

UNIVERSITY OF KWA-ZULU NATAL

**Promoting Sustainability and Growth in SMES Manufacturers through the
Adoption of Strategic Management in Pinetown.**

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DECLARATION

I declare that:

The research reported in this thesis, except where otherwise indicated, is my original work.

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Signed:

Abstract

Strategic management is a major contributor to the success of any organization. It is not limited to larger companies or organization in specific sectors but to all. Due to the advances in technology and the opportunities being created, SMEs keep emerging either to compete or compliment large corporations. Most of the founders and managers in these SMEs may not have knowledge of strategic management or business-related academic background. The purpose of this study was to establish the level of adoption of strategic management practices by manufacturing SMEs in South Africa and its influence on their performance and sustainability. The study was anchored on four theories namely, resource-based view of the firm, the contingency theory, profit maximization and competition-based theory and survival-based theory. The research design employed in this study was survey method. The target population was 150 manufacturing SMEs that are based in Pinetown, South Africa. The sample size was of 108 manufacturing SMEs, being a calculation by the guidance of Sekaran and Bouge (2014)'s table of sample size. The researcher used a questionnaire as the primary data collection instrument. The study relied on primary data that was obtained from questionnaires that were distributed to the companies. The data was analysed using SPSS version 22 and descriptive statistics. Frequency distribution table were used to summarize the data that was received from the respondents. From the findings, the study did establish that majority of the companies did not have employees with a business-related academic background and also are not managed by employees who have experience in managing an organization. It was noted that adoption of strategic management is more in line with product strategies compared to other areas like human resource and marketing. The study found out also that the organizations believe that the adoption of strategic management has had an influence on the performance of their organizations. The study concludes that majority of the organisations have adopted strategic management practices in their operations. Most of the focus of the organisations has been in product strategy and operations. The study has also concluded that adoption of strategic management practices has an influence on the performance of the organization. The study recommends that manufacturing SMEs should focus on creating strategies that would help them gain a competitive advantage and also help in improving their performance for sustainability.

Key terms: Strategic, Management, Small to Medium Enterprises

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List of Acronyms

SMEs **Small and Medium Enterprises**

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CHAPTER ONE: INTRODUCTION TO THE RESEARCH STUDY

1.1 Introduction

Small and Medium Enterprises (SMES) face numerous challenges in the business environment with some failing in within a short period from inception. By adopting strategic management, SMES can overcome some of the challenges and operate competitively and sustainably. This study seeks to examine ways and means to promote sustainability and growth in SMES in manufacturing sector within Pinetown. Sustainability and growth of SMEs have the potential to create more job opportunities, improve the country's economy and the welfare of the citizens of the country (Isaac, Levy, & Ognits, 2012).

1.2 Background of the Study

Strategy is concerned with the long-term direction of an organization (Johnson, Scholes, & Whittington, 2012). Along with this direction of the organization is management to ensure that the laid-out strategies are fulfilled. Management is the function that coordinates the efforts of the employees in order to accomplish the strategies that have been set out using available resources effectively and efficiently (Quinn, 2010). To achieve success, an organization would come up with strategies that would help them counter the changes and forces that are in play within the environment that they operate. SMEs Manufacturers are basically new companies trying to succeed with no history. This means they are required to act based on environmental conditions and a lot of uncertainty (Ries, 2011).

Theories have been developed over time and evolved and they try to explain how strategic management can be implemented within an organization to achieve the intended goals. According to Barney (2015) the resource-based view theory of the firm suggests that an organization's competitive advantage is dependent on the resources and capabilities it has. Profit Maximizing and competition-based theory is of the opinion that the main goal of a business is to maximize its profits and maintain a competitive advantage (Porter, 2014). This theory assumes that any strategy that an organization embarks on should lead to more profits. The contingency theory suggests that there is no single best way to manage a business (Khairuddin, 2015). Organizations should base their strategies on the existing market conditions. When the conditions change

the organization should adapt to them. A start-up is an organization designed to search for a product/market fit and a business model (Blank, 2010). SMEs Manufacturers or any new organization exists in a lot of uncertainty. Apart from coming up with an excellent idea or a good business plan, they would still require the right management skills and strategies in order to succeed and grow. They would require the right organizational structure; right strategies to be implemented and management of the available resources in order to grow the business. An organization should be able to understand the environment, both internal and external with which they operate and plan how they will achieve their set goals within the environmental conditions (Byren, 2017).

1.3 Problem Statement

Strategic management is a key factor for the success of any business in achieving their intended goals. It is concerned with many complexities that arise from ambiguous and non-routine situations within and without any organization (Johnson et al., 2012). Start-up companies need to find ways to manage their operations and to survive in the environment within which they operate. Manufacturing is currently one of the fastest growing sectors in South Africa (Peake, 2013). It has created a lot of opportunities for new companies to come up that are involved in creating solutions to existing problems and providing of services. With these opportunities also come along challenges of implementing the right strategies with such organizations. Most of those who are involved in starting companies that provide manufacturing operations are mostly individuals with no business management background in terms of education. As such, they will use their knowledge to run the companies rather than normal strategic management practices. This has an effect on the adoption of strategic management principles in the daily operations of the companies.

South Africa has experienced huge growth in the SMEs Manufacturers sub sector. Waema and Ndung'u (2012) found out that there are huge investments being made in the manufacturing sector in South Africa. This growth has created opportunities for new companies that offer services that take advantage of the opportunities provided (Peake, 2013). One major challenge faced by the manufacturing sector is building capacity for these companies. This creates a need to study if strategic management can be used to help them overcome such challenges.

Studies have been done to establish the influence of adoption of strategic management. Wangeci (2009) undertook a study on adoption of innovative strategies by insurance firms in Kenya. She found out that companies that have a strong technology enabled innovative strategy would most likely have a competitive advantage over their competitors. She focused on innovative strategies that take advantage of technology. Okello and Kanyora (2015) suggests that construction firms should adopt strategic plans to help them achieve organization goals. Okello and Kanyora (2015) found out that competitive strategies are crucial in influencing the success of construction firms. This was after conducting a research on the influence of strategic management on performance of construction firms. The research indicates that strategic management is crucial for the success of any firm in achieving their goals. The purpose of this research is to find out the adoption of strategic management practices by SMEs Manufacturers in South Africa and its influence on the performance. It also hopes to answer the question what the influence of strategic management adoption on the performance of SMEs Manufacturers in South Africa is.

1.4 Aim of the Study

The aim of the study is to assess the Sustainability and Growth in SMEs Manufacturers through the Adoption of Strategic Management in Pinetown.

1.5 Research objectives

1. To identify the extent of adoption of strategic management practices by manufacturing SMEs in Pinetown.
2. To identify the influence of strategic management on performance of manufacturing SMEs in Pinetown
3. To assess the strategic management practices being practised by SMEs manufacturers in Pinetown.
4. To recommend on how best to promote strategic management for the Sustainability and Growth of SMEs Manufacturers SMEs through the Adoption of Strategic Management in Pinetown.

1.6 Research questions

1. To what extent does manufacturing SMEs in Pinetown adopt strategic management Pinetown?
2. What influence does strategic management have on performance of manufacturing SMEs in Pinetown?
3. What are the strategic management practices being practised by SMEs manufacturers in Pinetown?
4. What recommendations can be made to promote strategic management for the sustainability and growth of SMEs Manufacturers in Pinetown?

1.7 Significance of the study

The study will show the importance of strategic management theories to the success of the organizations. The research aims to show if the existing theories of strategic management can indeed affect how manufacturing SMEs in Pinetown operate. It aims to provide ground with which researchers can conduct further studies on manufacturing companies and also companies in other sectors. This study will help those forming policies to understand the importance of strategic management on manufacturing SMEs (Amyx, 2015). It could help them formulate policies that will facilitate the adoption of strategic management by such companies. The study confirms the various theories on strategic management and its influence on performance. It adds to the existing body of knowledge of strategic management. This study could also help those intending to or running manufacturing SMEs to understand the importance of strategic management and how it can influence their performance (Berry, Rodriguez & Sandee, 2011).

The research further aims to reveal the importance of strategic management practices and its impact to the performance of an organization. This aims to help those in the sector and those who are starting new manufacturing companies to understand how important it is for them to adopt strategic management in their operations. It aims to show how strategic management can be used to achieve the set-out goals for any organization. The research hopes to provide recommendations on how manufacturing SMEs in South Africa can adopt strategic management principles and also provide room for them to explore other options to managing their operations. It aims to also provide an insight to investors in such companies to understand the importance of

strategic management and help them implement these strategies in the manufacturing companies that they invest in (Benzing, Chu and Kara, 2011).

The research will provide more information to those in positions formulating policy to find new ways to empower those starting new companies to take into consideration strategic management practices. This research will help students and entrepreneurs with strategic management background as well as understanding the importance of management as a pillar to the success of their business (Amyx, 2015). The research aims to provide an insight to the government so that they can implement policies and programs that will help manufacturing SMEs in South Africa to be able to access information that help them better manage their companies. It aims to also assist those in learning institution to understand the importance of strategic management adoption by organisations. This would help them formulate policies that will help students who are looking to start own companies to get also an understanding of the importance of strategic management in operating their new companies.

This study is significant as adopting the findings of the study, SMEs can improve their competitiveness by using strategies that will be applicable to their situations. The findings derived from the study will position SMEs in manufacturing sector in a more competitive position. Government and related organs of the state will be able to craft and implement policies that will promote growth and sustainability in the SMEs, thereby strengthening and improving their welfare (Boyett, Joseph and Jimmie, 2012). This will result in the creation of more job opportunities, growing the economy and improved standard of life of the citizens of RSA. The adoption of strategic management will equip the enterprises with skills that will enable them to survive and grow in the ever-changing turbulent business environment by taking appropriate course of action in a timely fashion and making more informed decisions (Cook, 2011). The growth and sustainability of SMEs will contribute to employment creation, economic growth and poverty eradication. Governments worldwide have policies that promote the growth and sustainability of SMEs

1.8 Limitations of the study

The limitations to the study that the researcher came across were:

- Time Constraints – The data had to be collected within 3 months, but due the busy schedules of the participants, they had to be continuously reminded by doing follow ups and visiting the respondents time and time again.

- Confidentiality – Most of the participants were concerned about confidentiality. Confidentiality was sought, and the participants were assured of such, and that also assisted in having more participants.

1.9 Brief Research methodology

For a successful study to be conducted, it is necessary for a researcher to design a research methodology aligned to the identified problem. A proper understanding of what would constitute a suitable method for the study, the order of accuracy, and the efficiency of the method needs to be considered in determining the chosen research methodology. All the methods, which may include various procedures and schemes, utilised during the research study are termed research methods. Having said so, the research methods should be scientific and properly planned to neutrality (Chetty, 2009). A definition from the same authors is that ‘Research methodology is a systematic way to solve a problem’.

The research method chosen for this study is a quantitative approach which assisted in the collection of data and finding a solution to the problem. In line with best practices, the diverse components of this study were carefully examined and a pre-determined set of questions was developed, from which participants had to choose the most appropriate answer (Chipp, 2017). The analysis of those answers in terms of the response quantum assisted in the quantification of the areas being studied, e.g. a level of awareness of the strategy.

1.10 Organisation of the Study

The research will be arranged in the following layout:

- **Chapter one:** Consists of eight sub- sections, introducing the study, briefly outlining the background of leadership, problem statement, aim of study, the main objectives of the study and questions to be answered, study significance and the conclusion.
- **Chapter two:** The literature review of strategic management is provided. It is also divided into sub- sections focusing on organizational leadership and management; strategic management tools; government’s interventions; and effects of globalization.
- **Chapter three:** The research design and the methodology of the study are covered. How the methodology is conducted is also stipulated, which is a

quantitative approach. The instruments and data collection techniques used are also stipulated.

- **Chapter four:** Results, discussion of findings, analysis and interpretation will also be provided by the researcher.
- **Chapter five:** This final chapter provides recommendations based on the results, discussion and findings of the study, recommendations for the enhancement of effective and efficient financial management by the strategic leaders. Areas of further research are also highlighted.

1.11 Conclusion

Chapter one introduced the study by providing a clear background regarding the need to promote sustainability in the SMEs. The dire current economic situation in the country requires an aggressive approach in order to create more job opportunities using SMEs as the vehicle. Problem statement was stated, and rationale of the study was discussed. SMEs contribution to the economy is emulated, and hence their survival is critical for the growth and creation of wealth in a country. The chapter highlighted objectives and aligned questions to address the study problem. In the proceeding chapter, the focus will be on the review of literature on SMEs.

CHAPTER 2: REVIEW OF LITERATURE

2.1 Introduction

A number of theories have been developed over time that deals with strategic management. These theories have been dealt with in this chapter. This chapter also looks at those theories that focus on management alone. The study had been guided by the resource-based view theory of the firm, the contingency theory and the profit maximising and competition-based theory and Survival based theory of strategic management.

2.2 Strategic management

There are multiple variables that constitute the environment in which an organisation operates, and which affect its ability to perform. The complexity of the environment in which businesses operate has increased drastically in recent years with factors such as globalisation and the unprecedented pace of technological advancement and change (Berry et al., 2011) Such factors or variables most definitely affect performance; however, they have the potential to affect the very survival of an organisation. It is therefore important for organisations to formulate, execute, monitor and evaluate their strategy consistently, and to revisit their strategic management framework regularly to ensure its relevance (Buys and Van Rooyen, 2014).

This notion that organisations need to engage consistently in strategic management is supported by Pop and Borza (2013), who refer to the danger of an unstable business environment as a risk to the survival of any business. Given the difficult global and local economic climate, the need for strategic management processes to develop, execute and evaluate strategies has never been greater.

According to Poister, Pitts, and Hamilton Edwards (2010), strategic management is intended to enhance the entire set of managerial decisions and actions that determine the long-run performance of an organisation. Further to this, Odunlami and Ogunsiji (2011) describe strategic management as a dynamic process of formulation, implementation, evaluation and control of strategies to realise the organisation's strategic intent. The need for a dynamic process is an important point as rigid strategic management approaches in an uncertain, complex and rapidly changing environment can jeopardise the very existence of an organisation (Pop and Borza, 2013).

That strategic management is a vital component of an organisation has been demonstrated by many researchers. Strategic planning began to emerge as concept in the mid-1950s and has been utilised mostly by the private sector, as the public sector has focused primarily on constitutional mandates and laws. There has, however, been a shift in recent times as both the private and the public sector are now using strategic management as a developmental tool. In fact, strategic planning is now regarded as a key management component of the public sector. It is, however, noted that the reputation of strategic management in public organisations has been somewhat tainted by its inability to execute the desired results (Nartisa, Putans, and Muravska, 2012).

Szymaniec-Mlicka (2014) explains that strategic management is attracting considerable attention within the public sector as part of efforts to improve service delivery in a constantly changing and complex environment. This complexity arises from the fact that the public sector is politicised and is unable to predict emerging social dynamics accurately whilst at the same time dealing with and satisfying many different stakeholders with divergent expectations. The debate on the positioning of strategic management and the attendant complexities within the public sector is also dealt with by Lega (2012), who expands on the high levels of bureaucracy, bureaucratic procedures, decreased managerial autonomy and low levels of organisational commitment that prevail in public organisations. In summarising the above discussion, it is clear that strategic management is vital to both the private and public sectors. Strategic management is a process that at the very minimum entails formulation, execution, monitoring and evaluation of a strategic plan (Brink and Cant, 2013).

2.3 Strategy formulation

The formulation phase of the strategic management framework is also referred to as strategic planning (Buys and Van Rooyen, 2014). In order to better understand the concept of strategic planning, a deeper analysis of the term strategy reveals that it emanates from the word *strategos*, a Greek term meaning a general set of manoeuvres taken to defeat an opponent (Eden and Ackermann, 2013). Put simply, strategies are the instruments by which identified goals are realised and as such organisations need to undertake strategic planning to produce the plans or strategies that will map the way forward and enable the achievement of objectives.

In examining the definitions of strategic planning, as opposed to the broader concept of strategic management, a study of the relevant literature indicates that most researchers refer to a systematic process that assists leaders in understanding their

micro and macro environments better through proper assessments, hence empowering them to make better decisions to achieve the vision of the organisation. A more comprehensive definition is provided by Ugboro, Obeng, and Spann (2011), who state that Strategic planning is defined as the process by which organisations determine and establish long-term directions and formulate and implement strategies to accomplish long-term objectives while taking into account relevant internal and external environmental variables. Strategic planning is used both in the private and public sectors to promote strategic development and improved administration. The process involves identifying an ideal future state known as the vision, setting out the underlying principles that the culture is going to be built on in terms of the values, clarifying the mission which spells out what will be done to achieve the vision, addressing strategic issues, structuring programmes and plans for strategy implementation, and lastly defining the key performance indicators by which programme performance is measured. Again, the significance of understanding the internal and external factors influencing the business has been highlighted to be of vital importance (Choonhaklai and Wangkanond, 2014).

Tomky (2011) describes strategic planning as a transparent, future-focused, collaborative process that utilises many different sets of techniques that can be combined into three phases. In the first phase, an environmental assessment is performed to gain a collective understanding of external forces that may affect the business. The second phase consists of running scenario analyses in an effort to identify those success factors that will facilitate business success irrespective of which scenario plays out. During the third phase, a strategic plan with high-impact strategic actions is mapped and the vision, mission and values are revised.

In contrast to the often generalised definitions and processes, Kono and Barnes (2010) offer a more specific set of logically constructive approaches to strategic planning. The starting point should be to gain a common understanding of what or where the organisation is, what its aspirations are in terms of its ideal state, and how it intends to achieve its desired state. The authors identify four important steps within the formulation phase that would need to be carried out before the implementation of any strategy starts. The first step in developing a strategy is the crafting of a vision that outlines the core ideologies and aspirations of the entity for which the strategy is being developed. The vision would also be an indicator of the entity's values, purpose and future path. The second step is the development of an effective mission statement that

conveys information such as the organisation's target markets, products, services, service locations and philosophies, amongst others.

The third step is analysis, which usually involves the use of models such as SWOT (strengths, weaknesses, opportunities and threats) and value-chain analyses to gain insight into the entity's micro as well as macro environment. The fourth step is the formulation of a long-term strategy, and models such as Porter's generic strategies can be very useful. Grant, Macdonald, and Sharifi (2011) point out that despite sophisticated planning processes and good plans, many organisations fail to deliver on their strategic objectives due to a lack of proper risk management. Grant et al. propose that the strategic framework should have a component of risk management within the formulation and execution phases, as detailed in Figure 1. Whilst this diagram is titled Strategy audit environment, it provides a good basis for a visual representation of the basic strategic framework.

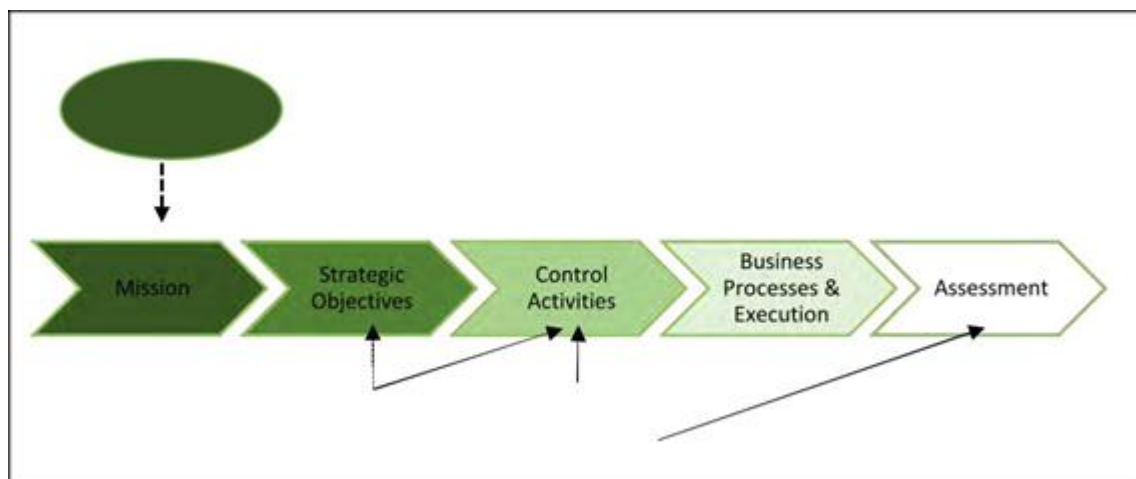


Figure 2.1 Strategy audit environment Source (Grant et al., 2011)

According to Grant et al. (2011), the framework depicted in Figure 1 enables internal auditors to assess an entity's exposure to risk in relation to its strategy, more specifically to its strategic objectives. The authors explain that a proper risk-management system is an essential component of the strategic management process. Once strategic risks have been identified, they need to be assessed, and the management controls that are in place need to be evaluated. If the existing controls are deemed insufficient, the level of control would need to be improved. Hence, combining risk identification and assessment of control activities as a risk management component, and combining other aspects of the strategic management process mentioned above, Figure 1 can be adapted as follows.

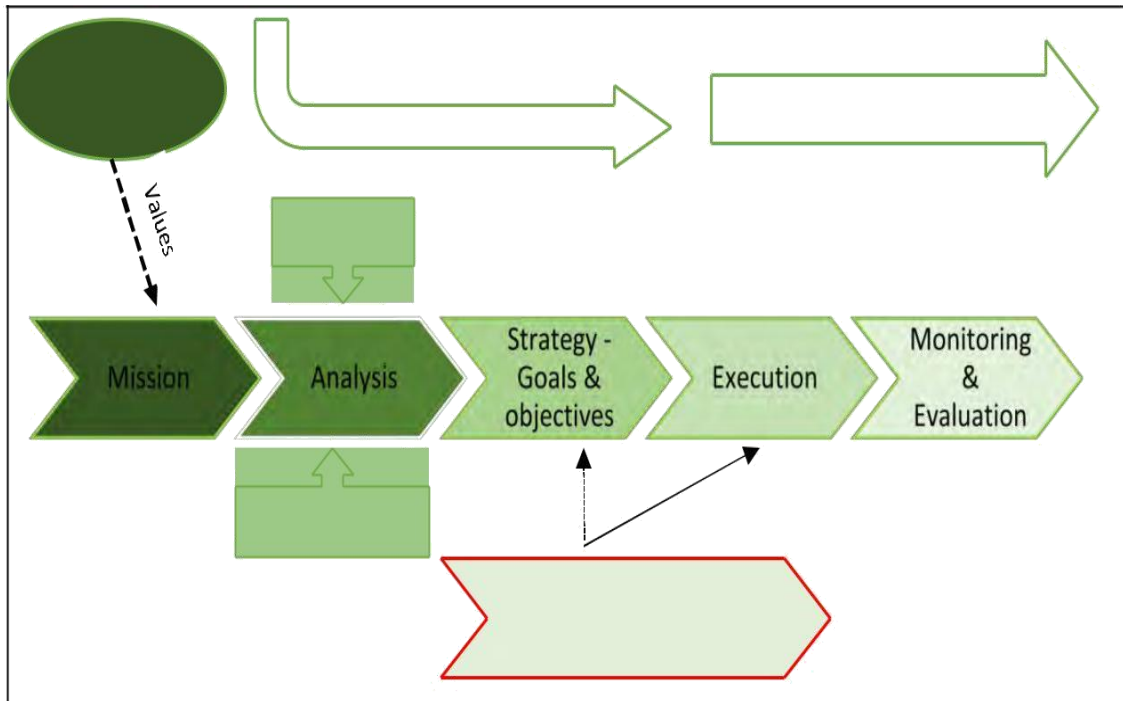


Figure 2.2 Adapted strategy audit environment

Source: Kono and Barnes (2010)

Figure 2 is the framework presented by Grant et al. (2011), adapted to the research performed by Kono and Barnes (2010). It can be seen that the fourth step outlined by these authors contains the development of the strategy, as well as the goals and strategic objectives. Therefore, for the purposes of this study, this will be used as the primary framework and adapted to accommodate new research findings if necessary and where applicable. This adapted framework has been segmented to reflect the formulation and implementation phases, and also has an added analysis component. Risk and control activities have been combined into risk management, and certain other terminology has been modified, such as strategic objectives becoming strategy with goals and objectives.

In relation to the issue of goals and objectives, clear goal and objective setting is key to effective strategic planning. Jung and Lee (2013) state that goals and performance measures in governmental agencies are decided and set while simultaneously considering internal (e.g. top leadership and senior managers) and external (e.g. constituents, service consumers and regulators) stakeholders.

Whilst some researchers use the terms goals and objectives interchangeably, MacLeod (2012) explains that goals and objectives are not the same and should be clearly distinguished. Goals tend to be general, high-level, intangible, qualitative, hard-to-validate statements, used to define corporate strategies based on long-term

planning as the end result. A goal might require a multitude of objectives or sub-goals. Hence, the starting point in crafting clear goals, the distinction between goals and objectives must be acknowledged and understood. Once a goal statement has been crafted, objectives that enable the achievement of that goal need to be identified. The SMART (specific, measurable, achievable, relevant and time-bound) principle is a popular and widely accepted tool that is commonly used to ensure that objectives are properly formulated; however, Day and Tosey (2011) argue that the SMART principle lacks the human touch. This missing human perspective is also noted by MacLeod (2012).

Whilst Day and Tosey (2011) present some alternative models, MacLeod (2012) presents an improved version called the 'SMARTER' framework, which retains the original components of SMART and adds 'ER' (engage and reward). Engage refers to engaging the relevant stakeholders in order to create a sense of ownership, and reward refers to attaching the right kind of incentives to the achievement of objectives, in order to foster desired behaviour. Setting goals and objectives are the final elements of the formulation phase.

Linking strategic planning to the performance of an organisation is important in order to create an environment that is conducive to executing strategy. Research has shown that utilising a comprehensive approach, with feasibility studies and in-depth environmental analyses, as well as action plans with targets as part of the strategic plans, has proven to assist with improving the performance of an organisation (Ligthelm and Cant, 2012). Another aspect for consideration is the debate on whether strategic planning should involve a top-down or bottom-up approach. Whilst the debate continues, the general consensus is that having more participation from relevant stakeholders, e.g. middle managers, can be advantageous in promoting and strengthening the link between strategy and organisational performance (Poister et al., 2010).

Kaplan (2015) takes a different view of the strategy development process by proposing that leaders affirm the organisational mission, values and vision as the first steps. Whilst the mission describes the purpose of the entity, the vision defines an ambitious measurable target, ideally put forward in a very concise statement. It is often useful for organisations to summarise their strategy statement for easy understanding, communication and buy-in.

Ultimately, every strategy formulation process ends up with the creation of some sort of strategic plan. Abdallah and Langley (2014) point out that strategic plan can cause

strategic ambiguity if it is not written properly and too many aspects are left open to interpretation. Whilst this can play an enabling role initially, over time it can lead to internal contradictions and over-extension. It is therefore prudent to ensure that there is little, or no strategic ambiguity caused by the process as well as the plans produced as a result thereof. In general, strategic plans should clearly articulate the link between goals and measurable outcomes and should pay particular attention to how these are communicated to the rest of the organisation. The result of such communication should be buy-in from the relevant stakeholders with simultaneous alignment to operational planning. In all these aspects, customer value should be the central point of reference (Fernley, 2012). A clear strategic plan that takes into consideration these factors will definitely assist in the next phase: strategy implementation.

2.4 Strategy implementation

Implementing strategic plans can prove to be challenging for most organisations, and this is especially so for SOEs. Whilst some strategic plans contain elements such as performance measures that assist in execution, others do not, and they rely totally on the various implementation approaches, e.g. organisation redesign and cascading to business units (Poister et al., 2010). The cascading strategy and the need for all the levels of strategy to be properly aligned is discussed by Salimian, Khalili, Nazemi, and Alborzi (2012), who explain the three levels of strategy as follows:

- Corporate-level strategy is intended to create value by deciding on corporate undertakings in multi-business activities and resource allocation.
- Business-level strategy is aimed at creating and enhancing the competitive edge of the organisation.
- Functional-level strategy is developed in order to support business-level strategies.

The concept of the three levels of strategy is supported by various other authors. Crilly (2013), however, explores an enterprise-level strategy. This strategy level is the highest in an organisation and is positioned above corporate-level strategy in order to integrate the organisation with its wider environment. Watts and Ormsby (2015) explain an operational-level strategy which is meant to assist with the implementation of functional-level strategies, and they emphasise that the importance of each of the strategy levels must not be underestimated.

Despite the different models of cascading strategy, Kaplan and Norton (2015), state that 95% of employees in most organisations have no knowledge or understanding of

the organisation's strategy. This is a particularly worrisome aspect in the field of strategy, as knowledge and some level of acceptance of strategy by the wider community of employees is a critical success factor for strategy implementation. Research reveals that relying on the conventional cascading methodology is simply not enough. Instead, senior managers are the most appropriate means through which awareness and acceptance of the organisational strategy can be increased. The more senior managers take an active role in communicating, explaining and listening to employees with regard to the strategy, the better will be the awareness and acceptance levels (Galunic and Hermreck, 2012).

Whilst Poister et al. (2010) agree that communication is an important component for successful strategy implementation, they add that communication must be facilitated for all relevant stakeholders, and also state that effective public managers can use strategy to focus attention and effort on real priorities, provide a consistent framework to guide decisions and actions, and give an organisation a new or renewed sense of purpose. Other factors that can have a positive impact on strategy implementation include linking of the strategic plan to the budget process and making the strategy a central component of overall management, especially performance management, that requires extensive monitoring.

Disturbing statistics regarding failed strategy implementation continue to surface. Even as Kaplan and Norton's (2015) research found that over 90% of employees in organisations have no knowledge or understanding of their organisation's strategy, at the same time Miller cited in Kalali, Anvari, Pourezzat, and Dastjerdi (2011), stated that organisations fail to implement over 70% of their strategic initiatives.

Failures in implementation could have very severe consequences for businesses, and appropriate strategy implementation has therefore been of great concern for managers. Whilst frameworks such as the balanced scorecard have emerged to assist in strategy implementation, there is a need for people involved in strategic planning and implementation to be aware of critical success factors (Kalali et al., 2011).

Kalali et al. (2011) look into the critical success factors outlined in this body of research and have compiled a list of the 16 most frequently mentioned factors. These are resource availability, confidence, communications, synergies between goals and priorities, environmental certainty, coordinated activities, adequate skills capacity, clear operational plans, senior management support, necessary leadership and guidance from management, clear key performance indicators, matching of employees' values and strategic direction, appropriate organisational structure,

commitment from top managers to follow through with strategy implementation, clear strategy and alignment of business processes, work systems, and other organisational dimensions. Figure 2.3 categorises the key success factors in terms of the balance scorecard perspectives.

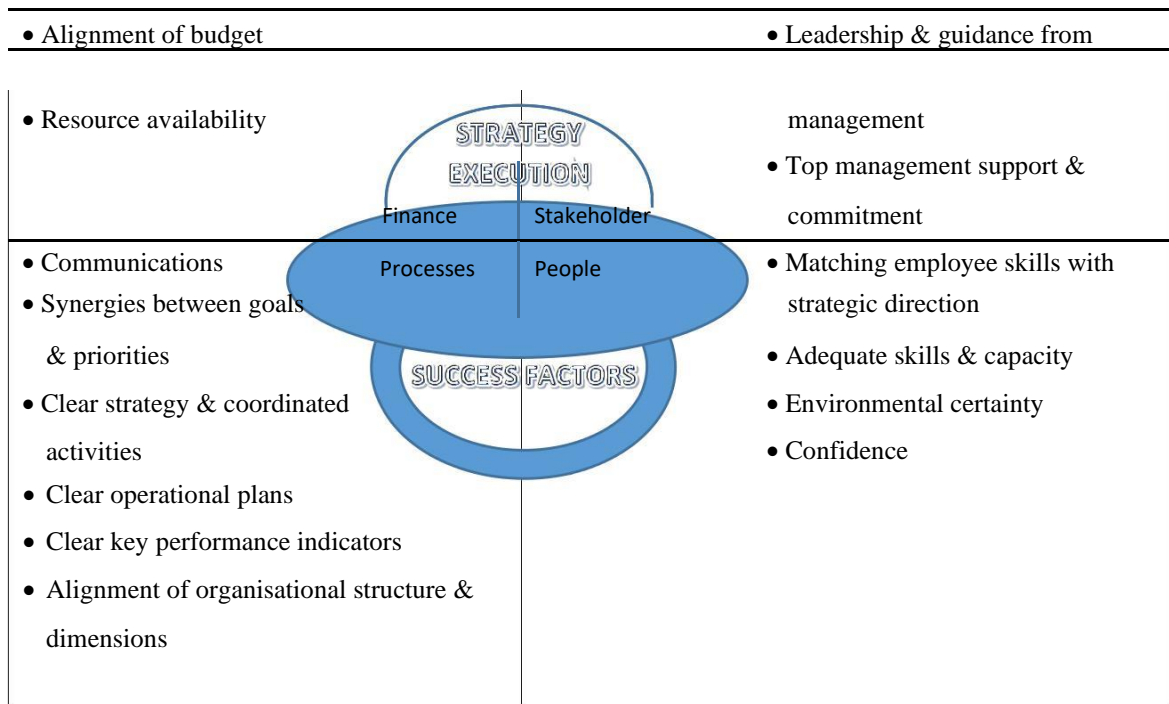


Figure 2.3 Key success factors for effective strategy implementation

Source: Kalali et al. (2011)

Figure 2.3 illustrates the key success factors identified for effective strategy implementation by prior research. The reworking of the list was performed to contextualise each factor and the balanced scorecard framework was utilised in the alignment.

From a financial perspective, it is of vital importance that budgets be aligned to strategy with synergised goals and priorities so that resources are allocated properly. Top management support and commitment were identified as critical from a stakeholder perspective, as the front line implements the strategy.

In relation to processes, the organisational structure needs to be aligned to the strategy, and operational plans need to contain clear key performance indicators. Other essential aspects include communication and synergies between goals and priorities (Neil, 2011). The last perspective relates to people; it would

therefore be understandable to expect people to have confidence in the strategic direction, which should ideally complement the available skill set. These factors should all inform the business model of the organisation.

Hough, Thompson, Strickland, and Gamble (2011) elaborated further on the importance of strategic alignment and point out certain barriers to this, as illustrated in Figure 2.4.

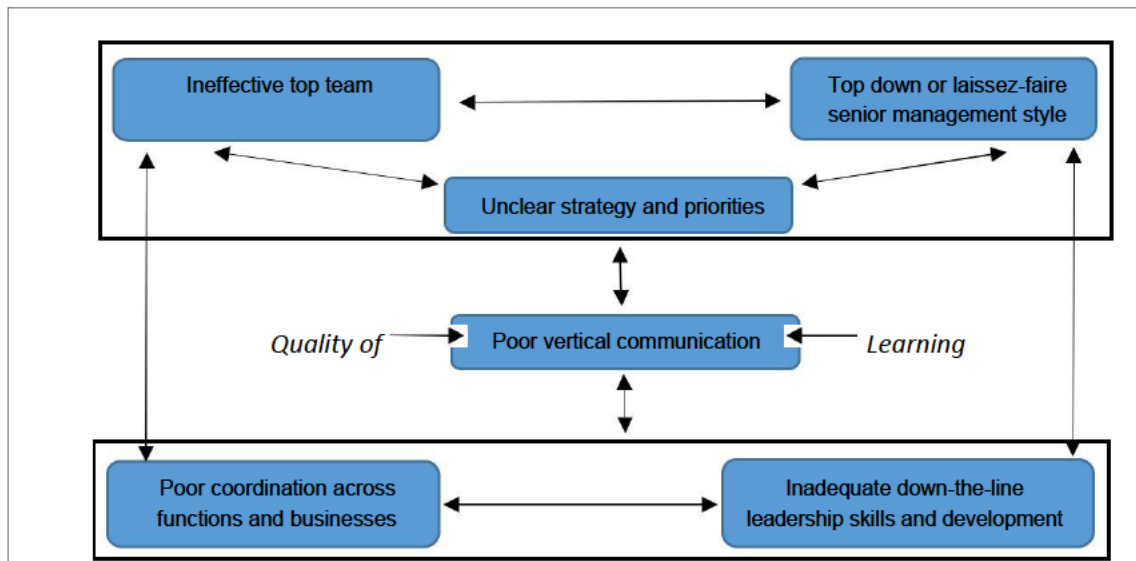


Figure 2.4 Barriers to strategic alignment

Source: Hough et al. (2011)

An ineffective top team and a laissez-faire senior management style may result in unclear strategy and priorities. An ineffective top team also tends to produce poor coordination across business functions. Another important factor that has been mentioned before is communication. Poor vertical communication will invariably contribute to strategic misalignment and may also contribute to a lack of the required skills development necessary for strategy execution.

Andrews, Boyne, Law, and Walker (2011) observe that implementing strategy is often more difficult than formulating it, and it is widely accepted to be an aspect of management where many organisations fail. They explore the term implementation style and its ability to improve performance through strategy implementation.

Implementation style can be defined as the approach that organisations adopt when putting strategies into practice. The two main elements for consideration are the level

of centralisation of responsibility and the sequence of activities moving from formulation to implementation. Inasmuch as there is a positive link between an improved ability to implement strategy and a fairly centralised environment with a rational planned approach, there is no evidence suggesting that performance will definitely improve.

In order to improve performance, implementation style needs to be aligned with strategy. It is understood that an organisation's implementation style reflects of its culture; therefore, entrenched routines and behaviours need major consideration. In keeping with a rational implementation style, the author highlighted the importance of using project plans to implement strategies, and the regular review of progress against targets — in other words, monitoring and evaluation, the final step in the framework outlined earlier in this chapter.

Monitoring involves assessing the progress made towards achieving a desired target through day-to-day operations by systematically collecting relevant data and providing information to stakeholders about required interventions. Whilst monitoring is about assessing progress during implementation, evaluation is about objectively measuring the results of finalised or ongoing tasks. Evaluation identifies four aspects of a particular task and these are performance, quality, relevance and potential impact (Ijeoma, 2010).

The South African Presidency (2007), as cited by Ijeoma (2010), defines a monitoring and evaluation system as a set of organisational structures, management processes, standards, strategies, plans, indicators, information systems, reporting lines, and accountability relationships which enable national and provincial departments, municipalities and other institutions to discharge their monitoring and evaluation functions effectively. Monitoring and evaluation are therefore vital components of strategy implementation.

2.5 Strategic process

Meissner (2014) argues that despite strategic planning being a dominant management feature, its effectiveness is not always evident. He proposes that shifting some of the traditional thinking around strategic planning, for example by using performance goals instead of resource deployment techniques, has produced more definite positive results signifying efficiency. This shift is also accompanied by characteristic changes such as shorter planning horizons and greater flexibility, with the focus being on

performance targets designed predominantly for managing, as well as directing, different segments of the organisation. The notion that strategic planning should focus on targeted performance is supported by Jung and Lee (2013).

Top management taking ownership of the strategic planning process is identified as one of the characteristics that ensures effective planning. Such ownership entails taking responsibility of the process, which should ideally not be delegated, and clearly defining the mission as well as strategic objectives. Leadership should foster an appropriate management style that facilitates a collaborative culture in the crafting and execution of the strategic plan, which should be informed by an assessment of the strengths and weaknesses of the organisation.

From an administrative perspective, apart from having clear procedures that the affected employees know about, the establishment of organisational coordinating structures, such as a strategy office and an appropriate reward system, has also been identified as a factor that results in increased efficiency. The debate on the effectiveness of strategic planning as a strategic management tool is also an important consideration. Whilst the arguments in favour of its effectiveness identify benefits such as improved organisational processes and better performance as a result of an increase in employee commitment, the arguments against its effectiveness assert that strategic planning inhibits creative thinking, which in turn prevents the development of the sort of innovative culture that is so necessary in the prevailing ever changing and complex environment (Ugboro et al., 2011).

2.6 Business models

Business models are a fairly new concept that has captured the interest of many management and strategy researchers. A business either explicitly or implicitly uses particular business models that outline the process of value creation and delivery. The crux of a business model is in defining how an organisation provides value to customers, entices them to pay for it, and translates such payment into profit. The business model of a company is therefore a vital cornerstone component for success since it reflects how an organisation designs itself for value creation and delivery. Changes in the global landscape have altered the ways in which businesses operate to maximise profit. This is one of the reasons why discussions on business models have become a topical issue recently. In a logical process, the business model would

flow from the strategic process as the issues involved in the design of a good business model are all interrelated (Teece, 2010).

Hough et al. (2011) explain how action plans and initiatives relate to strategy; however, the means through which an organisation produces profit by properly structuring revenue and cost streams can be referred to as the business model. Teece (2010) differentiate strategy from business models by explaining that business models coordinate different parts of a business while strategy arranges factors in the quest to win the competitive struggle.

McGrath (2010) concurs with the above statements and adds that the business model concept is pivotal for strategy. Understanding the business model empowers businesses to adapt quickly to changing consumer patterns, hence providing the edge required to stay in business. In arriving at the appropriate business model, a process of experimentation is central and thus allows for a great deal of institutional learning. Another important factor that business model designs enable is early detection of weaknesses, which allows for timeous corrective steps.

Nair, Paulose, Palacios, and Tafur (2013) propose that the concept of the business model can be defined as a set of factors such as core logic, belief systems, cognitive environments, and competencies that effectively interact, leading to value creation from resources. The authors conclude that although the extent to which the business model affects the performance of an entity cannot be quantified due to lack of research, there is a clear link between the two factors. An inappropriate business model will most definitely affect performance negatively and could cause an organisation to lose its competitive edge. It is interesting to note that although many authors that have attempted to define exactly what a business model is, probably just as many authors have indicated that such a definition has not been consistently agreed upon. Even though Demil and Lecocq (2010) fall into the second category, they attempt to identify the elements that are consistently mentioned in the conceptualisation of the business model. Their findings are as follows:

The primary constructs and dimensions of a business model are the value proposition, value architecture, value network and value finance. Whilst the value position describes the business logic in terms of value creation, the architecture demonstrates how the organisation is organised to allow the provision of products or services. The value network is about how the organisation coordinates and collaborates with different

parties to complete transactions, and value finance refers to how issues such as costings are managed in order to improve profit. Business models provide a coherent but abstract description of the value-generation process and the business logic of an organisation. Business models can be used for a variety of purposes at different levels of an organisation.

Business models should not replace business strategy; however, the strategy needs to be sustained through the business model, which contains information that assists in translating objectives into tasks and functions. As such, the business model becomes a link between strategy and organisational processes. The strategy, business model and business processes need to be aligned.

The concept of alignment is critical in ensuring the execution of strategy. Demil and Lecocq (2010) illustrate this concept further in Figure 2.5 and Figure 2.6.

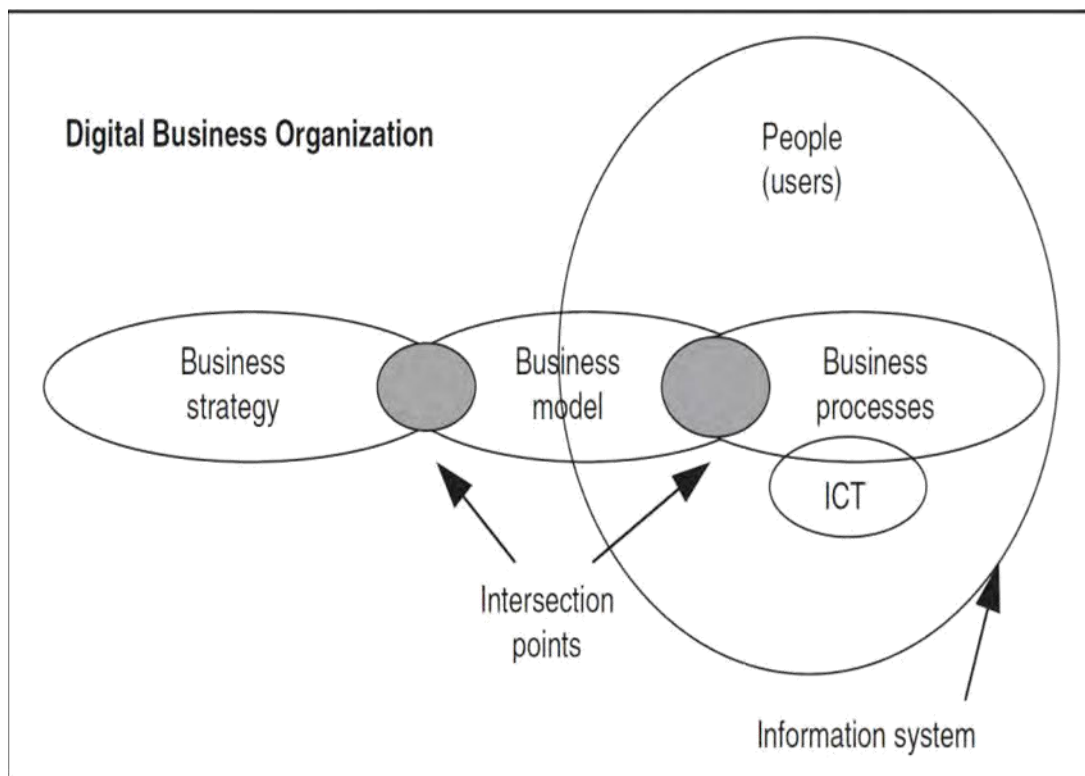


Figure 2.5 Business model intersection points (Demil and Lecocq, 2011)

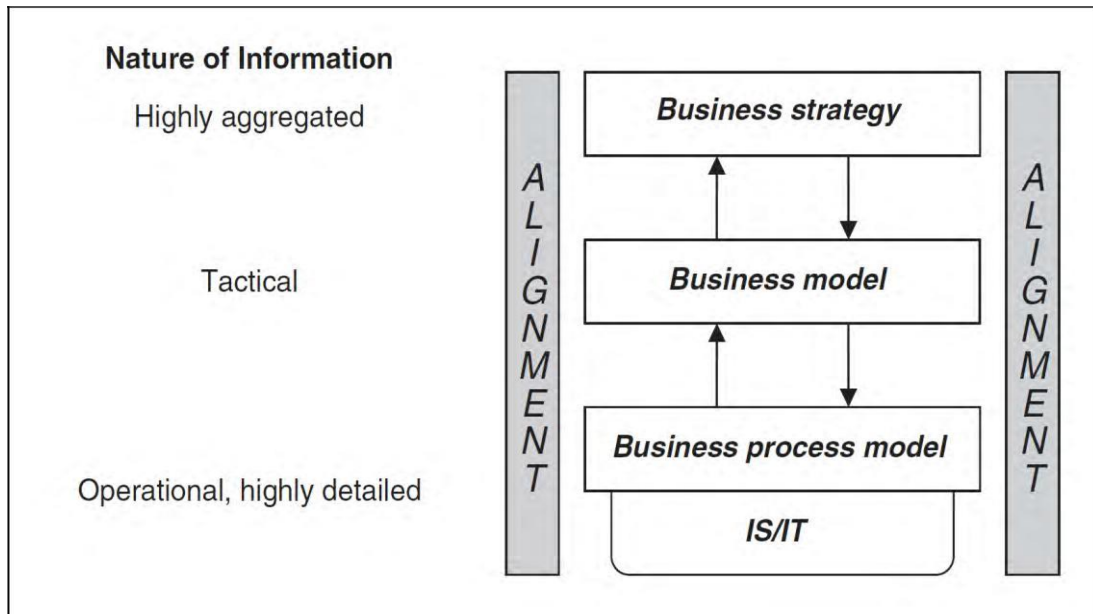


Figure 2.6 Digital business layers (Demil and Lecocq, 2011)

Figures 5 and 6 provide some useful insights into the positioning of business models. Although Demil and Lecocq (2011) formulated these diagrams for digital businesses, the same concepts would apply for organisations that have a diverse field of activities to manage, e.g. field operations and business functions. Figures 5 and 6 clearly indicate that there needs to be an alignment of the strategy, the business model and the business process model (operational aspect).

Following the previous authors, and primarily based on the lack of consensus, Frankenberger, Weiblen, Csik, and Gassmann (2013) attempt to provide a framework which is easy to use but at the same time comprehensive enough to depict the business model architecture. The framework consists of four central dimensions depicted in Figure 8 below, which need to be properly defined.

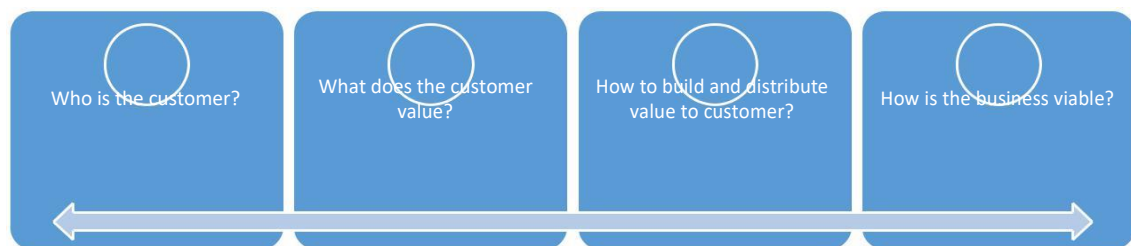


Figure 2.7 Business model architecture framework (author's representation, based on Frankenberger et al., 2013)

The framework presented in Figure 7 outlines the building blocks of business models. In order to develop an appropriate business model, it is important to know the target market, the value that the market requires, and how the business is going to produce and deliver such value to the customers. The last block refers to return on investment and looks at the viability of the organisation in terms of profit for shareholders.

A great deal of the research on business models focuses on the private sector. According to Kaplan and Norton (2015), most public sector organisations claim that they don't make use of tools such as business models because they are not businesses. However, the definitions of business models suggest that any entity that creates and delivers value invariably works with some sort of business model. The fact that the public sector does not seek to maximise profit for shareholders is not a good enough excuse for these entities not to start looking at viable business models that promote efficiency and effectiveness in terms of the services they render. It is crucial for public sector organisations to understand that clearly articulating and evolving their business model will foster relevance and enable better value to be provided to citizens; most importantly, they need to realise that any organisation without a clear, sustainable business model is risking its very existence.

With reduced funding, tough decisions will have to be taken but it is thought that local authorities will look to protect front-line services and look for ways to deliver them better and cheaper, states White (2010), referring to the public sector having to do more with less. One way for these public organisations to survive is to drastically improve efficiencies. Revisiting business models should unlock potential efficiencies, which would in turn enable savings, hence reducing the impact of the budget cuts being imposed on most government agencies. There need to be radical changes in the business model of state-owned agencies in order for the latter to cope with having to do more with less. Some business model options will entail internal transformation, exploring outsourcing options, consideration of shared services, going into joint ventures and possible public-private partnerships. Another option which is normally frowned upon, privatisation, could easily be on the cards if state resources continue to dwindle.

If one applies Frankenberger et al.'s (2013) framework to the public sector, the 'who, what, how and why' start to take shape. In adapting the framework to fit state-owned agencies, which are not seeking to maximise profit for shareholders, the last element of 'why' would require some alteration. Instead of addressing the financial viability of

the organisation, the public sector ‘why’ could be adapted to refer to economically delivered services which are also efficient and effective. The mandate in terms of legislative prescripts also informs the ‘who’ perspective. Figure 8 is an adapted illustration of the ‘who, what, how and why’ model within the public sector based on the literature thus far.

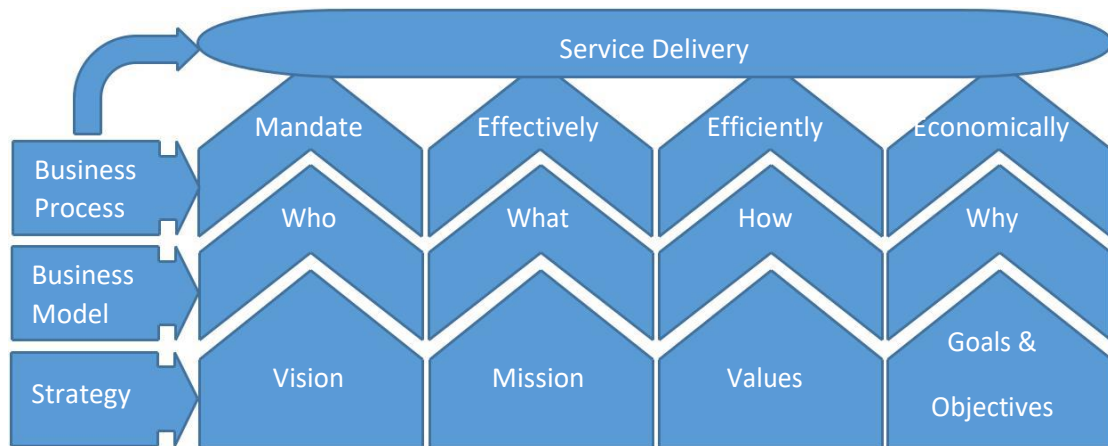


Figure 2.8 Adapted framework for the public sector of Frankenberger et al.’s (2013)

Figure 8 above illustrates an alignment of strategy, business model and business processes. Expanding each of the three components horizontally, and merging the management principles of efficiency, effectiveness and economy (3Es), provides an informed matrix of the alignment. The matrix demonstrates that a proper alignment of the strategy, business model and business processes should result in effective, efficient and economical service delivery in line with the mandate of a public enterprise. The matrix is particularly interesting as it focuses at an output level. A misalignment is very probable if an assessment of value delivered indicates a deficiency in terms of the 3Es or mandate.

2.7 Theoretical Foundation

2.7.1 Resource Based View Theory

A strategic resource can be defined as an asset that is valuable, rare and difficult to imitate (Barney, 2015). This theory derives from the principle that the source of a firm’s competitive advantage lies in the internal resources rather than the position of the organization in the external environment. The competitive advantage of the organization depends on the strategic resources and capabilities they possess (Barney, 2015). Firms obtain competitive advantage that is sustainable by exploiting their

internal strengths through responding to environmental opportunities while at the same time neutralizing external threats and avoiding internal weaknesses (Barney, 2015). The theory suggests two assumptions in analysing sources of competitive advantage. The first assumption assumes firms are heterogeneous with respect to the strategic resources that they possess. The second assumption assumes that the resources may not be perfectly mobile across firms (Barney, 2015).

Barney (2015) suggests that for a resource to hold the potential of creating a sustained competitive advantage it must have four attributes. The resource must be valuable. This means that it should be able to exploit the opportunities that exist and neutralize all the external threats. The resource must be rare in the firm's current and potential competition. The resource must also be imperfectly imitable and there cannot be strategically equivalent substitutes for the resource that are valuable but neither rare nor imperfectly imitable. For the resources that are rare and valuable to have a sustained competitive advantage, those firms that do not possess them should not be able to obtain them. Resources can be imperfectly imitable because of one of these conditions. First the ability to obtain the resource is dependent upon unique historical conditions. Secondly the link between the firm's sustained competitive advantage and the resources possessed by the firm is causally ambiguous. Thirdly the resource generating the firm's competitive advantage is socially complex (Dierickx & Cool, 2011).

2.7.2 Contingency Theory

This theory came from the organization theory (Khairuddin, 2015). The theory assumes that there is always one best way of doing something. Organizations seek effectiveness by matching characteristics of the organization with contingencies that reflect their situations. Contingencies include organization size, level of technology, strategy or the environment with which the organization structure operates. The success of the organization is based on the suitability of the contingency. A change in the contingency would make the structure of the to be organization unfit and lead to lower performance. Structure adjustment is needed to have the necessary fit that would lead to greater performance.

The theory is concerned with the relationship between the organizational structure and the operating conditions of the organization. These conditions are the contingency factors. The strategy, organization size and environment are the main contingency factors however; other research suggests that more other factors exist that are also

contingent to the organization. Dywer, Richard and Chadwick (2013) argue that gender diversity can have an impact on the organization's outcome and is a contingent factor. Dywer et al. (2013) suggest that if the management were gender diverse, they would have positive effect on growth-oriented firms that value flexibility, innovation and interaction with the environment. Remuneration policy of directors is influenced by the strategic choice of the organization.

2.7.3 Profit Maximizing and Competition-based Theory

This theory is based on the assumption that the main objective of any business is to maximize its long-term profits and development of a sustainable competitive advantage over its competitive rivals within the external environment (Marshall, 2017). This theory views the positioning of the organization in the external environment as a critical factor in achieving this success. To be able to achieve this, an organization must become competitive in the market and be above its competitors. Ansoff (2010) suggest that a firm seeks its objectives through the conversion of goods and services and obtaining a profit by selling them to customers. This therefore means that survival of the firm depends on profits that are generated and used for future profits and replacement of resources. If this is not done, then the organization will run down. Focus has also been shifted from just maximizing the profits for the organization but also doing so according to the law and ethical grounds. This is indicated that managers have a direct responsibility to conduct business according to the desires of the owners that is to make as much money as possible but it should be within the law and ethical grounds.

2.7.4 Survival Based Theory

Herbert Spencer developed this theory, which suggests that the organization needs to constantly and continuously adapt to its competitive environment in order to survive (Abdullah, 2010). The environment is continuously changing. To be able to survive, the organization must be able to adapt to the changes. This will make the organization competitive within the environment. The theory follows the principle of nature that only the best and fittest in the environment will survive. The organization that is able to successfully adapt to its environment and become the most efficient and economical in the production and operation will survive. This can only be achieved by deploying strategies that would be focused on having efficient operations and being able to respond rapidly to the changes in the competitive environment (Khairuddin, 2015). McDonald is an example of a company that managed to survive. Its success was

attributed to its ability to adapt to a high level of efficiency in the modern place of life and efficient workplace (Abdullah, 2010).

This theory is also applied to companies looking to turn around after a period of poor performance (Abdullah, 2010). Such companies are faced with a lot of problems that can stem from financial difficulties, products that are failing or losing key human resources. To turn around such companies will involve laying-off workers, selling off assets that are underperforming and repositioning products. This will help in strengthening their position. It will also be key in operating the organization more efficiently and better adapt to the environment. This is in the hope that it would improve their profitability and achieve the ultimate goal of surviving.

2.8 Strategic Management Practices

Strategy is a complex concept for any organization. It involves different activities and processes. Mintzberg (2014) suggests that a strategy can be viewed as a plan, ploy, position, pattern and perspective. He referred to this as the 5P's of strategy. Each of these is important in understanding what strategy is. A strategy is a series of steps an organization intends to follow in order to achieve success. In 1996, Apple was on the verge of collapse. They appointed a new Chief Executive Officer. He aimed at reversing the fortunes of the company by implementing a strategy that would leverage on the use of the Internet. Over the years, the company has innovated and made use of the Internet. This has seen the fortunes of the company change to the point where it was the most valuable company in the world and the most valuable technology company in the world.

Google is a technology company that has grown from a small start-up in a garage to a big corporation and a market leader. It is a force to reckon with in the technology industry. Google has employed three strategies that have seen it grow from just a search company to focusing on many other products (Ajay, Gagan, & Amit, 2012). The company uses three strategies namely start-ups, acquisitions and alliances. The company emphasizes that employees should spend 20% of their time working on new and pet projects. This is a rule all over the company.

This enables Google to diversify and innovate more. It has helped Google come up with new products that have seen it grow. An example is their product Gmail that was a project by an employee and it is now a widely used email platform. Google also focuses on acquiring other small companies that would help them venture into new products and grow their market portfolio. Other strategies used by Google on a

business level include differentiation of complimentary services. Google's core business is search that enables them to sell adverts, which is the main revenue source for the company. These complementary services serve as a key to the companies advertising business. Their use broadens the chances of showing advertisements. The company uses a functional management structure.

Lean manufacturing is a process that involves eliminating waste. The management of SMEs Manufacturers is sometimes considered to be a hard task. This is because it mainly crowded with a lot of uncertainty. Ries (2011) proposes a new paradigm of managing any start-up. He came up with the lean start up methodology that borrows from the lean manufacturing paradigms. This is a scientific approach to coming up and managing start-ups with the aim of getting products to the customers as fast as possible.

Ries (2011) proposes a number of management actions would help any organization achieve this. One of the actions is eliminating uncertainty by testing the vision continuously. This involves having a methodology about developing a product. The second action involves working smarter not harder. The lean startup has a premise that a start-up is an experiment that attempts to answer a question if a product should be built and can a sustainable business be built around the product or service. The experiment is not theoretical rather it is the first product that will be built. If the experiment is successful, it allows the manager to further the experiment and iteration by adding more employees to further the experiment and built the product. This ensures that when it is ready to be distributed, it will have established customers and will have solved real problems.

The third action is developing a minimum viable product. The lean startup focuses on a build-measure-learn feedback loop. This involves figuring out the problem that needs to be solved. A minimum viable product is developed to begin the learning process as quickly as possible. Once the minimum viable product is established, the startup can work on tuning it. This must also involve measuring and learning. It must also include actionable metrics that would demonstrate cause and effect. Validated Learning is a minimum process of demonstrating progress when faced with extreme uncertainty. This involves focusing on figuring out the right thing to build. The thing which customers want and would pay for. This will reduce the time that can be taken to build product betas.

Wangeci (2009) recommends the adoption of innovative strategies by companies in order to stay competitive within the industry. This is after she undertook a research on

innovative strategies that have been adopted by insurance companies in Kenya. Wangeci (2009) found out that companies that have a strong technology enabled innovative strategy would most likely have a competitive advantage over their competitors. Okello and Kanyora (2015) recommended that construction firms should adopt strategic plans to help them achieve organizational goals. This after performing a research on the influence of strategic management on performance of construction firms in South Africa.

Okello and Kanyora (2015) found out that competitive strategies played a key role in influencing the success of the firms. They also found out that there was a strong relationship between goal setting and performance of constructions firms. Ofunya (2013) found significant relationship between strategies adopted by Postbank Kenya and the organization's performance. By implementing cost reduction, providing excellent customer service, controlling quality of products and services, they have managed to see significant growth in performance. The study recommends further research in other sectors on the same. The same can be applied to study the performance of SMEs Manufacturers with respect to adoption of strategic management practices.

It is evident that some research has been done that focuses on adoption of strategic management by organizations and companies. Similar studies have also been undertaken on the management of start-up companies. However, none of the research has focused on manufacturing SMEs in South Africa. Also, none of the research has focused on strategy adoption by manufacturing SMEs in South Africa. The aim of this research is to focus on South Africa and how manufacturing SMEs in South Africa have adopted strategic management practices. From these, it would be possible to determine the best practices that can be undertaken by manufacturing SMEs in South Africa in order to achieve success and greater performance.

2.9 Entrepreneurial Ventures Framework of Strategic Management

This is a framework proposed for strategic management of small and new ventures. The framework takes the assumption that the main goal of an organization is sustainable growth over time (Mazzarol, 2014). Quantifiable indicators such as turnover, number of employees, size of assets, market share and profitability can measure this growth. The main core of the framework is the entrepreneurial process of opportunity recognition, resource accumulation and capacity building. It has five components; entrepreneurship, innovation, strategic networking, growth and strategic

triangle which contains strategy, structure and resources. The framework provides a theoretical model for the understanding of strategic management of small entrepreneurial ventures.

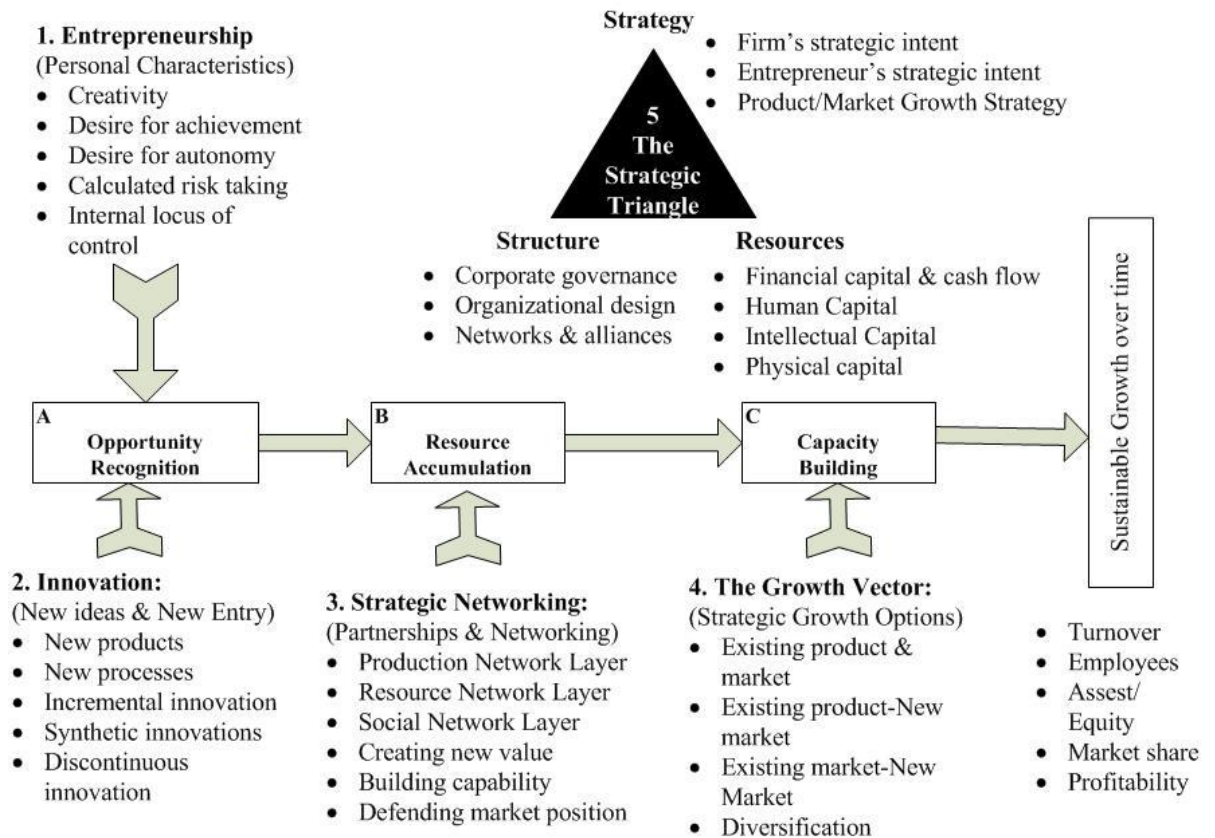


Figure 2.9 Entrepreneurial Ventures Framework (Mazzarol, 2014).

2.10 McKinsey 7s Model

Waterman, Peters, and Phillips (2010) developed the McKinsey 7s model. The goal of the model is to show how seven elements of the company can be aligned to achieve success. The seven elements include: Structure, Strategy, Systems, Skills, Staff, Style and Shared values. The seven factors are important in various situations and are very valuable when coming up with strategies for an organization. The models are categorized into two, Hard S and Soft S. The Hard S consists of Strategy, Structure and Systems while the Soft S consist of Style, Staff, Skills and Shared values. The model is key to checking if the elements are aligned when developing a strategy.

Strategy defines the plans and actions that the organization intends to undertake in order to deal with changes in the environment. This helps the organization maintain and build a competitive advantage over their competitors. Strategy dictates the long-term direction of an organization. It can also be seen as creating opportunities by

building on an organization's resources and competencies (Johnson et al., 2012). Structure deals with the way the organization is set up and who reports to whom. Chandler was of the suggestion that the structure adopted by an organization is determined by the strategy. The organizational structure adopted should help the organization achieve their goals. The structure defines the line of authority, relationship between activities and reporting and the mechanisms for organization of activities. Systems are the activities that the employees engage in in order to get work done. Proper systems will help better support the strategy and structure that has been set in place.

Shared values are the core values for the organization. This also represents the organization culture. Culture develops over time within an organization. Style represents the form of leadership within the organization. Staff represents the employees of the organization and their capabilities. To be able to achieve success and the strategies that have been set out, organizations are required to have the right staff. It is crucial to also be able to maintain the staff. Staffs are considered to be a key resource in any organization. They can be used to achieve a competitive advantage over their competitors (Barney, 2015). Skills represent the actual skills and competencies of the employees within the organization.

2.11 Summary of Methodological and Knowledge Gaps

A study by Okello and Kanyora (2015) had its main objectives focused on the influence of strategic management practices on performance of construction firms in Kenya. The methodology used was a case study, and as such, the uniqueness of the data in case studies usually means that it is not able to be replicated. Case studies have some level of subjectivity and researcher bias may be a problem. Because of the in-depth nature of the data, it is not possible to conduct the research on a large scale. Findings revealed that goal setting, developing strategic plans and frequent performance analysis should be implemented to achieve good performance. However, the study knowledge gaps arise in that the study focused only on construction companies, specifically concrete works limited. The current study focused on manufacturing SMEs that are based in Pinetown, South Africa. This study addresses the gap in the sense that the manufacturing SMEs targeted are operating in various sectors unlike just one area like construction.

Ofunya, (2013) also conducted a research which had its main objectives focused effects of strategic management on financial institutions in Kenya. The study found a

significant relationship between the strategies adopted by Kenya Post Office Savings Bank and the organization's performance. The notable knowledge gaps are that the study focused primarily on Kenya Post Office savings bank and left out other institutions and those in other sectors, hence could not be fairly representative of the whole financial sector and other sectors. The focus of the current study is on manufacturing SMEs that are based in South Africa, which is a different country in a different region. South Africa is also a relatively bigger economy compared to Kenya

Another research on strategic management was carried out by Ajay, et. al (2012), whereby the main objectives focused on strategic analysis of search engine giant: A case study of google Inc. The study found various strategies being applied by google at various levels. It also found strengths, weaknesses, opportunities and threats that are in play within the environment. The fact that the case study focuses on a single company google poses another knowledge gape. It does not factor any other manufacturing companies. The current study however tries to cover the gap by focusing on many manufacturing companies that operate within South Africa.

Ries, (2011) also conducted a research focused on the lean start-up. The survey methodology was employed, and the findings showed that start-ups can apply lean manufacturing paradigms in development and management of products to sustain growth and achieve performance. However, the study focused on the operations of businesses but ignores strategic management practices being applied. The current study focused on adoption of strategic management practices and its influence on performance and sustainability of manufacturing SMEs.

Wangeci (2009), carried out a research on innovation strategies adopted by insurance companies in South Africa. The survey was used as the methodology, and the findings indicated that insurance companies with strong technology-enabled innovation strategies are likely to have a competitive advantage and strong shareholder value. The knowledge gape lies in the fact that the study focused on Insurance companies (which is a service industry) only and did not focus on other sectors like manufacturing companies. The current study will focus on manufacturing SMEs in various sectors of the economy

2.12 Chapter Summary

This chapter has presented various theories that formed the basis of the study. The study was based on three theories namely the resource-based view theory, the

contingency theory and the profit maximizing and competition-based theory of strategic management. The chapter looked at the concept of strategic management and how it relates to the study. This chapter also presented the table summarizing the knowledge gaps that the project hoped to fill. The chapter touched on the new concept of managing start-ups that borrows from lean manufacturing called lean start-up paradigm. The chapter discussed the conceptual framework that the study was based on. This is the strategic management of entrepreneurial ventures framework. The chapter also looked at the 7s model that was used as the basis model for the study. This literature review focused on the strategy formation and execution process by identifying benchmarked approaches. One element that stood out was the need to remodel the linear approach of strategy formation and implementation into a continuous process, during which there are constant corrective steps taken based on regular feedback. Another important aspect is risk management, which entails the identification, assessment and mitigation of risks that threaten the achievement of strategic objectives. The alignment of strategic and business models was found to be an important ingredient for the successful implementation of strategy, hence literature on business models was explored.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter presented literature related to the study taking into account the objectives of the study as developed in chapter one. In this chapter the overall research design is presented. Specifically, the chapter presents the research philosophy, the research methodology, the research strategy and the research population. The chapter also presents the sampling methods, the research instruments, the pilot study, and administration of interview questions, data analysis and validity and reliability of the research instruments and the study, assumptions, delimitations, limitations, elimination of bias and ethical considerations

3.2 The Research Design

Research design is the blueprint for the collection, measurement and analysis of data (Cooper & Schindler, 2014). The research adopted a cross-sectional survey design. Survey is any procedure involving systematic collection of data from a population or sample using some form or through direct solicitation by use of questionnaires (McCroskey, 2013). The research used descriptive studies.

Survey aims at documenting existing conditions in a population. Kish (2018) suggests six primary purposes of a survey. Surveys aims at calculation of diverse statistics, characterization of diverse statistics, collection of multiple variables, multi-subject surveys, continuation of survey operations and master frames. All these are focused towards describing the population as accurately as possible.

This research design is applicable to this study since the researcher aims at using a sample to define the situation as it with manufacturing SMEs and their adoption or use of strategic management. The research collected primary data using administered questionnaire. This study therefore fits the description of a survey.

3.3 The Research Philosophy

A research philosophy is a belief about the way in which data about a phenomenon should be gathered, analysed and used (Sekaran & Bougie, 2013). Sekaran & Bougie, (2013) asserts that there are essentially two schools of thought about science and knowledge - positivism and phenomenology. Positivism is closely associated with the quantitative approach. Positivists think that they can apply methods of the natural sciences on the practices of social sciences. Positivist social scientists try to replicate procedures followed by natural scientists to control and understand the natural world. Positivists are committed to value neutrality, statistical measurement, quantifiable elements, and observable events to establish causal laws (O'Leary, 2013).

On the other hand, phenomenology is closely linked to qualitative research, which is defined as a research that involves collecting and analysing of data that are of descriptive in nature (Cooper & Schindler, 2014). Phenomenology in business research focuses on experiences, events and occurrences with disregard or minimum regard for the external and physical reality. Phenomenology, also known as non-positivism, is a variation of interpretivism, along with other variations such as hermeneutics, symbolic interactionism and others. This branch of philosophy describes the philosophical approach that what is directly perceived and felt is considered more reliable than explanations or interpretations in communication (Aydelotte, Fogel & Bogue, 2015).

In phenomenology ideas are generated from rich amount of data by the means of induction and human interests, as well as stakeholder perspective may have their reflection on the study (Aydelotte et al., 2015). Moreover, phenomenology in business studies is a valuable philosophy for exploring human experiences in management studies. Qualitative approach mainly focuses on collecting and analysing of descriptive data (Cooper & Schindler, 2014). Qualitative approach is used when a researcher is trying to get an in-depth understanding about a certain experience and processes. This type of research methodology is very useful when a research seeks to study the feelings of the people, their opinions and the reasons of the practices thereto performed. In addition, the approach is suitable when studying the attitudes and behaviours of people (Aydelotte et al., 2015).

Mixed methods research is a methodology for conducting research that involves collecting, analysing, and integrating (or mixing) quantitative and qualitative research (and data) in a single study (Creswell, 2013). The purpose of this form of research is that both qualitative and quantitative research, in combination, provide a better understanding of a research problem or issue than either research approach alone (Alvesson & Sandberg, 2011).

This study employed a quantitative research approach because of the method's use numerical data to answer research questions to provide an added level of understanding to the research problem. Aydelotte et al. (2015) presents the most significant premises of the positivist approach, where positivists believe in the possibility of establishing cause-effect relationship. Positivists are after regularities to make predictions and establish scientific laws and that, based on this factor; it is possible to use scientific methods to analyse the social world.

3.4 Research Strategies

Cooper & Schindler (2014), defined research method as the theory of methods, or the way through which a researcher makes sense of the object of inquiry. Within research methodology, research strategy assumes as the general plan of how the researcher will go about answering the research questions (Saunders, 2009). Discussed below are some of the phenomenological research strategies;

- **Case study**

Case studies have become a popular research design as they are expressive in nature and provide broad information pertaining to specific individuals and organisations. Aydelotte et al., (2015) state that case studies involve ideographic research methods that study individuals or organisations as being distinct from sub-sets of a broader population. Case studies comprise an in-depth analysis of related circumstances that would have occurred in other organisations given that the nature and definition of the problem is the same as that experienced by other organisations. The authors place an emphasis on a contextual analysis of few occasions and provide a comprehensive insight on the researched objectives in the framework of a population or organisation (Creswell, 2013);

- **Observation**

According to Zott, Amit, & Massa (2011), qualitative research at its most simple can take the form of observation. In observation, the researcher simply observes the research matter, like in the way a child psychologist may watch a kid play. This method is frequently used when the researcher wants to examine a subject in its natural environment or study naturally occurring behaviours. In this method, as with other forms of qualitative research, the researcher must be very careful to not introduce personal bias into his observations (Williams, 2011).

Observation may also be conducted on stationary objects, such as artefacts. For example, when an anthropologist or archaeologist looks at an artefact and draws conclusions about the way a people lived, thus performing a type of qualitative research (Williams, 2011) Similarly, when a researcher reads historical documents, histories and diaries to draw conclusions about an era, that is also performing qualitative research. However, personal bias can be an issue (Kothari, 2013:39);

- **Interviews**

In some cases, qualitative research may be conducted through interviews, such as listening to someone recount something that happened in the past, such as a wartime experience or other event (Aydelotte et al., 2015). When qualitative research takes the form of an interview, the interviewer asks open-ended questions and simply records what the participant says. Personal bias can be an issue, but other issues arise as well. For instance, the researcher may react to the subject's responses, encouraging or discouraging the dialogue in a certain direction. Moreover, the researcher has to be careful not to ask leading questions (Denscombe, 2014); and

- **Focus Groups**

To reduce the risk of researcher bias, a qualitative research method called focus group is sometimes used (Williams, 2011). In a focus group, several people are interviewed at once to gain their opinions on a subject or item. Researchers may conduct the focus groups by interviewing them or by observing the groups converse about an issue (McMillian & Schumacher, 2011). This method could be used to find out what people

think about a product or an advertisement. A risk in this method of interviewing is that bias is introduced into the group through the choice of group members (Cooper & Schindler, 2014).

On the other hand, is the positivist approach with its strategies mainly being surveys and experiments as discussed below;

- **Survey Research**

Zott et al. (2011) defined survey as any procedure in which data are systematically collected from a population or a sample thereof through some form of direct solicitation, such as face to face interviews, telephone interviews or mail questionnaires. Survey research is also defined as a method of descriptive research used for collecting primary data based on verbal or written communication with a representative sample of individuals or respondents from the target population (Williams, 2011).

The research made use of the survey strategy. A survey was preferred because of its dependability. Sekaran and Bougie (2013) points out that the anonymity of surveys allows respondents to answer with more candid and valid answers. The authors further assert that the most accurate data is obtainable if respondents are given room to be as open and honest as possible with their answers. Surveys conducted anonymously provide an avenue for more honest and unambiguous responses than other types of research methodologies, especially if it is clearly stated that survey answers will remain completely confidential (Williams, 2011).

3.5 Target Population

Zikmund (2016) states that a population can be defined a group of people or objects with the same characteristics which a researcher has an interest in exploring for purposes of answering set research questions for a particular study. The target population for this study was 150 SMEs. An estimate of 150 units was obtained from Brabys, an organisation that maintains a directory of companies in Durban. **One hundred and fifty (150) SMEs were targeted because they were the registered in the Brabys directory within Pinetown CBD where the researcher could easily access for data collection. Pinetown was selected because of the convenience to the researcher**

since that is the area where the researcher works and resides. This would minimise costs for data collection.

3.6 Sampling

According to Williams (2011), sampling is basically a systematic way of setting aside a subset from the main set, with the view of investigating certain trends and/or behaviours from that representative so that a conclusion can be reached at.

Sampling, as explained by Sekaran and Bougie (2010), is the process of selecting the right individuals, objects, events or representatives for the population. The sample is a subset of the population. The more representative the sample is to that of the population the more generalisable are the findings. Through the study of the sample the researcher can draw conclusions about the population (Sekaran & Bougie 2010). It is therefore important that the sample chosen is both relevant to the study and representative of the population. Sekaran and Bougie (2010) explained that it would be impractical and impossible to collect data from an entire population. Cooper and Schindler (2014) added to this by stating that performing research on a population would not be feasible in terms of monetary and time costs. Sekaran and Bougie (2010) explained that sampling reduces the numbers involved in the collection of data and this in turn decreases fatigue and errors whilst increasing reliability. Sampling allows research to continue without having to bear exorbitant costs in terms of time, money and efficiency.

Probability and nonprobability are the broader forms of sampling, with probability commonly applied in quantitative researches and non-probability in qualitative approaches. However, there are instances where these sampling methods can be applicable either way (Wegner, 2012:73).

3.6.1 Probability Sampling

Since this study is of quantitative nature, probability sampling was utilised. Probability sampling is known as the gold standard for creating a representative sample (Cooper & Schindler, 2014). Sekaran and Bougie (2013) define this type of sampling as a sampling design that allows equal chance of every element in the population to be selected as a sample subject. According to Barnham (2010), probability sampling has

five types of sampling methods, namely simple random sampling, stratified random, systematic, cluster and multi-stage random sampling.

The method employed for sampling in this study was stratified random sampling whereby respondents were segregated before being randomly selected from each stratum (Barnham, 2010). Since stratified random sampling method involves the division of a population into smaller groups known as strata, every manufacturing sector was regarded as a stratum. The largest manufacturing industries which made up the sample are the automobile and component sector, pulp and paper products, chemicals and petrochemicals, and food and beverages, all situated in Pine town, KwaZulu Natal.

3.6.2 Sample Size

Guided by Sekaran and Bogue (2014) table of sample size, one hundred and eight (108) manufacturing SMEs were out of the targeted population of one hundred and fifty (150) manufacturing SMEs in the Pine town area were selected as the sample size for the quantitative the study. The one hundred and fifty manufacturing SMEs in the Pine town area were obtained from the SEDA database. Babbie (2009:321), argue that the natural scarcity of resources involving such variables as financial constraints, time and accessibility oftentimes shackles researches from getting required information from the whole population. Consequently, the study acquired data from a representative subset of the of the larger group population.

3.7 The Research Instrument

There are different types of data collection instruments that can be used when collecting information for research purposes. For this quantitative study, a questionnaire was used. Cooper and Schindler (2014) asserted that a questionnaire comprises of a list of research questions that the researcher use to ask the respondents designed to extract specific information based on the main research questions. Williams (2011), further highlight that questionnaires are used to collect appropriate data, make data comparable and amenable to analysis, minimize bias in formulating and asking questions, and to make questions engaging and varied.

The questionnaires were preferred as suitable for this study because it allowed the research to collect data at a minimal cost. The other advantage of using a questionnaire is that it reduces the variability of responses, less costly to administer and can be easily administered and analysed (Williams, 2011).

However, while there are many positives to questionnaires, disadvantages also exist. Dishonesty can be an issue as respondents may not be completely truthful with their answers (Kothari, 2014). This can happen for a variety of reasons, including social desirability bias and attempting to protect privacy. Nonetheless, dishonesty in its tracks was minimized by assuring respondents that their privacy was valued and that the process prevents personal identification (McMillian & Schumacher, 2013). Another challenge of questionnaires is that a person who is not the targeted respondent can complete questionnaires. This in turn poses the threat of misinterpretation as explanation would have been given only to the intended responded trouble with not presenting questions to users face-to-face is that each may have different interpretations of given questions (Saunders *et al.*, 2009).

3.8 Questionnaire Construction

The research made use the structured questionnaires. Each question contained a set of answers that the respondents selected the perceived response. This allows the respondents to make a quick decision (Struwig & Stead, 2013).

The questions were arranged in the order of categories of the objectives of the study. The survey instrument made use of Likert type of questions. Likert scale is a psychometric response scale for obtaining the participant's interval of agreeing with a set of statements (Cooper & Schindler, 2014). Likert scales were preferred in this research because they are easy to interpret since they are non-comparative scaling technique and only measure a trait in nature (Saunders *et al.*, 2014). Respondents were asked to indicate their rating level of agreement with a given statement by way of an ordinal scale.

3.9 Pilot Study

Dross (2015), postulates that a pilot study is a mini-research study conducted before the intended actual larger scale study. In other words, pilot studies are a preview

assimilation of the actual research undertaking. The reasons for this exercise include assessing whether there are any foreseeable logistical problems that need to be addressed before it gets too late (Barnham, 2010). Ten respondents were used to conduct a pre-test of the questionnaire for avoidable inconveniences on the actual survey.

With the help of the pilot study which produced good rapport with most respondents, the sequence of the structured questions was changed (Zott et al., 2011)). After a pre-test to determine the suitability of the questionnaire, the questions were improved in terms of question content, wording, sequence, form and layout, question difficulty and instructions. The wording of questions was made simpler and plain for understandability by respondents. A few questions that confused the respondents were rephrased to clarify the meaning and to avoid bias. The main purpose of the pilot study was to assess if the instructions were clear and the language and terminology understandable. Furthermore, from the pilot study it could be ascertained whether all areas of focus were considered, and completion time for the questionnaires could be estimated ((O'Leary, 2013)).

3.10 Administration of Questionnaire

The questionnaires were self-administered by the respondents. This was done because most of the correspondences is adequately literate. All the questionnaires were hand delivered to the respondents. This method was preferred because it is assumed that the respondents would be able to complete the questionnaire without assistance. The approach also reduced the costs of the data collection exercise (Kumar, 2013). When delivering the questionnaires, the study explained to ascertain whether the respondents would be able to complete the questionnaires without complications. The research ensured that questionnaires were self-administered during data collection to establish rapport and motivate respondents (Kothari, 2014). This helped with obtaining a high response rate.

The research was carried out through several designed questionnaires to collect the data from the relevant respondents. Respondents were asked to answer the questionnaires and appointments were made to collect the questionnaires within three days. The challenge was that after the three days the questionnaires were still not

completed. Constant encouragement and follow up were done until some questionnaires were completed. Every survey hopes for conscientious responses, but there is no way to know if the respondent has really thought the question through before answering (Creswell, 2013). At times, answers are chosen before fully reading the question or the potential answers. Sometimes respondents skip through questions, or split-second choices may be made, affecting the validity of data (Alvesson & Sandberg 2011). This drawback was dealt with by making the survey short and questions simple to get the most accurate responses.

3.11 Collection of Questionnaires

The collection of questionnaires was done after three days from the date of distribution. To avoid wastage of time, the researcher personally collected the questionnaires from the respondents. After collection, the questionnaires were locked up in a cabinet for safekeeping before and after analysis. Sekaran and Bougie (2013), suggests that survey instruments must always be kept under key and lock to avoid accessibility by unintended users of the raw data.

3.12 Data Analysis

Data analysis entails a close examination of data collected to deduce sense out of patterns and behaviours (Creswell, 2013). Quantitative data analysis is a systematic approach to investigations during which numerical data is collected and/or the researcher transforms what is collected or observed into numerical data. It often describes a situation or event, answering the 'what' and 'how many' questions you may have about something (Sekaran & Bougie, 2010). This is research which involves measuring or counting attributes (quantities). A quantitative approach is often concerned with finding evidence to either support or contradict an idea or hypothesis you might have (Kothari, 2014).

The collected data was first been analysed and cleaned for completeness and consistency. The researcher used descriptive statistics to summarize the data. The researcher first sought to find out how manufacturing SMEs are adopting strategic management practices in order to achieve greater performance in their operations. The researcher also sought to find out the performance of the manufacturing SMEs in relation to the adoption of strategic management practices. Comparisons were made

to the theories discussed in literature review in order to come up with credible conclusions. The methods used to analyse the data included use graphical presentations such as graphs, pie charts and plots. The researcher also used measures of central tendency such as mean, median and mode. Standard deviation would also be used to measure variability. This analysis will help to find out the characteristics of the data to determine the adoption of strategic management practices and performance of manufacturing SMEs.

3.13 Validity and Reliability

To address data quality control issues in the instrument used, the study used reliability and validity of instruments since the research is for a quantitative discourse.

3.13.1 Validity

Alvesson and Sandberg (2011:16), defines validity as accuracy of representation of features of the phenomena that it is intended to describe, explain or theorize. Any research can be affected by different kinds of factors which, while extraneous to the concerns of the research, can invalidate the findings (Aydelotte et al., 2015). In the case of this study, validity looked at the extent to which the questionnaire was able to measure the factors influencing job satisfaction. There are three types of validity in quantitative research:

- **Face and content validity**

The judgement that an instrument is measuring what it is supposed to is primarily based upon the logical link between the questions and the objectives of the study. Hence, one of the main advantages of this type of validity is that it is easy to apply (Dross, 2015). Each question or item on the research instrument must have a logical link with an objective. Establishment of this link is called face validity. It is equally important that the items and questions cover the full range of the issue or attitude being measured. Assessment of the items of an instrument in this respect is called content validity. In addition, the coverage of the issue or attitude should be balanced; that is, each aspect should have similar and adequate representation in the questions or items (Barnham, 2010). Content validity is also judged based on the extent to which statements or questions represent the issue they are supposed to measure, as judged by the researcher and experts in the field;

- **Concurrent and predictive validity**

In situations where a scale is developed as an indicator of some observable criterion, the scale's validity can be investigated by seeing how good an indicator it is (Aydelotte et al., 2015). If an instrument to determine the suitability of applicants for a profession is developed, the instrument's validity might be determined by comparing it with another assessment or with a future observation of how well these applicants have done in the job. If both assessments are similar, the instrument used to make the assessment at the time of selection is assumed to have higher validity.

These types of comparisons establish two types of validity: predictive validity and concurrent validity (Williams, 2011). Predictive validity is judged by the degree to which an instrument can forecast an outcome. Concurrent validity is judged by how well an instrument compares with a second assessment concurrently done. It is usually possible to express predictive validity in terms of the correlation coefficient between the predicted status and the criterion. Such a coefficient is called a validity coefficient (Aydelotte et al., 2015); and

- **Construct validity**

Construct validity is a more sophisticated technique for establishing the validity of an instrument (McMillian & Schumacher, 2013:316). It is based upon statistical procedures. Construct validity is determined by ascertaining the contribution of each construct to the total variance observed in a phenomenon. One of the main disadvantages of construct validity is the need to know about the required statistical procedures.

Content validity was conducted to ensure validity in this research. Content validity is defined as a test that measures if every single element of the construct is represented. Subject-matter experts were provided with access to the questionnaire and asked to provide feedback on how well each question measured and interrogated the construct in question, respectively (Creswell, 2013). Feedback was analysed and used to inform decisions about the effectiveness of each question.

For this study validity was tested using content validity and construct validity. Content validity was achieved through constructive feedback that was received from both the research supervisor and those that participated in the pilot test study (Aydelotte et al.,

2015). Also, ten respondents were given hard copies of the questionnaires to answer, to test their comprehension. A few questions that confused them were rephrased to clarify the meaning and to avoid bias. The main purpose of the pilot study was to assess if the instructions were clear and the language and terminology understandable (Creswell, 2013). Furthermore, from the pilot study it could be ascertained whether all areas of focus were considered, and completion time for the questionnaires could be estimated ((O'Leary, 2013)).

3.13.2 Reliability

According to Sekaran and Bougie (2013) reliability is defined as a test that ensures that measuring instrument produces stable and consistent results. In other words, reliability is an agreement between two efforts to measure the same thing with the same methods. Therefore, reliability is the degree of accuracy or precision in the measurements made by a research instrument (Kothari, 2014). The lower the degree of 'error' in an instrument, the higher the reliability. The following are some of the types of reliability:

- **Test/retest**

This is a commonly used method for establishing the reliability of a research tool. In the test/retest (repeatability test) an instrument is administered once, and then again, under the same or similar conditions (Saunders, 2013). The ratio between the test and retest scores is an indication of the reliability of the instrument – the greater the value of the ratio, the higher the reliability of the instrument. The main advantage of the test/retest procedure is that it permits the instrument to be compared with itself, thus avoiding the sort of problems that could arise with the use of another instrument (Alvesson & Sandberg 2011).

The main disadvantage of this method is that a respondent may recall the responses that s/he gave in the first round, which in turn may affect the reliability of the instrument ((O'Leary, 2013)). Where an instrument is reactive in nature (when an instrument educates the respondent with respect to what the researcher is trying to find out) this method will not provide an accurate assessment of its reliability. One of the ways of overcoming this problem is to increase the time span between the two tests, but this

may affect reliability for other reasons, such as the maturation of respondents and the impossibility of achieving conditions like those under which the questionnaire was first administered (Aydelotte et al., 2015);

- **Parallel forms of the same test**

In this procedure two instruments that are intended to measure the same phenomenon are constructed. The two instruments are then administered to two similar populations (Wegner, 2012:311). The results obtained from one test are compared with those obtained from the other. If they are similar, the instrument is assumed reliable. The main advantage of this procedure is that there is no suffering from the problem of recall found in the test/retest procedure. Also, a time lapse between the two tests is not required (Kumar, 2013). The disadvantage is that there is need to construct two instruments instead of one. Moreover, it is extremely difficult to construct two instruments that are comparable in their measurement of a phenomenon; and

- **The split-half technique**

This technique is designed to correlate half of the items with the other half and is appropriate for instruments that are designed to measure attitudes towards an issue or phenomenon (Williams, 2011). The questions or statements are divided in half in such a way that any two questions or statements intended to measure the same aspect fall into different halves. The scores obtained by administering the two halves are correlated (Aydelotte et al., 2015).

Reliability is calculated by using the product moment correlation (a statistical procedure) between scores obtained from the two halves. The product moment correlation is calculated based on only half the instrument, it needs to be corrected to assess reliability for the whole (Williams, 2011). To ensure reliability the research carried out the pre-test of questionnaire on ten participants randomly selected from the target population. This assisted in testing the reliability of the questionnaire before study commenced.

A phenomenon can be adequately measured when it can also be consistently measured. The reliability measures the consistency of results yielded by a measuring instrument, when the entity measured has not changed (Williams, 2011). Instruments designed to measure psychological characteristics tend to be even less reliable than those designed to measure physical phenomena. Cronbach's alpha is a reliability

coefficient that indicates how well items in a set are positively correlated with one another. According to Sekaran and Bougie (2014) reliabilities less than 0.6 are considered poor, those above 0.7 are acceptable and above 0.8 are considered good. For the purposes of this study, the Cronbach's Alpha for the 26 statements was 0.624. This means that the internal consistency reliability of the measures used in this study is marginally acceptable.

3.14 Elimination of Bias

Bias can occur in the planning, data collection, analysis, and publication phases of research (Aydelotte et al., 2015). The authors further highlight that understanding research bias allows research undertakings to critically and independently review the proceedings and avoid treatments which are suboptimal or potentially harmful. To ensure elimination of bias and constant objectivity throughout the study, the researcher kept focus on:

- **Non-use of gender aligned words**

Gender-neutral language is a form of linguistic prescriptivism that aims to eliminate (or neutralize) reference to gender in terms that describe people (Wegner, 2012:306). The research maintained non-use of gender-specific job titles and any other terms which would expose the gender of research participants. In addition, gender-neutral pronouns for either female or male participants were used to remove the alleged subconscious effects of language in reinforcing gender and gender stereotypes;

- **Avoidance of identifying people by race or ethnic group**

McMillian and Schumacher (2013:514) argues that the more central a given identity is to one's self-definition, the more an individual should be motivated to maintain and enhance the identity. In fact, social identity theory argues that individuals are driven to maintain and enhance collective self-esteem just as in personal self-esteem. In turn, people's valued social identities are important sources of self-esteem (Aydelotte et al., 2015). To avoid the inferiority or superiority of ethnicity and race, language identifying people on this background was avoided throughout this study;

- **Refraining from language that suggests evaluation or reinforces stereotypes**

The nature of prejudice has developed a systematic and more nuanced analysis of bias and its associated phenomena. According to Struwig and Stead (2013), interest in prejudice, stereotyping, and discrimination is currently shared by allied disciplines such as sociology and political science, and disciplines such as health and commerce. To address this challenge, the study avoided use of language that suggests evaluation or reinforces stereotypes; and

- **Abstinence from making assumptions about various age groups**

Assumptions about age groups might prejudice what could be relevant information for any good research (Wagner *et al.*, 2011:318). To avoid the assumption about various age groups, the survey instrument ranged from the South African minimum legal age of employment (18 years) to as high as beyond the pensionable age of sixty years.

3.15 Ethical Considerations

It is imperative that ethical issues are considered during the formulation of the research plan. The business ethics for research refer to a code of conduct or the expected social norms of behaviour when conducting a research (Sekaran & Bougie, 2014). The ethical conduct will apply to the organisation, and the members that sponsor the research, the researchers and the respondent who provide the data (Dross, 2015).

Sekaran and Bougie (2014) emphasized that the observance of ethics begins with the person instituting the research, and should do so in good faith, pay attention to the results and pursue not self-interest but organizational goal instead. The behaviour of the researchers who conduct the investigation should also reflect the ethical conduct (Dross, 2015). The author further states that ethical considerations during research include: informed consent; voluntary participation; no harm to participants; confidentiality; and anonymity.

- **Ensuring participants have given informed consent**

Bryman and Bell (2011), asserts that getting people to participate without knowing the reasons for the research can be regarded as deception. Since deceiving people is unethical, the participants were given adequate information about the study and their role in the study to make an informed decision about being a part of the study. The research upheld anonymity, confidentiality and privacy of the participants;

- **Ensuring no harm comes to participants**

Zott et al. (2011), further states that it must be ensured that no harm is done to participants. The ethical approval for this study was obtained from the UKZN Ethics Research Committee and a gatekeeper's letter from the Human Resources Manager at Ministry of transport. Ethical approval was sought to ensure that the human dignity is upheld and no implications are levelled against participants;

- **Ensuring confidentiality and anonymity**

Saunders (2013:271), clarify that the clearest concern in guarding subjects' interests and well-being is the protection of their identity, especially in survey research. Confidentiality and anonymity were ensured by keeping the anonymous raw data accessible only by the researcher. Use of real names was avoided during research data collection to ensure anonymity. In addition, findings of the study were reported aggregately in representation of a collective view of all the participants using acronyms to enhance anonymity; and

- **Ensuring that permission is obtained**

Addressing voluntary participation as an ethical issue, Zott et al. (2011), suggests that consent should be sought to ensure unforced participation by research subjects. Informed consent forms were drafted for each of the research participants to agree on before responding to the questionnaire.

3.16 Conclusion

This chapter focused on the research methodology that was adopted to derive answers for the research. This study adopted an explanatory research design and quantitative research philosophy since the methodology investigates the strategies employable for the sustainability and growth of SMEs. In order to reduce research bias, this study adopted simple random sampling and a structured questionnaire was used as the research instrument. The following chapter presents the presentations of results.

CHAPTER FOUR: PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

This chapter presents the findings from the analysis of responses from questionnaires in this research study. Responses were obtained from management of SMEs. The quantitative data were collected and then processed in response to the problems presented in the first chapter of this dissertation. The findings are related to the research questions posed in chapter one.

4.2 Response Rate

A total of 108 questionnaires were distributed, with 100 questionnaires completed. The returned questionnaires gave a response rate of 92.59%. This rate was considered acceptable. According Sekaran and Bougie (2013) a response rate above 30% is deemed acceptable. Therefore with 92.59%, the response rate in this study was a resounding achievement.

4.3 Section A: Demographic Information

Section A represents the biographical details of the sample. The intention of this section was to indicate the demographics of the respondents in terms of gender, age, length of service, qualifications and positions held.

4.3.1: Gender

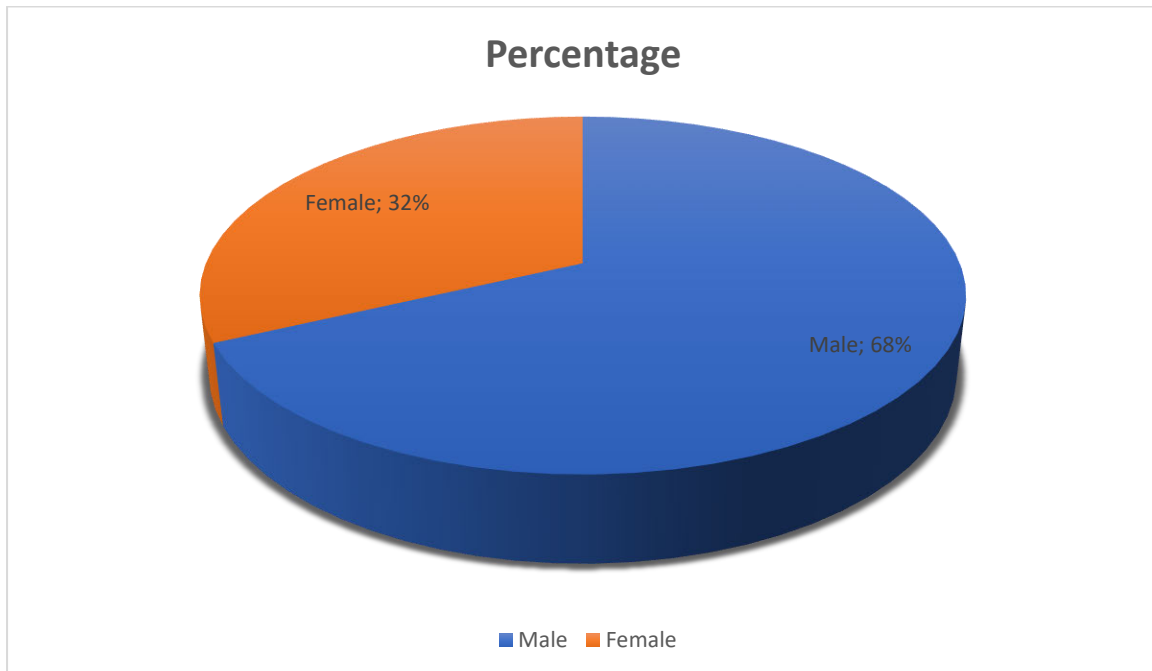


Figure 4.9 Gender distribution of the sample

Figure 4.3 above shows that male employees constituted 68%, whilst the remaining 32% represented the women. This outcome presents an imbalance of gender within the Pine town SMEs setup.

4.3.2 Age of Respondents

Table 4.1 Ages of Respondents

Age Groups	Percent
20-25	12.05
26-30	13.25
31-35	18.07
36-40	24.20
41-45	13.25
46-50	6.02
51 and above	13.25
Total	100.00

Table 4.1 presents that most of the respondents (24.20%) were between the ages 36-40 years, followed by ages 31 to 35 with 18.07% whereas ages 46 to 50 years had the least in population at 6.02%. Age ranges 26 to 30, 41 to 45, and above 51 had a uniform 13.25% each. Age group 20 to 25 years had 12.05%. This outcome concurs with studies conducted by Hedges (2013:73) who stated that the average age of productive economic activities is 30-40 years. The age profile of the entrepreneurs under Pine town is thus in similar proportion to that of economically active people in most countries (Teece, 2010).

4.3.3: Level of education

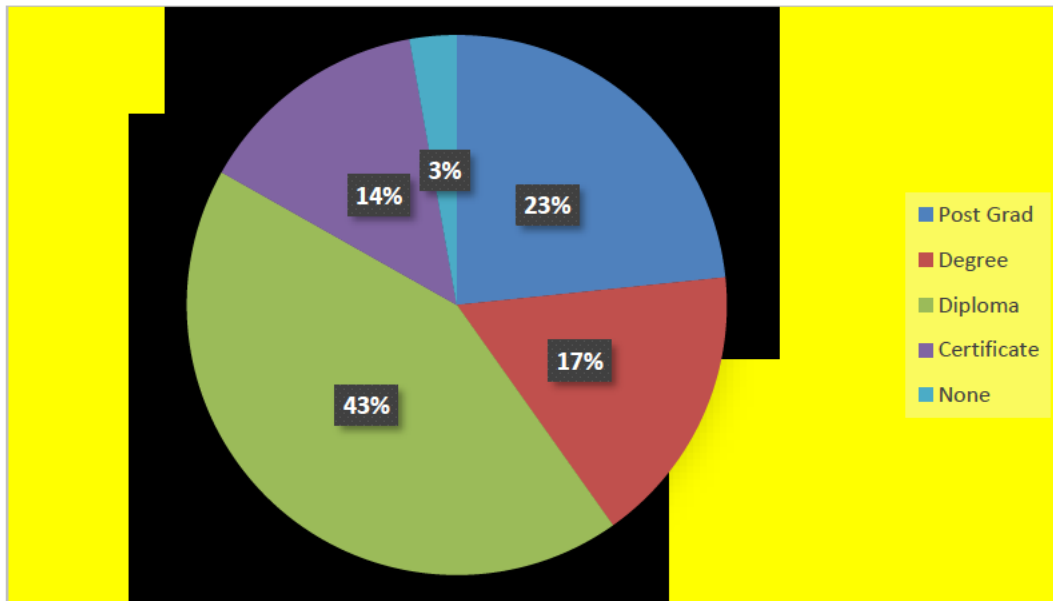


Figure 4.10 Level of education of the sample

Figure 4.2 above shows the composition of qualifications held by management participants in SMEs. The majority of management in SMEs hold some kind of business qualification. 77% have qualifications that are related to their business requirements. This is an indication that they possess some expertise in running the organization. Closer to half (43%) of the respondents have Diplomas as their highest level of education, 14% have certificates as their highest level of education while the 23% had post graduate academic attainment. According to Hough et al. (2011), education enhances allocative ability in the sense of selecting the appropriate input bundles and of efficiently distributing inputs between competing uses, and therefore the return to this ability is part of the return to education. Nair et al. (2013) stresses the role of education in production, showing that, while it can be considered as any other factor in the sense that it may directly contribute to physical product, the effects of allocating other factors must also be recognized. The advantage of such a population with a relatively high number of professionals is that it is easy to involve them in decision-making and solicit their views in the improvement of the organisation's performance management system.

4.3.4 Job level

The respondents were asked to indicate their position within the organization. The results are shown in figure 4.3

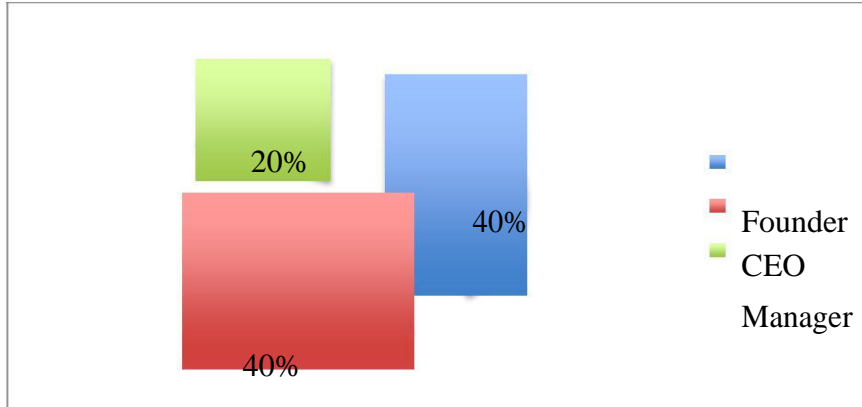


Figure 4.11 Position of the Respondents

According to figure 4.3, most of the respondents were founders and CEOs of the companies that were interviewed. They each represented 40% of the respondents. 20% of the respondents were managers in the organizations. Founders and CEOs have a complete view of the whole organization as they are at the top of the management. Managers are also involved in the decision making for the organizations.

Table 4.2: Duration of Operation of the Organization

Duration	Frequency	Percentage
1 – 2 Years	12	37.5
3 – 4 Years	16	50
5 – 6 Years	4	12.5
Total	32	100

As indicated in table 4.2, majority of the organizations representing 50% of the sample have been in operation for a period of 3 - 4 years while 12.5% have been in operation for a period of between 5 – 6 years. The other organizations representing 37.5% have been in operation for a period of 1-2 years.

4.4 Adoption of Strategic Management

This section sought to establish the adoption of strategic management practices by manufacturing SMEs. It looks into the various strategies that organizations sampled have adopted. The study sought to establish whether any strategies have ever been adopted by the manufacturing SMEs at any point in their existence. This section looks into strategy adoption in various parts of the business.

Table 4.3: Adoption of Strategic Management

Strategies	No extent		Little extent		Moderate extent		Great extent		Very great extent	
	F	%	F	%	F	%	F	%	F	%
Product Strategy	-	-	3	9.4	7	21.9	22	68.8	-	-
Market Strategy	4	12.5	28	87.5	-	-	-	-	-	-
Customer service	-	-	10	31.2	6	18.8	6	18.8	10	31.2
Operations	-	-	6	18.8	16	50	7	21.9	3	9.4
Human resource	2	6.25	12	37.5	13	40.6	5	15.6	-	-

From table 4.3, most of the manufacturing SMEs companies have adopted product strategy to a very great extent at 68.8% while 21.9% have adopted product strategy to a moderate extent and 9.4% have adopted product strategy to little extent. However, market strategy has been adopted with little with 87.5% of the organizations while 12.5% have adopted market strategy to no extent. Strategic management has been applied in customer service with little intent by a small number of the organizations interviewed representing 31.2% while those that have applied with moderate extent and great extent representing 18.8% each and with very great extent representing 31.2%. Half of the organizations have applied strategic management in operations.

However, 18.8% apply strategic management in their operations to a little extent. Those that apply strategic management in their operations to a great extent and very great extent represent 21.9% and 9.4% respectively. Less than half of the organizations interviewed have applied strategic management in human resource with no extent or little extent, 6.25% and 37.5% respectively. 40.6% have applied strategic management with moderate extent in human resource while 15.6% have applied strategic management in human resource to a great extent.

Table 4.4: Factors Affecting Strategy

	Strongly disagree		Disagree		Neither agree or Disagree		Agree		Strongly agree	
	F	%	F	%	F	%	F	%	F	%
External factors affect the organizations strategic decision making	-	-	3	9.3	8	25	10	31.3	11	34.4
Internal factors affect the organizations strategic decision making	-	-	3	9.4	3	9.4	9	28.1	17	53.1
Strategic management affects the organization's performance	-	-	-	-	10	31.3	3	9.4	19	59.4
Our organisation adopts new strategies to achieve competitive advantage	-	-	-	-	10	31.3	10	31.3	12	37.5

As indicated in table 4.4, only 34.4% strongly agree that external factors affect the organization's strategic decision making while 31.3% agree that external factors affect the organization's strategic decision making. Some of the organizations representing 25% neither agree nor disagree that external factors affect the organization's strategic decision making. Most of the organizations also strongly agree that internal factors affect the organization's strategic decision making with 53.1%. 28.1% of the organizations agree that internal factors affect organization strategic decision-making. 9.4% of the organizations neither agree nor disagree that internal factors affect the organization strategic decision making while the same also disagree that internal factors affect the strategic decision making of the organization.

The study concluded that majority of the organizations strongly agree that strategic management affects the organization's performance with 59.4%. On the other hand, 9.4% of the organizations agree that strategic management affects the performance of the organization while 31.3% neither agree nor disagree that strategic management affects the performance of the organization. The organizations also strongly agree that they adopt new strategies to achieve competitive advantage; this represents 37.5% of the organizations interviewed. 31.3% of the organizations agree while the same neither agree nor disagree that they adopt new strategies to achieve competitive advantage.

Table 4.5: Strategic Management Components

	Strongly disagree		Disagree		Neither agree or Disagree		Agree		Strongly agree	
	F	%	F	%	F	%	F	%	F	%
The organization has a clearly defined mission statement	3	9.4	10	31.3	3	9.4	3	9.4	13	40.6
The organization has a clearly defined vision	4	12.5	10	31.3	3	9.4	3	9.4	12	37.5
The organization has clearly defined core values	3	9.4	10	31.3	3	9.4	7	21.9	9	28.1
The organization has clearly defined goals	-	-	-	-	16	50	6	18.7	10	31.3
The organization has a clearly defined strategic plan	3	9.4	7	21.9	10	31.3	6	18.8	6	18.8
The organization has a clearly defined management and organization structure	3	9.4	7	21.9	10	31.3	9	28.1	3	9.4

As depicted in table 4.5, majority of the organizations strongly agree to have a clearly defined mission statement with 40.6%. A few organizations representing 9.4% agree to have a clearly defined mission statement while the same neither agree nor disagree

and strongly disagree. A number of organizations representing 31.1% disagree to having a clearly defined mission statement. Majority of the organizations strongly agree to have a vision statement with 37.5% while 9.4% agree and 9.4% neither agree nor disagree. 31.3% of the organizations disagree to having a clearly defined vision statement while 12.5% of the organizations strongly disagree.

Majority of the organizations strongly agree and agree to having clearly defined core values with 28.1% and 29.1% respectively. 9.4% of the organizations neither agree nor disagree to having clearly defined core values while 31.3 disagree and 9.4% strongly disagree. Half of the organizations interviewed neither agree to disagree having a clearly defined goal. However, 18.7% of the organizations agree to having clearly defined goals while 31.3% strongly agree. Majority of the organizations do not have a clearly defined strategic plan or organizational structure, 28.1% of the organizations agree while 9.4% strongly agree. Those organizations that neither agree nor disagree to having a clearly defined strategic plan or organization structure represent 31.3% and 21.9% disagree and 9.4% strongly disagree.

4.5 Performance of the Organizations

The study sought to establish the performance of the organization with respect to adoption of strategic management practices. The respondents were asked questions on measuring performance, performance of the organization before adoption of strategic management, progress of implementation of strategic plan and if they can recommend adoption of strategic management to other organizations.

Table 4.6: Performance of the Organization Results

	Strongly disagree		Disagree		Neither agree or Disagree		Agree		Strongly agree	
	F	%	F	%	F	%	F	%	F	%
The organization has a clearly way of measuring performance	4	12.5	-	-	-	-	28	88.5	-	-
The performance of the organization was not good before the implementation of a strategic plan	3	9.4	3	9.4	10	31.3	11	34.4	5	15.6
The Strategic plan implementation is going on course	3	9.4	6	18.8	7	21.9	14	43.8	2	6.3
The strategic plan gives the organization a competitive advantage over our competitors	2	6.3	5	15.6	6	18.8	13	40.6	6	18.8
The performance of the organization has improved since implementation of a strategic plan	1	3.1	8	25	12	37.5	6	18.8	3	9.4
I would recommend adoption of strategic management practices to others manufacturing SMEs	-	-	3	9.4	-	-	7	21.9	22	68.8

As shown in table 4.6, majority of the organizations interviewed agree that they have clear ways of measuring performance with 88.5%. Only 12.5% of the organizations

strongly disagree to having a clear way of measuring performance. Half of the organizations interviewed agree and strongly agree that the performance of the organization was not good before the adoption and implementation of strategic management with 34.4% and 15.6% respectively. 9.4% of the organizations strongly disagree and disagree that the performance of the organization not good before the implementation of a strategic plan.

However, 31.1% of the organizations neither agree nor disagree. A large number of the organizations, 43.8% agree that the implementation of the strategic plan is going on course while only 6.3% of the organizations strongly agree. Those organizations that neither agree nor disagree that the implementation of the strategic plan is going on course represent 21.9% while 18.6% disagree and 9.4% strongly disagree. 40.6% of the organizations interviewed agree that the strategic plan gives them a competitive edge over their competitors. However, only 18.8% of the organizations strongly agree and neither agrees nor disagrees.

Those that disagree represent 15.6% while only 6.3% of the organizations strongly disagree. Majority of the organizations representing 37.5% neither agree nor disagree that the performance of the organization has improved since the implementation of a strategic plan. However, 18.8% agree and 9.4% strongly agree that the performance of the organization has improved since the implementation of a strategic plan. A quarter of the organizations disagree that the performance of the organization has improved since the implementation of a strategic plan while 3.1% strongly disagree. Majority of the organizations, 68.8% strongly agree that they would recommend the adoption of strategic management to other organizations. Only 9.4% disagree while 21.9% agree.

4.6 Discussion of the Results

The study established that most of the respondents were founders and CEOs of the organizations. This is critical as they are in a position to provide credible information about their organizations. The study established that most of the organizations that were interviewed have a small number of employees with most having 1 – 10 employees. As most of the organizations provide manufacturing services, they are able to survive with such a small workforce even though they might be big in size in terms of capital or investment in the business (Ries, 2011). The study also established

that most of the organizations do have at least one employee with management academic background. This supports the assumption made earlier that most of the founders of the organizations do not have a business academic background. It was also established that in most of the organizations at least one employee had experience managing a company. The number of employees with experience managing an organization may relate to the fact that many of the organizations have very few employees. The study focused on manufacturing SMEs. As the name suggests, they are companies that have not been in operations for a long period of time. The study established that most of the organizations have been in operation for between 1- 4 years.

The study found out that most of the organizations have adopted different strategies in their operations. Demil and Lecocq (2010) suggests that termed a strategy as a plan, ploy, position pattern and perspective. The strategies adopted included product strategy, human resource and operations. To be able to survive, any organization should adopt strategies that will help them stay ahead of their competitors. This means that the organization must be able to generate profits that would steer them ahead (Ansoff, 2010). The study also established that external and internal factors affect the strategic decisions the organizations make. The entrepreneurial framework of strategic management suggests that opportunities and resources will lead to sustainable growth (Mazzarol, 2014). The opportunities form the external factors that can influence the direction and strategic decisions of the organizations. The resources are internal factors within the organization. For proper strategies to be developed that would help the organization grow its business, they must reflect both the internal and external environment conditions.

The study also established that most of the organizations adopt new strategies to achieve competitive advantage. According to the survival-based theory, any organization needs to constantly adapt to its competitive environment (Abdullah, 2010). The organizations use strategies to achieve competitive advantage over their competitors. The three main strategies that can be used to achieve this are differentiation, focus and cost leadership (Porter, 2014). Okello and Kanyora (2015) also suggest that strategies can be used to achieve competitive advantage by organizations. Ajay et al. (2012) found that google employs three strategies namely start-ups, acquisitions and alliances that have seen it grow from just a search company

to focusing on other products and areas. An organization can develop and adopt strategies that would enable it grow.

A strategic plan is made up of various components. A strategic plan should have a vision, mission, core values and well-defined goals. The study has established that most of the organizations have these components. However, a significant number of the organizations also do not have these components. The study also established that most of the organizations have a clearly defined management and organization structure. A structure is very important to any organizations. It is one of the components of the McKinsey 7s model (Waterman et al., 2010). Proper organizational structure ensures there is a recognized flow of command and authority. This is critical to decision making and accountability of any organization.

Performance of any organization is key to the achievement of the set goals and realization of the vision and mission of the organizations. Each organization should have a way of measuring its performance in order to gauge their growth. The study established that most of the organizations do have a way of measuring performance. The study also established that those organizations that have a strategic plan have experienced improved performance. For most of the organizations, the study noted that a strategic plan gives them a competitive edge over their competitors. Wangeci (2009) recommends that organizations should adopt strategies in order to remain competitive within their markets. Such strategies will need to be documented in a strategic plan for the organization and can cover short term and long-term periods.

4.7. Conclusion

In order to establish the impact strategic management on organisational productivity, the current research study investigated the promotion of sustainability and growth in SMEs manufacturers through the adoption of strategic management in Pinetown. The study investigated the problem at hand guided by the research objectives which sought to assess the role of strategic management in SMEs growth and sustainability in Pinetown, assess the extent of strategic management adoption by manufacturing SMEs in Pinetown, as well as assessing the impact of government's support interventions on SMEs manufacturers in Pinetown. Based on the above findings, some conclusions have been drawn from which recommendations are suggested. The next chapter deliberates on these conclusions and recommendations.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The dissertation explored the employment of strategic management in SMEs in the manufacturing sector in Pinetown area. Strategic management is the cornerstone in running the business in a competitive environment of which without a strategy, the businesses risk making uninformed decisions that may lead to its sudden demise.

5.2 Summary of the Findings

The study established that most of the organizations are small in terms of number of employees working within the organization. Of the number of employees, the study did also establish that there is at least one employee with a management academic background. It also established that there is at least one employee in most of the organizations who has experience in managing an organization. Most of the organizations sampled have been in operation for a period of 1-4 years.

The study has established that majority of manufacturing SMEs have adopted strategic management in one-way or another in their operations. This includes adoption in product, customer service and operations. Internal and external factors are a major influence in strategic decision making for the organizations according to the findings. The study has also established that majority of the organizations adopt new strategies in order to achieve a competitive advantage over their competitors. The study also found out that majority of the organizations agree that strategic management affects their performance as 68.8% agree with the statement. Only 31.3% of the organizations neither agree nor disagree that they adopt strategic management to achieve competitive advantage.

Of all the organizations interviewed, half of them agree to have a mission statement clearly defined. 46.9% of the organizations have a clearly defined vision. 50% of the organizations have clearly defined core values. It is however noted that the organizations do not have clearly defined organizational structures. Only 37.5% of the organizations agree to have a clearly defined organizational structure.

Majority of the organizations have a clear way of measuring their performance as indicated by 88.5%. Half of the organizations agree that their performance was not good before the adoption and implementation of strategic management. 59.4% of the organizations agree that the strategic plan gives them a competitive advantage over their competitors. Majority of the organizations agree that they would recommend the adoption of strategic management to other organizations.

5.3 Conclusion of the Study

The following conclusions were made based on findings of the study:

The study concludes that manufacturing SMEs have adopted strategic management in their operations. However, adoption has only happened in various parts of most organizations and not fully. It seems to only focus on products and operations. Strategies do not focus on the markets that they operate in. Internal and external factors play an important role in strategic management decisions for the organizations.

The study also concluded that strategic management adoption has an influence in the performance of manufacturing SMEs. It has been established that there has been a positive change on the performance of manufacturing SMEs after the adoption of strategic management. It has also been established that performance for most of the manufacturing SMEs was not good before the adoption of strategic management. As a result, the organizations would recommend adoption of strategic management to other manufacturing SMEs. It can be concluded that adoption of strategic management has a positive influence on the performance of manufacturing SMEs.

5.4 Recommendation of the Study

The study established that adoption of strategic management is key to the success of manufacturing SMEs and improved performance. It is therefore recommended that such organizations should conduct appropriate research and implement strategies that would have a positive effect on their operations. Strategies should be aligned to the mission, vision and core values of the organizations. It is also important appropriate analysis of the environment is done in order to ensure that both the internal and external factors are considered.

Strategies should also cover the organization as a whole. They should apply to every aspect of the organization and its operations. As noted, most of the organizations do not have a market strategy. This is a critical part for any organization that intends to interact with its external environment. Strategies should also include the employees, as they are an integral part of the success of the strategy.

5.5 Limitations of the Study

The research involved collection of data from many companies some of which are located far away from one another. This made collection of data a bit hard for the researcher. Some of the respondents were not very cooperative and refused to fill in the questionnaires.

5.6 Implication of the Study on Policy, Theory and Practice

This study will help those forming policies to understand the need and importance of strategic management on manufacturing SMEs. As the number of manufacturing SMEs continue to grow at a very high rate, it is important that proper policies be formulated that will influence their growth positively. This research provides a basis and proof that proper policies need to be formulated to ensure there is an understanding of strategic management and its influence.

The study confirms the theories on the importance of strategic management practices in managing organizations. It also adds to the existing body of knowledge on the importance of strategic management practices and how they can help influence the performance of organizations.

The study will also help existing manufacturing SMEs and new ones to learn the importance of integrating strategic management practices within their operations. As it has been seen from the study, companies that have adopted strategic management practices have experienced improved performance. It is also a recommendation that companies should adopt strategic management practices.

5.7 Suggestions for Further Research

The study only covered manufacturing SMEs with operations within Pine Town. However, the population can be expanded to cover the whole of SA. This would have

more results that might prevent even more findings. Further, the study can be expanded to cover how manufacturing SMEs are managed while applying lean start-up methodology and practices.

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Appendix B: LETTER TO THE PARTICIPANTS

My name is Dereck Banda. I am a Master of Business Administration Student at UKZN. As part of my master's degree, I have to complete a research. The topic of my research is, "***Promoting Sustainability and Growth in SMES Manufacturers through the Adoption of Strategic Management in Pinetown***". I will be collecting data from I will be collecting data from selected SMSs, and the HR Manager will be overseeing the process.

The completion of the questionnaire should take about five minutes, and complete anonymity will be ensured. There will be no way to identify whose questionnaire is whose and thus it is not possible for you as an employee to be implicated in any way for the answers that you give.

The aim of the research is to investigate the sustainability and growth in SMES Manufacturers through the Adoption of Strategic Management in Pinetown. May I therefore take this opportunity to urge you to answer honestly. The results of the study will be provided to the organisation in the form of a report and will be given as overall findings and not individual results.

This research is not compulsory, and you are free to withdraw at any time should you wish. Should you have any queries you are free to contact me. I hope that you will be available and willing to participate in my research. I would like to thank you for your cooperation in this research.

Regards

Dereck Banda

Appendix C: Research Instrument

SECTION A: DEMOGRAPHIC INFORMATION

Complete this section by filling in the spaces

1. What position do you hold within the organization?
.....
2. How many employees does the organization have?
1 – 10 Employees [] 11 – 20 Employees []
21 – 30 Employees [] Above 31 Employees []
3. How many of the senior management have a business related academic background?
4. How many of the senior management have experience in managing an organization.....
5. How many years has the organization been in operation?
1 – 2 Years [] 3 – 4 Years [] 5 – 6 Years []
7 years and above []

SECTION B: ADOPTION OF STRATEGIC MANAGEMENT

1. To what extent has the organization adopted strategic management in the following areas to achieve success

1- No extent 2- little extent 3- Moderate extent 4 - to a great extent 5 To a very great extent

2 3 4 5

Product

strategy

Market

strategy					
Customer					
service					
Operations					
Human					
resource					

2. To what extent do you agree with the following statements

(1= Strongly disagree, 2- Disagree, 3- Neither agree or Disagree, 4- Agree, 5-Strongly Agree)

	1	2	3	4	5
External factors affect the organization's strategic decision making					
Internal factors affect the organizations strategic decision making					
Strategic management affects the organization's performance					
Our organization adopts new strategies to achieve competitive advantage					

3. To what extent do you agree with the following statements
 (1= Strongly disagree, 2- Disagree, 3- Neither agree or Disagree, 4- Agree, 5- Strongly Agree)

	1	2	3	4	5
The organization has a clearly defined mission statement					
The organization has a clearly defined vision					
The organization has clearly defined core values					
The organization has clearly defined goals					
The organization has a clearly defined strategic plan					
The organization has a clearly defined management and organizational structure					

SECTION C: PERFORMANCE OF THE ORGANIZATION

To what extent do you agree with the following statements about performance
 (1= Strongly disagree, 2- Disagree, 3- Neither agree or Disagree, 4- Agree, 5- Strongly Agree)

		2	3	4	5
The organization has a clear way of measuring performance					
The performance of the organization was not good before implementation of a strategic plan					
The strategic plan implementation is going on course					
The strategic plan gives the organization a competitive advantage over our competitors					
The performance of the organization has improved since implementation of a strategic plan					
I would recommend the adoption of strategic management practices to other manufacturing SMEs.					

9 January 2019

Mr Dereck Banda (211526864)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Banda,

Protocol reference number: HSS/0401/017M

Project title: Promoting Sustainability and Growth in SMES Manufacturers through the Adoption of Strategic Management in Pinetown

Approval notification – Amendment Application


This letter serves to notify you that your application for an amendment dated 8 January 2019 has now been granted Full Approval as follows:

- Change in Supervisor from DR MG Ntuli to Dr Rosemary Sibanda

Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

Best wishes for the successful completion of your research protocol.

Yours


Professor Shenuka Singh (Chair)
Humanities & Social Sciences Research Ethics Committee

/pm

Cc Supervisor: Dr Rosemary Sibanda
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

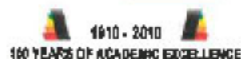
Dr Shenuka Singh (Chair)

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