Education.
- Jennings, D and Disney, J. (2006). Designing the strategic planning process: Does psychological tyoe matter. *Management Decision Journal*, 44(5) , 598-614.
- JJohnson, R.B. & Onwuegbuzie, A.J. (2004). Mixed Methods Research: A Paradigm Whose Time Has Come. *American Educational Research Association* , 33 (7), 14-26.
- Kantabutra, S. & Avey, C.A. (2010). The Power of Vision: Statements That Resonate. *Journal of Business Strategy* , 31 (1), 37-45.
- Karami, A. (2008). An Investigation on Environmental Scanning and Growth Stratefy in High Tech Small and Medium Sized Enterprises: Paper Read at the High Technology Firms Conference Held at the University of Twente between 21 and 23 May 2008. Twente.
- Kauffman, C. (2008). *Financing of SMEs in Africa. Policy Insight No. 7. African Economic Outlook 2004/2005*. pg 8-9.
- Kraus, S., Harms, R. & Schwarz, E.J. (2006). Strategic Planning in Smaller Enterprises- New Empirical Findings. *Management Research News* , 29 (1), 334-344.
- Kumar, R. (2005). *Research Methodology- A Step by Step Guide for Beginners*. Sage Publications.

- Leedy, P.D. (2005). *Practical Research - Planning and Design*. Pearson Prentice Hall.
- Lobontiu, G. (2002). Strategies and strategic management in small business. MPP working paper, 15 Copenhagen: Copenhagen Business School, Department of Management, Politics and Philosophy, 28.
- Mazzarol, T., Rebound, S., & Soutar, G. N. (2009). Strategic planning in growth oriented small firms. *International Journal of Entrepreneurial Behavior and Research*, 15(4) , 320-345.
- Ministry of Industry and Commerce, Government of Zimbabwe. (2012). *Trade and Investment*.
- Morris, M. H., Kuratko, D. F. and Covin, J. G. (2008). *Corporate Entrepreneurship and Innovation*. Thomson South-Western.
- Morse, J.M., Swanson, J. & Kuzel, A.J. (2001). *The Nature of Qualitative Evidence*. Sage Publications.
- Neuman, W.L. (2000). *Social Research Methods: Qualitative and Quantitative Approaches* (4th ed.). Boston: Allyn & Bacon.
- Norman, M.S. & Thomas, W. (2013). *Effective Small Business Management: An Entrepreneurial Approach*. New Jersey: Pearson Education.
- Nyamwanza, T. (2013). A Case Review of Pre-requisites for Strategy Implementation Among SMEs in Zimbabwe. *European Journal of Business and Social Sciences* , 2, 124-133.
- O'Regan, N. & Ghobadian, A. (2004). The Importance of Capabilities for Strategic Direction and Performance. *Management Decision* , 42 (2), 292-312.
- O'Regan, N. a. (2007). Formal strategic planning: Annual rain dance or wheel of success. *Strategic Change, Vol 16, No 1-2* , 11-22.
- Pellissier, R. & Kruger, J.I. (2011). A Study of Strategic Intelligence as a Strategic Management Tool in the Long-Term Insurance Industry in South Africa. *European Business Review* , 23 (6), 609-631.
- Raps, A. (2004). *Implementing Strategy: June 49-53*.
- Robison, R.B. & Pearce, J.A. (2005). *Formulation, Implementation and Control of Competitive Strategy* (9th ed.). Boston: McGraw-Hill Irwin.
- Saffu, K and Manu, T. (2003). Strategic capabilities of Ghanaian female business owners and the performance of their ventures. *Unfiled Notes, Brock University* , 1-17.
- Sandada, M. (2015). Strategic Planning Dimensions in Small and Medium Enterprises (SMEs) in South Africa: Their Relative Importance and Variations in Selected Demographic Variables. *Economic Forum Journal* , 4 (1).
- Sandada, M., Pooe, D. & Dhurup, M. (2014). Strategic planning and its relationship with business performance among Small and Medium Enterprises in South Africa. *International Business and Economic Research Journal* 13(3) .
- Shen, J. & Gao, S. (2008). A solution to separation and multicollinearity in multiple regression . *Journal of Data Science* 6 (4) , 515-531.
- Smit, P.J., Cronje, G.J.J., Brevis, T. & Vrba, M.J. (2007). *Management Principles: A Contemporary Edition for Africa* (4th ed.). Cape Town: Juta & Co. Ltd.
- Smith, Y. & Watkins, J.A. (2012). A Literature Review of Small and Medium Enterprises (SMEs): Risk Management Practices. *African Journal of Business Management* , 6 (21), 6324-6330.
- Speculand, R. (2009). Six necessary mind shifts for implementing strategy. *Business Strategy Series*, 10(3) , 167-172.

Stonehouse, G. & Pemberton, J. (2002). Strategic Planning in SMEs: Some Empirical Findings. *Management Decision* , 40 (9), 853-861.

Teeratsirakool L., Siengthai S., Badir Y & Cheroengam C. (2013). Competitive strategies and firm performance: the mediating role of performance measurement. *International Journal of Productivity and Performance Management* 62(2) , 168-184.

Tsikirayi. (2014). *Small Enterprises Management: MBA Class Notes*. Harare: Graduate School of Management - UZ.

Tustin, D.H. (2006). *Marketing Research in Practice*. Pretoria: Unisa Press.

Ungerer, M., Pretorius, M. & Herholdt, J. (2007). *Viable Business Strategies: A Systematic, People Centric Approach* (2nd ed.). Johannesburg: Knowres Publishing.

Wang, C., Walker, E.A. & Redmond, J. (2007). Explaining the Lack of Strategic Planning in SMEs: The Importance of Owner Motivation . *Journal of Organisational Behaviour* , 12 (1), 1-16.

World Economic Forum. (2014). *The Global Competitiveness Report 2014-2015*. Geneva.

Yamane, T. (1967). *Statistics: An Introductory Analysis* (2nd ed.). New York: Harper & Row.

Zikmund, Babin, Car & Griffin. (2009). *Business Research Methods* (8th ed.). Chicago: South Western Education.

Zikmund, W. (2014). *Business Research Methods*. Mason, OH: South-Western.

Government of Zimbabwe. (2011). SMEs ACT. Zimbabwe: Government Printers.

Government of Zimbabwe. (2013). Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) "Towards an Empowered Society and a Growing Economy" October 2014-December 2018.