

UNIVERSITY OF KWAZULU-NATAL

**STRATEGIC MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES:
A CASE STUDY OF HARARE, ZIMBABWE**

By

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**A thesis submitted in partial fulfilment of the requirements for the degree of
Doctor of Philosophy**

**School of Management, IT and Governance
College of Law and Management Studies**

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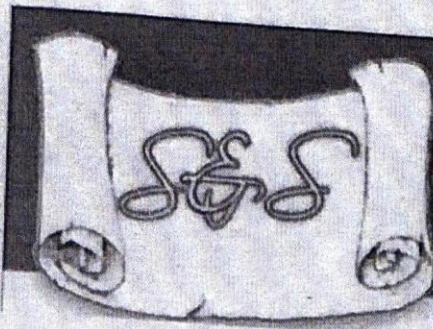
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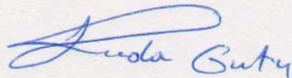
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Kudakwashe Gutu, November 2017

Abbreviations

BADEA - Arab Bank for Economic Development in Africa
BOP – Balance of Payments
BSC - Balanced Scorecard
CAQDAS - Computer Assisted Qualitative Data Analysis Software
CEO - Chief Executive Officer
COMESA - Common Market for Eastern and Southern Africa
CPI - Consumer Price Index
CZI - Confederation of Zimbabwe Industries
EAC – East African Community
EC - European Community
EFE - External Factors Evaluation
EMA - Environmental Management Agency
EPS - Earnings per Share
ESAP - Economic Structural Adjustment Programme
FNB - First National Bank
GDP - Gross Domestic Product
GM - General Motors
GMB - Grain Marketing Board
HHIZ - Hanke Hyperinflation Index for Zimbabwe
IDC - Industrial Development Policy
IFE - Internal Factors Evaluation
MBV - Market Based View
MERP - Millennium Economic Recovery Programme
MSME - Ministry of Small and Medium Enterprises and Cooperative Development
NERP - National Economic Recovery Programme
OE - Operational Effectiveness
OECD - Organisation for Economic Co-operation and Development
PhD - Doctor of Philosophy
RBV - Resource Based View
ROE - Return on Equity
ROI - Return on Investment
SADC - Southern African Development Community
SEDCO - Small Enterprises Development Corporation

SME - Small and Medium Enterprises

STEM - Science, Technology, Engineering and Mathematics

SWOT - Strengths, Weaknesses, Opportunities and Threats

UDI - Unilateral Declaration of Independence

ZBC - Zimbabwe Broadcasting Authority

ZESA - Zimbabwe Electricity Supply Authority

ZIMASSET - Zimbabwe Agenda for Sustainable Socio-economic Transformation

ZIMPREST - Zimbabwe Programme for Economic Transformation

ZIMRA - Zimbabwe Revenue Authority

ZSE - Zimbabwe Stock Exchange

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Abstract

Small and Medium Enterprises (SMEs) have become critical to the development of all economies in the world in the last few decades and Zimbabwe, which is a volatile low-income country is not an exception. However, in spite of the abundance of literature about strategic management in large companies that has emerged as a recipe for success, not much literature is available specifically for SMEs in low-income countries and Zimbabwe in particular. This research sought to unveil and understand how strategic management is conducted in SMEs of Harare, Zimbabwe, based on the Wheelen and Hunger (2012) model.

A face-to-face semi-structured interview case study approach was used between January and July 2016 by the researcher alone with either the owners or managers of the SMEs. The results of the twenty case studies are summarised in the form of tables showing the responses and percentages of the fifteen questions derived from the four phases of the model. The four phases are Environmental scanning; Strategy formulation; Strategy implementation; and Evaluation and Control.

The results revealed a diverse mixture that ranged from thorough knowledge and practice of the model to absolute ignorance about the strategic management process. There was scarce evidence on recourse to risk management as a tool to mitigate risk related challenges that were encountered during the implementation phase of strategic management. Some of the recommendations were that the SMEs should embrace an integrated approach to strategic and risk management to avoid being overwhelmed by the risk related challenges of operating in a volatile environment since there is symbiosis between strategic and risk management. In addition, SMEs should empower the front line employees that interact with the customers regularly to resolve customer complaints on the spot and make decisions that take advantage of short lived opportunities that may arise in the economy to enhance success.

Keywords: Small and Medium Enterprises (SMEs); Strategic management process; Risk management.

CHAPTER ONE

Overview, importance and justification of the study

1.0 Introduction

This chapter commences with the definition of Small and Medium Enterprises (SMEs) and distinguishes them from Venture Capital Enterprises since Zimbabwe has both types of small businesses. It explains the background, justification and importance of the study to the country in addition to narrating the initiatives that the Government launched to revive the economy. It also explains the research problem, research questions and objectives and the theoretical model that underpins the study and why that particular model was selected ahead of other strategic management models. The chapter culminates with the delimitation of the study.

Akugri, Bagah and Wulifan (2015) specify that the mainstay of developing economies is the informal sector while Mudavanhu, Bindu, Chigusiwa and Muchabaiwa (2011) indicate that SMEs in Zimbabwe are the engines of economic growth. Small and Medium Enterprises (SMEs) in Zimbabwe have become critical to the country's economic development and are gradually filling the vacuum created by the collapse and downsizing of large companies (Gwangwava, Manuere, Gutu, Chinoda and Rangarirai, 2014). Their performance has become a national concern yet studies on strategic management in small and medium enterprises which is receiving universal attention as a recipe for success has received little attention in the country. Most studies that were done elsewhere in the world have focused to a large extent on the process of strategic management in large companies alone and overlooked SMEs. This research sought to understand whether strategic management is done by SMEs. If so, to understand how the process is conducted in Zimbabwe in order to add new knowledge for the benefit of current and potential small entrepreneurs. The study covered SMEs in different sub sectors of the economy in the province of Harare (the capital city of Zimbabwe). The results for the specific sub sectors covered may be relevant to SMEs in the same sub sectors in the other provinces and probably elsewhere in the world.

1.1 Characteristics and definition of SMEs and entrepreneurial venture enterprises

The definitions of Small and Medium Enterprises (SMEs) differ between different countries or organisations and they vary in terms of the number of people employed, annual turnover and capital base or the balance sheet size. In addition, the definitions do not distinguish between an ordinary SME and an Entrepreneurial Venture though there is a difference (Wheelen and Hunger, 2012).

Wheelen and Hunger (2012) indicate that the basic difference between an ordinary small and medium enterprise (SME) and an entrepreneurial venture lies on their view about growth and innovation. They argue that a SME is similar to an entrepreneurial venture in that it is independently owned and operated, is not dominant in its field of operation and does not engage in innovative practices. On the other hand, an entrepreneurial venture is any business whose major motive is profitability and growth and hence engages in innovative strategic practices. They further indicate that Donald Saxton, an authority on entrepreneurship argues that strategic planning is more likely to be an integral part of an entrepreneurial venture than of a typical small business firm. The major reason for specifying the similarities and difference is to understand whether Zimbabwe has more of ordinary SMEs or Entrepreneurial Ventures and this assists the research to make more appropriate or value adding recommendations. Dess, Lumpkin and Eisner (2010, p. 448) define entrepreneurial ventures as those businesses that possess the

“entrepreneurial orientation, the strategy-making practices that businesses use in identifying and launching new ventures, consisting of autonomy, innovativeness, proactiveness, competitive aggressiveness, and risk taking.”

The Ministry of Small and Medium Enterprises and Cooperative Development (MSME) Policy and Strategic Framework (2008, p. 20) defines small and medium enterprises as those that are registered in terms of their legal status and employ between 6 and 100 workers. The Ministry of SMEs (2000) defines a small enterprise as one that employs not more than 50 people and is a registered entity while medium enterprises are firms that employ between 75 and 100 people. This means that those that employ more than 50 employees to less than 75 employees are neither small enterprises nor medium enterprises. They fall into a grey area that is

not defined. However, this did not negatively affect the study as the focus of the study was small and medium enterprises. The Small Enterprises Development Corporation (SEDCO, 2010) does not differentiate between small and medium enterprises but defines a small or a medium enterprise as a firm that has not more than 100 employees with a maximum turnover of US\$830,000 (Maseko and Manyani, 2011). In this study, a SME is defined as a registered enterprise that employs not more than 100 employees.

Wheelen and Hunger (2012) state that the commonly accepted definition of a small business in the United States is one that employs less than 500 people and generates sales of less than \$20 million per annum. The US Small Business Administration defines a small business as one which is independently owned and operated and which is not dominant in its field of operation. The most frequent upper limit designating a SME is 250 employees, as in the European Union (Organisation for Economic Co-operation and Development {OECD}, 2005). However, some countries set the limit at 200 employees. Small firms are generally those with fewer than 50 employees.

The OECD (2004) indicates that SMEs are a heterogeneous group of businesses that are found in a wide array of activities that may be in the formal or informal economy. They can be single artisans, partnerships or companies in various sectors of the economy and the owners operate in different markets that include rural, urban, local, regional and international areas and embody different levels of skills and capital.

Jama and Jin (2012, p. 1) explain that the definition of SMEs by the European commission has an employment maximum threshold of not more than 250 people and is divided into three categories namely micro firms with less than 10 people, small firms that employ 11 to 50 people and medium firms with 51 to 250 people.

Several countries only use the number of employees in their definitions. Table 1 summarises the OECD definitions used in several Asian countries that include China, Singapore, Indonesia and Thailand as well as some selected African

countries that include the two African biggest economies of Nigeria and South Africa but excluding Zimbabwe.

Table 1: OECD definition of small and medium enterprises (SMEs)

Country	Employees
Asian Developing	
Chinese Taipei	< 100 (Early 1990s)
China	< 100 (Early 1990s)
South Korea	< 300 (1995)
Vietnam	< 200 (Early 1990s)
Singapore	< 100 (Early 1990s)
Malaysia	< 75 (Early 1990s)
Indonesia	< 100 (Early 1990s)
Thailand	< 100 (Early 1990s)
Africa	
Egypt* ¹	< 100
Kenya* ²	< 50
Nigeria* ³	≤ 100
South Africa* ⁴	≤ 200
Mauritius	< 50 (1997)
Tanzania	< 50 (2002)
Malawi	< 50 (2003)
Some OECD Countries	
Denmark	< 500 (Early 1990s)
France	< 500 (1994)
Sweden	< 200 (Early 1990s)
Finland	< 500 (1991)
Japan	< 300 (1991)

*Sources: OECD (2004, p. 12); *¹ Ministry of Finance report (2005, p. 2); *² Luning and Giesan (2006, p. 3); *³ Etuk, Etuk and Baghebo (2014, p. 657); *⁴ The Banking Association of South Africa report (2017).*

Note: *¹⁻⁴ In Egypt, the definition of SMEs depends on the sector and ranges from 5 employees for the Trade and Service sectors to 99 employees for the Manufacturing and Construction sectors according to the Ministry of Finance report (2005, p. 2). In South Africa, the definition also depends on the sector and ranges from 50 employees for the Agriculture sector to 200 employees for the rest of the sectors.

1.2 Background of the study

Zimbabwe achieved independence in 1980 and inherited a vibrant economy from the white colonial regime that was under international sanctions following its Unilateral Declaration of Independence (UDI) in 1965. The engines for economic growth were the strong agricultural and manufacturing sectors that enjoyed massive

support from the government to achieve food and productive self- sufficiency. Backward and forward linkages with all the other sectors of the economy also stimulated growth. The result was positive annual real growth that averaged between 3 to 4% between 1985 and 1990 with a peak of 7.6% in 1988. After 1990 to 1997, there was still positive real growth but it had slightly slumped and averaged 3.2% (Zwizwai, Kanbudzi and Mauwa, 2014; Saungweme, 2013). From 1998 to 2008, Zimbabwe started experiencing a gradual decline in economic growth that subsequently developed to a recession as shown in the table 2 below.

Table 2: Zimbabwe real gross domestic product growth rates

Year	Growth	Year	Growth
1998	-0.795%	2007	-3.373%
1999	-2.136%	2008	-16.579%
2000	-6.063%	2009	7.535%
2001	-3.567%	2010	11.376%
2002	-6.183%	2011	11.905%
2003	-16.504%	2012	10.565%
2004	-6.471%	2013 (estimate)	4.484%
2005	-7.663%	2014 (estimate)	3.169%
2006	-3.581%		

Source: CIA World Factbook, from 2003 to 2014 (2016); Quarterly Digest of Statistics from 1998 to 2002 (2004)

By the year 2008, the decline had reached a climax and was characterised by several adverse factors that included hyperinflation, closure of several companies, unemployment and liquidity crisis (Saungweme, 2013). According to Berger (2008), the rate of inflation reached 231 million percent as at the end of the first week of October 2008. He adds that the price of a loaf of bread that cost Z\$500 at the beginning of August 2008 had rocketed to between Z\$7,000 and Z\$10,000 if it was ever available. However, contrary to this inflation figure, Berger (2008) further reports that Masunungure, a Professor of political science lecturer at the University of Zimbabwe states that the 231 million percent was a woeful underestimate. In addition, Steve Hanke, a senior fellow at the Cato Institute of Washington, an expert in exchange rates and inflation was prompted by the absence of Zimbabwe government statistics on money supply and the unreliability of the inflation figures to develop the Hanke Hyperinflation Index for Zimbabwe (HHIZ). The index uses market based price data to calculate inflation figures. According to this HHIZ, the year on year inflation figure was 2 trillion percent as at the end of the first week of October 2008. Lypsey and Chrystal (2010) concur with the facts about the HHIZ.,

The Sunday Mail, (the official weekly Government mouthpiece) of 21 August 2016 quoted General Constantino Chiwenga (the commander of the Zimbabwe Defence Forces) concurring that

“ ... *We also had hyperinflation and no country can parallel Zimbabwe, except Germany during the Weimar Republic and did not get to where Zimbabwe was in 2008.*” (Online:<https://www.zimeye.net/2016/08/21/chiwenga-attacks-chimene-again-calls-her-a-ampty-vessel>)

Contrary to the statement above, the world's worst hyperinflation occurred in 1945-6 in Hungary when their currency, (the pengo) lost value resulting in a year on year hyperinflation of 4.19 quintillion percent. Serbia seconded this record on the 24th of January 1994 when the monthly inflation reached 302 million percent. Germany's inflation during the Weimer Republic's era in 1923 reached a peak of 332 percent per month (Lipsey and Chrystal, 2010, p. 564; Berger, 2008). Berger (2008) adds that the root cause of Zimbabwe's hyperinflation was the government's policy of printing more and more money to meet its own needs. This had the effect of depreciating the value of the local currency against hard currencies and sending the prices of all imported goods soaring. The official exchange rate was US\$1 = Z\$180 but on the black market (parallel market) it was US\$1 = Z\$8,000 while for bank transfers it was US\$1 = Z\$1,500,000. These were the figures after the domestic currency had been re-valued in August 2008, 10 zeros had been knocked off.

The closure of more than 300 large enterprises over the past five years left more than twenty three thousand workers jobless. This resulted in a high unemployment rate that economists estimated at more than 80% among several other adverse factors. According to the Zimbabwe Independent (2013, 18 October), between July 2011 and July 2013, 711 companies in Harare alone had closed down resulting in the rate of unemployment rising to over 88%. Manuere, Gwangwava and Gutu (2013) noted that Zimbabwe has the highest rate of unemployment in Southern Africa. However, this was disputed by official government figures that maintained a modest rate of 11% as at the end of 2012 (Zimbabwe National Statistics Agency, 2013). The Zimbabwe Independent (2016, 12 August) argues that Zimbabwe does not have current and reliable statistics about the unemployment situation. The latest survey was conducted by the Zimbabwe National Statistics Agency (Zimstats) in 2011. The definition of employed people that was used included all people who are

engaged in subsistence farming as well as those who had worked for at least one hour for cash or in kind in the week before the survey was conducted. However, in 2013, the International Body of Statisticians changed the definition and decided that all people engaged in work for their own final consumption should not be classified as being employed but the country had not yet done another study based on this new definition. Hence, some Economists had estimated the rate of unemployment at almost 90% though the government maintains a figure of almost 11% depending on the definition used. However, what is certain is that the unemployment rate is high but nobody knows how high. Lipsey and Chrystal (2010, p. 580) concur that the methods of measuring unemployment had changed many times over the years and the figures may significantly understate or overstate the actual numbers willing to work at the existing wage rates.

The rising unemployment situation (among other factors) forced some Zimbabweans to leave the country for the diaspora in search of employment and greener pastures. The Zimstats Census National Report (2012) indicates that in spite of the country's annual population growth rate of 1.1%, the worst affected city by the unemployment situation was Bulawayo (Zimbabwe's second largest city) that recorded a population decline of 3.1% from 676,650 in 2002 to 655,675 in 2012 as residents migrated to South Africa, Botswana and Harare in search of employment. The First National Bank (FNB) South Africa report (2013) indicates that an estimated 2 million Zimbabweans were staying in South Africa alone. To prove that there were indeed thousands of Zimbabweans in the diaspora, the Zimbabwe Sunday Mail (2014, 14 December) reported that the Finance Minister acknowledged that diaspora remittances remained a critical source of liquidity to the domestic market and the Government. This source raked in US\$2.1 billion in 2012, US\$1.8 billion in 2013 and almost US\$900 million in 2014 (Zimbabwe National Budget Statement, 2015). This in turn prompted the establishment of several money transfer companies in the country to take advantage of this opportunity by collaborating with companies in other countries such as South Africa, Botswana, the United Kingdom, the USA, Canada and Australia.

The 1980s independence era's high hopes that the country would break the economic mould and set an example to be emulated by the rest of sub Saharan

Africa had been entirely extinguished and replaced by a sober realism that the country was an unlikely venue for economic miracles. The situation was appropriately summarised by President Robert Mugabe's statement that

" ... Bulawayo, once the industrial capital of Zimbabwe, has become a sorry industrial scrap-yard" (CZI manufacturing survey report 2013, p. 6).

The economic contraction was blamed on illegal sanctions by the western countries coupled with corruption in both the public and private sectors (Berger, 2008). The hyper inflation that prevailed severely eroded the real purchasing power of the population's incomes. This resulted in both the total expenditure on food by households as well as the percentage of their incomes spent on food expenditure rising in defiance of Engel's law. Engel's law states that as incomes rise, the percentage of incomes towards food expenditure falls though the nominal total food expenditure may continue to rise. Hence, the following quote by Robertson (2012, 2017), a renowned economist in Zimbabwe who acknowledges the deteriorating economic performance of the country when he states that

" ... As resources and stamina become dangerously depleted, Zimbabwe's prospects become increasingly difficult to describe in purely economic terms. The political environment so totally dominates the direction being taken" (Online: www.robertsoneconomics.com).

Zimbabwe has remained stuck as a low income country for decades in spite of the abundance of foreign aid and lines of credit during the early years of independence. A study by the researcher, (Gutu, 1986) on the analysis of household demand for Zimbabwe using the linear expenditure system and data that spanned from 1965 to 1984 revealed welfare indicators that ranged from -2 to -4. Philips (1974, p. 130) states that

"the more a country is developed, the smaller the welfare indicator."

The study revealed that during that period, the standard of living of the average Zimbabweans ranged from the slightly better off but still poor with a desire to become better off to the middle-income bracket (those who enjoy a mediocre standard of living). Twenty four years down the line, revelations from a different study by Regmi and Seale (2010) classified Zimbabwe as a low income country with a per capita real income of US\$12.71 and was ranked at number 80 in terms of

the level of per capita income among the 114 countries that were covered by the research in descending order. Findings from these two studies were consistent.

During this era and the current period, when large enterprises continued retrenching, downsizing and effecting all sorts of cost reduction measures, the economy experienced the gradual emergence of the SMEs as the saviour to avert the impending economic disaster. Even though price stability was restored in 2009 when the country adopted the use of a multi-currency regime dominated by the US dollar (as shown in table 2 above), economic growth continued to decline prompting the emergence of more small and medium enterprises. According to Nathan Associates Inc. (2016), some of the economic indicators that prevailed are shown in table 3 below:

Table 3: Selected performance indicators for Zimbabwe

Year	GDP % growth	GDP % per capita	CPI year on year inflation
2009	6.0	4.2	-7.9%
2010	11.4	9.4	3.1%
2011	11.9	9.7	3.3%
2012	10.6	8.2	3.9%
2013	4.5	2.2	1.6%
2014	3.1	1.5	-0.2%
2015	2.7	-0.9	-2.0%

Source: Nathan Associates Inc. (2016) as adopted from World Bank, AfDB,

(Various)

It should also be noted that the Government was not just watching the economy burning with folded hands but initiated some desperate attempts to revive the economy over the past three decades though the efforts were crowned by failure. This left the country's ideological bouncers who were in charge of economic turnaround humbled, embarrassed or humiliated. Some of the programmes that were initiated by the Government are as summarised in the table 4 below.

Table 4: Economic revival programmes and periods of implementation

Programme	Period or year
First Five Year National Development Plan	1986 – 1990
Second Five Year National Development Plan	1991 – 1995
Economic Structural Adjustment Programme (ESAP)	1991 – 1995
Zimbabwe Programme for Economic Transformation	1998

(ZIMPREST)	
Millennium Economic Recovery Programme (MERP)	2000 – 2002
National Economic Recovery Programme (NERP)	2003
Macroeconomic Policy Framework	2005 – 2006
National Economic Development Priority Programme and Short Term Economic Recovery programme	2011 – 2015
Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET)	2015
Science, Technology, Engineering and Mathematics (STEM)	2016

Sources: Trade Dynamics in Zimbabwe: 1980-2012 (Saungweme, 2013); Zimbabwe: Economic Policy-Making and Implementation: A Study of Strategic Trade and Selective Industrial Policies (Zwizwai, Kanbudzi and Mauwa, 2014); Republic of Zimbabwe National Trade Policy (2012-2016, p. 4).

The latest programme was designed to revolutionise or stimulate productive capacity in the remaining large-scale companies of the country as the Government paid tuition fees for all university students studying for science subjects to create interest, arouse their patriotism and encourage them to embark on those studies ahead of other commercial subjects. The results of this programme were yet to be seen though the programme was not short of some criticisms. The country had been struggling for several years to control and reduce the Balance of Payments (BOP) increasing deficits. The Fin24 report (2016, 8 January) indicates that for the first eleven months period of 2015, Zimbabwe's total BOP deficit was US\$3 billion. The deficit resulted from exports of US\$2.5 billion and imports of US\$5.5 billion. Trade with South Africa alone (Zimbabwe's major trading partner) also resulted in a BOP deficit of US\$400 million during the same 2015 period. This unfavourable trade balance resulted from exports valued at US\$1.7 billion against imports valued at US\$2.1 billion. Hardly a few months later in June 2016, in desperate attempts to revive the ailing economy, the Government implemented an imports embargo on several basic commodities under statutory instrument number 64. The move was taken in spite of the fact that there is high import content in the production of some commodities. This raised simmering tensions with trading partners amid the growing moves towards deeper regional economic integration as the idea of

investment and production of specific commodities took centre stage in the wake of the decision to adopt an inward looking industrialisation strategy instead of scouting for alternative trading partners. Industry experts predicted that the move would affect the informal trade industry the most but were of the view that where Zimbabwe was not producing, South Africa could continue to export to Zimbabwe. However, where Zimbabwe was producing, the two countries would cooperate to find an amicable solution. The government subsequently scrapped the imports embargo in November 2018 because of shortages of basic commodities, rising prices of the commodities in short supply and failure of this protectionism strategy to achieve the intended objectives (The Standard, 28 October- 3 November 2018).

1.3 Importance of SMEs and entrepreneurial venture enterprises

SMEs and Entrepreneurial Ventures play a very important role in various aspects of any country's economic development. Hence, there is always a cause for concern when these businesses collapse. In Zimbabwe, Zindiye, Chiliya and Masocha (2012) acknowledge that SMEs are crucial in poverty alleviation, spreading employment to the rural areas, improvement of the standard of living for women and increasing the indigenous ownership of investment. SMEs also contribute towards addressing the first United Nations Millennium Development Goal, which is to eradicate extreme poverty and hunger. This is done through job creation and it should be noted that several testimonies bear witness to the fact that some of today's SMEs will be tomorrow's corporate giants.

Wheelen and Hunger (2004) indicate that approximately 99% of the 17 million businesses in the USA employ less than 100 people and hence they fall within the above definition of SMEs and Entrepreneurial Ventures. SMEs account for about half of the USA's employment and created over 80% of all new jobs between 1960 and 1985 while more than 60% were created by new ventures during the same period. The authors went further to state that during the 1980s, while Fortune 500 companies eliminated 3.5 million jobs, SMEs and Entrepreneurial Ventures created 20 million jobs (Wheelen and Hunger, 1995, p. 361). In addition, small businesses are responsible for a high proportion of innovative products and services compared to the large companies and this arises from their Research and Development (R&D) expenditure, which is almost twice as much as that for large companies. This partly

explains why, according to the US Small Business Administration, the failure rate of 24% of new businesses within the first two years and 63% within six years could be a cause for concern. Wheelen and Hunger (2012) state that similar failure rates occur in the United Kingdom, the Netherlands, Japan, Taiwan and Hong Kong though some studies revealed that the survival rate of entrepreneurial ventures is higher. Khan (2014) indicates that more than 85% of the manufacturing businesses in Pakistan are SMEs while in Malaysia, few researches have focused on strategic planning in SMEs.

Empirical studies show that SMEs contribute over 55% to Gross Domestic Product (GDP) and over 65% of total employment in high-income countries. They account for over 60% of GDP and over 70% of total employment in low-income countries while they contribute over 95% of total employment and about 70% to GDP in middle-income countries (OECD, 2004). A study by Pushpakumari and Watanabe (2009) indicates that in 2006, the 4.2 million SMEs in Japan accounted for 99.7% of the firms compared to only 0.3% of the large firms. In addition, they employed 42 million people and this was 78% of the total employment while in Sri Lanka they accounted for 85.4% of the businesses in 1996 and employed 36.3% of the employees. Ruvendra (2010, p. 69) argues that in many countries, SMEs account for over 95% of all businesses, employ about 65% of the labour force and contribute 25% of the GDP. Herath and Rosli (2013) concur that more than 90% of the businesses in the Asian Productivity Organisation (APO) member countries are SMEs and in most of the countries, SMEs contribute more than 75% of the GDP. Jama and Jin (2012) also indicate that SMEs are important since they represent 99% of the enterprises in Europe, created 58% of GDP and hire 67% of the employees (European SME report, 2007, p. 18). In addition, SMEs are scattered and reach markets where large-scale enterprises cannot reach due to non-viability, unwillingness or are deterred by the risks involved. In Greece, SMEs also support large manufacturing companies in addition to their contribution to employment creation (Germanos, 2011).

1.4 Importance of the research for Zimbabwe

The thesis chose to study the SMEs sector in Zimbabwe because of its importance in terms of their contribution to Gross Domestic Product (GDP) in real terms and employment creation. The National Vendors Union of Zimbabwe indicate that the

small business sector that includes the informal sector has 5.7 million workers and circulates over \$7 billion (about R101 billion) annually which is twice the revenue of the government. Though Wheelen and Hunger (2012) indicate that a 1990 survey by the firm BDO Seidman revealed that 81% of the SMEs that were 1 to 10 years old had strategic plans, a study that was conducted in Zimbabwe by Magaisa, Kanhai and Matipira (2013) revealed the contrary that 98% of the SMEs did not use formal strategic management. However, Wheelen and Hunger (2012) contend that many SMEs do not make use of strategic planning due to four main reasons that are as follows:

- a) – not enough time especially if one is not sure to be in business by the following week;
- b) – not familiar or aware of the strategic planning process or afraid that it reduces flexibility;
- c) – absence of the skills of the planning process; and
- d) – lack of trust and openness due to fear that planning may expose key information to undesirable hands and even competitors.

The topic was chosen because the researcher had observed that some SMEs displayed their mission statements and core values at their reception areas though he was not sure if this was proof that they indeed practiced strategic management. It therefore became necessary to seek evidence through a study in the context of Zimbabwe.

The topic is of relevance to the current situation in Zimbabwe but requires to be confronted with empirical evidence to facilitate its evaluation and identification of lessons to be learnt for the benefit of interested stakeholders. Pushpakumari and Watanabe (2009) concur that the findings will be of use to owners and managers of SMEs and will contribute to the literature available for the benefit of current and potential entrepreneurs.

1.5 Justification of the study

The results of relevant studies that were done elsewhere in the world cannot be generalised to the situation in Zimbabwe. Greenly (1994, p. 392) indicates that although principles of strategic planning should have universal application, there

may be national differences in strategic planning, country dependent influences from business culture and influences from different national trading conditions. Pushpakumari and Watanabe (2009) noted that most of the studies are limited to large enterprises in the western world and literature suggests that a few studies have addressed this issue in the SMEs sector. Few similar studies have been carried out in Zimbabwe. Greenly (1994, p. 392) argues that,

“results of similar studies cannot be replicated for different countries with different planning cultures, country dependent influences from business culture and national trading conditions.”

Hence, it became necessary to conduct the study in Zimbabwe to find out and understand how the strategic management process is done in SMEs. Johnson (1999) shares the same opinion and quotes a Chinese paleontologist who states that,

“In China, we can criticize Darwin, but not the government; in America you can criticize the government, but not Darwin” (Johnson, 1999, p. 1).

This therefore justified the need for this study in Zimbabwe which will be specific to the situation or national country environment.

The study is important in providing new information that could be useful to the modification of the existing strategic planning model in view of the emphasis by Yin (2014) that the researcher can and should modify the existing model based on new information that emerges. Greenly (1994, p. 392), quoted above also shares the same opinion. A modified strategic management model for SMEs in Zimbabwe may assist current and potential SMEs to improve their management systems if the operating external environment continues to be dynamic. The government will also benefit by being enlightened on areas to direct her limited resources in its relentless efforts to assist SMEs to improve their performance since it potentially stands to lose if the tax revenue base continues to shrink from the high SMEs mortality rate. Academics will also benefit since the gathered new information will provide a benchmark for future similar studies and develop an appropriate model on strategic management and performance in SMEs for Zimbabwe. Finally, the communities in which the SMEs operate will enjoy the benefits of employment creation by the SMEs if their performance improves thereby contributing towards poverty alleviation.

1.6 Research problem

Zimbabwe has remained stuck as a low income country for decades in spite of the abundance of foreign aid and lines of credit during the early years of independence in the 1980s. The SME sector remains haunted by a plethora of micro and macro economic problems and challenges. Some of these thorns in the flesh include risk related challenges, rising unemployment and poverty, corruption, serious foreign currency shortages, balance of payments problems, unattractive destination for foreign direct investment and many others. The problems and challenges being encountered by the SMEs have culminated in the country's gradual sinking in the quicksand of despondency and defeatism by this former vibrant economy.

The field of strategic management has mainly focused on how large corporate entities design, implement and evaluate their strategies. The literature and models currently available for large organizations appear to suggest that the models are a straight jacket fit all that are expected to be appropriate for all organisations in all countries. However, unlike some of the stable countries from which the models were developed, Zimbabwe has experienced a highly unstable and unpredictable environment characterized by inconsistent policies that discourage focus on long term planning. This is due to the fact that SMEs may never know whether or not they will still be in business even by the following week. Such an environment might suggest that there is no guarantee that the available strategic management models may be appropriate for the country. This view is supported by the quotation by Greenly (1994, p. 392) in item 1.5 above. This explains why Yin (2014) emphasises the need to modify existing models based on new information that might emerge in order to suit a particular environment.

To date however, strategic management in small businesses has been largely overlooked. This is somewhat ironic considering the fact that in the last few decades, small and medium enterprises (SMEs) have been significant contributors to the well-being and prosperity of economies in many countries throughout the world. In Zimbabwe, SMEs have been recognised as key facilitators of economic growth and a panacea to the challenges faced by many of its inhabitants. Notwithstanding these sentiments, there has been no clear indication as to whether the owners or managers of small enterprises engage in strategic management

activities and if so, to what extent and how this is undertaken. Thus, the process of strategic management in SMEs in Zimbabwe has not been well documented and understood. Hence in brief, there is lack of understanding in the area of how strategic management is undertaken in small and medium enterprises (SMEs) in Harare, Zimbabwe. Saunders *et al.* (2012, p. 7) allude to the fact that the unavailability of knowledge and understanding about some phenomena prohibits efforts to address specific issues and practical problems therein.

1.7 Research questions

Yin (2014, p. 31) states that in the components of the research design, the researcher requires or needs study questions to help identify the relevant information to be collected in the case study. The more a case study contains specific questions and propositions, the more it will stay within feasible limits. The research problem was addressed by asking key questions that follow and sub-questions in the appendix. The key research questions are as follows.

- a) How is environmental scanning conducted by SME's in Harare, Zimbabwe?
- b) How are strategies formulated by SME's in Harare, Zimbabwe?
- c) How are strategies implemented by SME's in Harare, Zimbabwe? What are the challenges?
- d) How are strategies evaluated and controlled by SME's in Harare, Zimbabwe?

1.8 Research objectives

The objectives of the research were derived from the research questions above and the sub-questions in the appendix. The major research objectives are as follows:

- a) To understand how environmental scanning is conducted by SME's in Harare, Zimbabwe.
- b) To understand how strategies are formulated by SME's in Harare, Zimbabwe.
- c) To understand how strategies are implemented by SME's in Harare, Zimbabwe.
- d) To understand how strategies are evaluated and controlled by SME's in Harare, Zimbabwe.

1.9 Research model (theoretical framework)

Yin (2014, p. 37-38) emphasises that for case studies, the development of some theory as part of the design phase is highly desired. The theoretical statements

should elaborate a complex pattern of expected results. He adds that for some topics, existing works may provide a rich theoretical framework for the case study. Statements about what is to be explored should precede an exploratory case study, the purpose of the exploration and the criteria by which the exploration will be judged to be successful. The theory that was examined and tested by this research is the Strategic Management Model of Wheelen and Hunger (2012, p. 5). Several authors have written books and articles about the strategic management process and their models commence with different areas. The list of some of these authors and the components of their respective models as summarised by Geldenhuys, Naude and Veldsman (2003) is presented in the annexures. Wheelen and Hunger (2012, p. 5) define strategic management as

“... That set of managerial decisions and actions that determine the long run performance of the corporation. It includes four broad phases’ namely environmental scanning, strategy formulation (strategic or long range planning), strategy implementation, and evaluation and control. The study of strategic management therefore emphasizes monitoring and evaluating environmental opportunities and threats in light of a corporation’s strengths and weaknesses.”

There is feedback or learning between all the four phases and activities. The strategic management model is summarised in table 5 below:

Table 5: Wheelen and Hunger (2012) strategic management model

Phase 1 and activities	Phase 2 and activities	Phase 3 and activities	Phase 4 and activities
Environmental scanning	Strategy formulation	Strategy implementation	Evaluation and control
External: Opportunities and threats. Natural environments, Resources and Climate. • Societal environment (General forces)	• Vision (<i>What the organization would like to become</i>) • Mission (<i>Reasons for existence</i>) • Objectives (<i>What results to accomplish by when</i>) • Strategies (<i>Plan to</i>	• Programs (<i>Activities needed to accomplish a plan</i>) • Budgets (<i>Cost of the programs</i>) • Procedures (<i>Sequence of steps needed to do the job</i>)	• Performance (<i>Actual results</i>)

<ul style="list-style-type: none"> • Task environment (<i>Industry analysis</i>) Internal strengths and weaknesses • Structure (<i>Chain of command</i>) • Culture (<i>Beliefs, expectations, values</i>) • Resources (<i>Assets, skills, competences, knowledge</i>) 	<p><i>achieve the mission and objectives</i>)</p> <ul style="list-style-type: none"> • Policies (<i>Broad guidelines for decision making</i>) 		
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Source: Adopted from Wheelen and Hunger (2012, p. 5)

Wheelen and Hunger (2012) also propose the following eight steps in the strategic decision making process to improve the making of strategic decisions:

- a) **Evaluate current performance results:** This includes all performance indicators or variables such as profitability and return on investment as well as the review of the current mission, objectives, strategies and policies.
- b) **Review corporate governance:** The focus is on the performance of the board of directors and top management.
- c) **Scan and assess the external environment:** This is done to determine the strategic factors that pose Opportunities and Threats.
- d) **Scan and assess the internal corporate environment:** This is done to identify the strategic factors that are the Strengths (core competences) and Weaknesses.
- e) **Select the strategic factors (SWOT):** This is done in view of the current situation to identify the problem areas and review and revise the corporate mission and the objectives if necessary.
- f) **Generate, evaluate and select the best alternative strategy:** based on the analysis conducted in step 5 above.
- g) **Implement the selected strategies:** This is done through the programs, budgets and procedures.

h) **Evaluate the implemented strategies:** This is done through feedback systems and the control of activities to ensure minimum deviation from plans.

However, Mascarenhas (2011, p. 261) is of the opinion that in addressing wicked problems, team effort is critical and he states that

“We must abandon the traditional hierarchical and pyramidal model that puts strategy on the top, tactics in the middle and implementation at the bottom. This top-down model slows information sharing and processing and knowledge generation. Instead, we should place all three, strategy, tactics and implementation, within the same rung as virtually indivisible activities that every team must manage. Top management may provide the vision, but everybody else works from the trenches. The top management should ensure that everybody brings commitment, empowerment and innovation.”

Armed with the knowledge of these models, the next immediate task that arose was the identification of the best model and the determination of the criteria to use for the selection of the most appropriate model for purposes of this study. Casadesus-Masanell and Ricart (2009) argue that

“ ... In truth, there is not yet agreement on what are the distinctive features of a superior business model.” (Online:<https://hbswk.hbs.edu/item/from-strategy-to-business-models-and-to-tactics>)

They further allude to the fact that the terms *strategy* and *business model* are difficult to separate since in simple competitive situations, there is a one to one mapping between the two notions.

McNamara (2008) concurs that

“... There is no one perfect strategic planning model for each organization”
(Online:<file://H:\Strategic Mgt Model3.htm>).

In the wake of these arguments, the criteria for selecting the most appropriate model was guided by the following three reasons. Based on the researcher's experience and knowledge of the country's corporate environment, most large companies with whom there was some interaction used the Wheelen and Hunger (2012) strategic management model. Since this appeared to be the most common model, it was considered fair to analyze even the SMEs based on the common

practice of their large corporate counterparts. Secondly, this model places much weight on environmental scanning. Prior to 2009, the economic situation in Zimbabwe was indeed too dynamic for the planners who were forced to constantly examine the impact of the environment on corporate performance. The economic environment continued to be volatile though on a reduced magnitude after the year 2009. Some of the challenges that continued to besiege the country included low capacity utilisation by large companies, depressed demand for locally manufactured products, absence of foreign direct investment inflows, rising foreign debt and high balance of payments deficit which together culminated in the decline of economic performance (CZI manufacturing survey report, 2013). Under this situation, this model appeared to be the most appropriate due to its focus on continuous environmental scanning. Thirdly, though in a different environment, the research by Hin, Kadir and Bohari (2012, p. 51, Vol. 2, No. 8) specifically concluded that,

“ ... most of the SMEs have strategic planning which resembles the Wheelen and Hunger strategic planning model suggesting that the model is applicable to SMEs in Malaysia.”

Finally, the findings of Hin, Bohari, Isa and Maddin who assessed the applications of the environmental scanning phase of the Wheelen and Hunger (2008) model to SMEs in Malaysia revealed that 60% of the SMEs conducted environmental scanning as a continuous process. The researcher was therefore persuaded to select the Wheelen and Hunger (2012) model ahead of other models by other authors. For purposes of this study, SMEs that were considered to have a strategic management system in place were those that practiced at least one of the activities in each of the four phases of the process.

1.10 Scope of the study (delimitations of the study)

The study covered small and medium enterprises (SMEs) in the area of greater Harare. This included areas such as Norton, that is located 40km from the city centre since it is classified by the political constituencies of the country as part of Harare. The study also included Entrepreneurial Venture businesses as part of the SMEs as long as the number of employees did not exceed 100 including the owners of the businesses. The study was confined to businesses with physical operating business premises and considered to be registered with the relevant authorities.

These authorities included the city council of Harare, the Ministry of Small and Medium Enterprises Development and Cooperative Development; and the companies Act.

The focus was on all SMEs conducting business in all sectors of the economy and included sole traders and the informal sector, partnerships, cooperative societies and companies. However, the research did not include SMEs conducting business in the following.

- a) Illegal activities such as gambling cartels, brothels (prostitution) and drug trade.
- b) Unreported activities (underground activities or the black economy).

According to Lipsey and Chrystal (2010, p. 353), these are perfectly legal activities but

“the only illegality involved is that transactions are not reported for tax purposes.”

They further indicate that activities of the underground economy have risen in several countries. Some estimates have been put at the following: i) about 7% of GDP in Britain, ii) 15% of GDP in Canada, iii) 20% of GDP in Italy, iv) almost 25% of GDP in Spain and v) 30% of GDP in Greece (Lipsey and Chrystal, 2010, p. 353).

- c) Businesses involved with charitable activities (non-profit making organisations), churches, sports associations and political organisations.

1.11 Chapter one summary

The chapter presented an overview of the background, justification and importance of the study to the rest of the world and Zimbabwe. The theoretical model that is the basis of the study was also explained. The research problem, questions and objectives were also provided. The chapter culminated with the delimitation of the study.

1.12 Outline of the thesis

The thesis contains six chapters that are summarised below.

Chapter One: Overview, importance and justification of the study

This chapter covered the overview of the study, importance of SMEs to both Zimbabwe and the world, justification of the study and distinguished SMEs in

general from entrepreneurial venture enterprises since the study covers both of them. It went further to provide a table of various definitions of SMEs in various countries and continents of the world as well as the one used in Zimbabwe. The background of the study therein is supported by a summary table of economic revival programmes from the genesis of the country's independence to 2016 and the resultant evolution of the SMEs. It also highlights the research problem, the research questions and research objectives. The chapter provides the research model or theoretical model that underpinned the study as well as the scope or delimitations of the study.

Chapter Two: Literature review

This chapter covers the literature about the strategic management/planning process especially how it should be conducted as stated by various authors on the subject. It provides details and definitions of the word 'strategy' and how it evolved, the concept of strategic management as well as the phases or stages that include environmental scanning, strategy formulation, strategy implementation, the challenges in the implementation phase and the need for an integrated approach to strategic management and risk management since the two have shared processes that are inseparable for the achievement of effective strategic management and then ends with strategy evaluation and control. An explanation of the typology of strategies is provided and their hierarchy is presented. Some alternative approaches or views to strategy formulation that are in existence are presented. The chapter goes further to focus on strategic management in SMEs. It covers environmental scanning by SMEs, how strategies are formulated by SMEs, implementation of strategies by SMEs and finally strategy evaluation and control as it relates to SMEs. The words 'strategic management' and 'strategic planning' are often used interchangeably. The researcher endeavours to provide a critical discussion of the gaps in the literature as much as he could.

Chapter Three: Research methodology

The chapter commences by providing an overview of the major research philosophies and research strategies. Saunders *et al.* (2016, p. 180) argue that *"Case study researchers may commence deductively, based on theoretical propositions and theory testing before possibly incorporating an inductive or abduction approach."*

Hence, some justification of why the inductive research approach is more appropriate than the deductive approach earlier suggested in made. The chapter explains the methodology, provides various relevant definitions that include the qualitative method that was used and highlights the advantages and disadvantages of the face-to-face semi-structured case study approach in addition to the justification of the use of qualitative methods based on the views of several authors on this area. The chapter also explains how the SMEs were selected, how the data was collected and the subsequent visits to the owner managers to verify if the information was correctly captured. Thereafter, it defines both the selective and complete coding process of data and justifies why the complete coding of the information was used. It explains why the data was analysed based on the excel package ahead of other computer software that are available for computer assisted qualitative data analysis software (CAQDAS). The population and sample size determination is indicated and the sampling technique that was used is justified. The selection of the study site is also justified. The data presentation, analysis and the ethical considerations in the maintenance of confidentiality and anonymity of the participants is provided. The chapter culminates with a presentation of the profiles of each of the twenty SMEs that were covered.

Chapter Four: Summary of the research findings

This chapter presents a summary of the responses for the research questions as guided by the four phases of the Wheelen and Hunger (2012) strategic management model that is the theoretical framework of the research. It explains the details of the findings for each of the fifteen questions that were discussed by the researcher and the respondents. The presentation was done in both qualitative form (with some quotations from the respondents) as well as in quantitative form by using tables consisting of both columns and rows. For most of the tables, the first column summarises the response, the second column presents the frequency and the third column provides the percentage of the frequency. The frequencies are presented in descending order for quick and easier grasping of the importance of the issues for the benefit of interested readers of the thesis.

Chapter Five: Discussion of results

This chapter discusses the major issues of the results that were presented in the previous chapter. It links the findings of the research with the literature review, the challenges of implementation and some aspects that are highlighted in the section on gaps in the literature (critical discussion). The discussion follows the four phases of the Wheelen and Hunger (2012) strategic management model namely a) environmental scanning, b) strategy formulation, c) strategy implementation and d) evaluation and control.

Chapter Six: Conclusions and recommendations

This chapter presents the conclusions that emanate from the discussion in chapter five as well as the recommendations that are derived from the conclusions therein. The recommendations flow from the conclusions while the conclusions also flow from the discussion of the results that are linked to the research findings (chapter four) and the literature review (chapter two). The presentation follows the four phases of the Wheelen and Hunger (2012) model in chronological order. In addition, the chapter presents some managerial implications for SME owners and managers as well as some areas for further research. Though chapter one indicated a deductive research approach where a specific theoretical framework was suggested as underpinning the research, the areas for further research suggest some modifications of that model. In other words, an inductive research approach appeared to be more appropriate based on the inferences from the qualitative facts that emerged. The thesis culminates with appendices that include the detailed questions and answers that were discussed, references and some of the tables.

CHAPTER TWO

Literature review and strategic planning in SMEs

2.1 Introduction

This chapter covers the literature review which is guided by the Wheelen and Hunger (2012) model research questions to facilitate remaining focused. It covers the four broad phases of the model namely a) – how environmental scanning is conducted in small and medium enterprises; b) – how strategy is formulated; c) – how strategy is implemented and finally; d) – how strategy is evaluated and controlled. In addition to the Wheelen and Hunger (2012) model, reference is made to other authors and other countries on the subject under review besides Zimbabwe.

2.2 The concept of strategic planning

Strategic planning is a culture, in as much as it is a process (Al-Turki, 2011). David (2013, p. 35) defines strategic management as the art and science of formulating, implementing, and evaluating cross functional decisions that enable an organization to achieve its objectives. In this respect, strategic management integrates the functions of various departments of an organization such as marketing, finance or accounting, production/operations, research and development and information systems to achieve organisational success. There are other differences in the terms ‘strategic planning’ and ‘strategic management’. The first difference is that the term strategic planning is often used in the business world whereas the term strategic management is often used by academics. The second difference is that strategic management refers to the process of strategy formulation, implementation and evaluation while strategic planning refers to strategy formulation alone. Some authors generally concur that the strategic management process commences with an analysis of the external and internal environments, cascades to the formulation phase followed by the implementation phase and culminates with the evaluation and control phase (Louw and Venter, 2014; Singh, 2009, p. 9). The importance of strategic management or a plan is to provide corporate direction on where the organisation desires to go in order to achieve its objectives and vision or mission. This explains why David (2013, p. 34) reports that when the CEOs of the big three American automakers namely Ford, General Motors (GM) and Chrysler approached congressional leaders for bailout funds without clear strategic plans,

Austan Goalsbee, one of President Obama's top economic advisers advised them that

"Asking for bailout without a convincing business plan was crazy. If the three CEOs need a bridge, it's got to be a bridge to go somewhere, not a bridge to nowhere."

Strategic management is about gaining and maintaining competitive advantage on the activities that the organization can do well and better compared to its competitors (David, 2013, p. 38). Louw and Venter (2014, p. 21) argue that organizational success is based on effectiveness and efficiency of the management team. Effectiveness is defined as *"doing the right things"* and is associated with strategic management while efficiency, that is defined as *"doing things right"* is associated with operational management. Hence,

"good strategic management = good strategic planning + good strategy implementation" (Louw and Venter, 2014, p. 22). Firms need to formulate strategies to take advantage of external opportunities and to mitigate the impact of external threats. The environmental scanning process or industry analysis involves research.

Courtney (2013, p. 64 - 65) argues that the new pragmatism or modernist approach indicates that strategic planning was re-invented to 'strategic thinking', 'strategic learning' or 'strategic improvising' in the 1990s and this resulted in the resurgence of interest in strategic planning. He adds that the 1998 survey by Bain & Co. (Grant, 2003) revealed that more than 80% of the companies that were surveyed were engaging in strategic planning and more than 90% had mission and value statements. The key characteristics of strategic planning were listed as follows:

- a) Wide participation of staff, trustees and volunteers in reflecting on strategic issues rather than a top-down approach (Hatten 1982; Bunker and Alban 1997).
- b) Creating a continuous process of experimentation and learning (Argyris and Schon 1978; Senge 1990; Nonaka 1991; Burgoyne et al. 1994).
- c) Building on distinctive competencies or capabilities of the organisation (Selznick 1957; Barney 1991; Ambrosini 2007).
- d) Participation of a wider range of stakeholders (Freeman 1984; Bryson 1995).
- e) Recognition of the need to negotiate between the various sources of power, inside and outside an organisation (Pfeffer and Salancick 1998; Bolman and Deal 1991).
- f) Focusing on the key strategic issues or change challenges (Ansoff and McDonnell 1990; Edwards and Eadie 1994).

- g) Taking into account a range of potential future external scenarios (de Geus 1988; Schwartz 1991; van der Heijden 1996).
- h) Creating strong motivating visions i.e. strategic intent, which enables the organisation and its people to ‘live deeply in the future while gaining the courage to act boldly in the present’ (Hamel and Prahalad 1994; Collins and Porras 1994).
- i) Creating a clear value for ethical management of the company (Collins and Porras 1994; Jones and Pollitt 1998).
- j) Strategic thinking as a continuous process, not just an annual cycle (Taylor 1997).
- k) Strategic process which produce common-sense frameworks which help managers to make decisions,
- l) Innovation, experimentation and creativity are encouraged and supported (Quinn 1980; Pinchot 1985; Burgelman 1988; Senge 1990).

In this thesis, the terms strategic management and strategic planning are used interchangeably to mean the same thing. David (2013) argues that the strategic management process consists of three stages or phases namely strategy formulation, strategy implementation and strategy evaluation as illustrated in table 6 below:

Table 6: Strategic management model

Phase one	Phase two	Phase three
Strategy formulation	Strategy implementation	Strategy evaluation
<i>Activities</i>	<i>Activities</i>	<i>Activities</i>
1 Develop Vision 2 Develop Mission 3 Perform external audit (external environmental scanning) 4 Perform internal audit (internal environmental scanning) 5 Establish long-term objectives 6 Generate, evaluate and select strategies	1 Implement strategies - management issues 2 Implement strategies – a) Marketing, b) Finance, c) Accounting, d) R&D, e) MIS issues	1 Measure and evaluate performance

Source: Strategic Management Concepts and Cases (David, 2013)

2.2.1 Environmental scanning

2.2.1.1 The external environment

David (2013) argues that the purpose of conducting an external environment scanning is to identify the key factors that are beyond the control of the company in order to take appropriate measures that take advantage of the inherent opportunities while mitigating the impact of the threats or adverse factors and Wheelen and Hunger (2012) share the same opinion. All members of the organisation from the Chief Executive Officer (CEO) to the lowest level worker are valuable intelligence agents who should be involved in the external environment scanning process. The key characteristics of the intelligence gathering process include usefulness of the information, timeliness, cross functional cooperation (teamwork) and flexibility. David (2013) indicates that the forces and components (elements) of the external environment that should be scanned as a continuous process can be summarised as in the table 7 below.

Table 7: External environment forces and components (elements)

External environment forces	External environment components (elements)
1 Political, legal, and government forces	Competitors, suppliers, distributors, creditors, customers, employees, communities, managers, stockholders, labour unions, governments, trade associations, special interest groups, products, services, markets and natural environment
2 Economic forces	
3 Social, cultural, demographic and natural forces	
4 Technological forces	
5 Competitive forces (Porter's five forces model)	

Source: Strategic Management Concepts and Cases (David, 2013)

However, David (2013, p. 104 - 105) warns that the gathering of competitive intelligence is not corporate espionage since 95% of the information that a company requires to make strategic decisions is available and accessible to the public as well as the external environment components (elements). Hence unethical methods such as bribery and hacking should never be used to gather market intelligence since the repercussions can be severe. He cites the case of Hilton Worldwide Inc. as one of the several cases of empirical evidence that befell the use of unethical methods in

the intelligence gathering process. In a nutshell, Hilton Worldwide Inc. was banned in 2011 and 2012 from creating a luxury lifestyle hotel under an agreement to settle a corporate espionage law suite that stemmed from Hilton's alleged stealing of confidential information from rival Starwood Hotels and Resorts regarding their W. Hotel. In addition, Hilton paid an undisclosed amount of money. It was alleged that two Starwood executives had resigned to join Hilton but took with them more than 100,000 confidential electronic and paper documents that contained Starwood's most competitive and sensitive information. This was one of the clearest cases of corporate espionage, theft of trade secrets, unfair competition and computer fraud.

The ultimate result of conducting an external environment scanning is to conduct an External Factor Evaluation (EFE) matrix that is useful in developing a sustainable competitive advantage. In short, the process involves the following steps.

- a) List key external factors identified that are considered to be the most important to the business i.e. 8 to 10 factors for the opportunities and threats separately.
- b) Assign each factor a weight to indicate its importance. All the weights should range from 0.0 to 1.0 and the sum of all weights must be one.
- c) Assign a rating from 5 (outstanding) to 1 (poor) based on the SME's response to the factor.
- d) Multiply each factor's weight by its rating to determine the weighted score.
- e) Sum the weighted scores for each variable to determine the total weighted score for the organisation. A similar process can be done for the major competitors.
- f) The strategic factors are stated in quantitative terms and the highest possible total weighted score is 4 if the rating ranges from 1 to 4 while the highest possible total score is 5 if the rating ranges from 1 to 5.

A synthesis of the external factors facilitates an assessment of how well the organisation is responding to its external environment. If such an approach is done for the competitors in the industry, it enables the ranking of the competitors and this ranking is useful in the formulation of appropriate corporate or competitive (business) strategies.

An illustration of how the EFE matrix is used based on some hypothetical company is presented in the table 8 below.

Table 8: Illustration of how the EFE matrix is used

Opportunity (1)	Weight (2)	Rating (3)	Weighted average (4) = (2) x (3)	Comment (5)
Cheap labour availability	0.05	5.0	0.25	Employ students on attachment
Availability of machinery parts	0.15	3.0	0.45	Fair positioning
Rising demand	0.20	4.1	0.82	Well positioned
Competition between input suppliers	0.10	1.6	0.16	Scout for cheaper sources
Threats				
Sporadic load shedding	0.25	0.5	0.13	Poor positioning
High bank interest rates	0.10	2.8	0.28	Weak positioning
Corruption in tender awards	0.10	3.7	0.37	More negotiation required
Thefts	0.05	4.5	0.23	Employ guards
Total	1.00		2.68	

Source: Derived from Strategic Management and Business Policy: Toward Global Sustainability (Wheelen and Hunger, 2012, p. 126)

Wheelen and Hunger (2012) contend that any organisation must be in harmony with the external environment in order to be successful and the key drivers of this external environment that facilitates the identification of the external threats and opportunities are the four broad forces namely Political-Legal; Economic; Sociocultural; and Technological forces.

The Political-legal: The major elements of the political-legal variable that companies should monitor and comply with include all the laws, by-laws, rules,

regulations, foreign trade regulations, practices, statutory instruments, contractual obligations, guidelines and ethical standards and practices governing the sector or industry in which the business is operating. It also includes the correct interpretation of the law as this can result in exposure or litigation that may prove costly in terms of penalties, fines, damages, avoidance of contracts or any legal action that is detrimental to the business. The business can be affected through diminished returns, reputation limited opportunities and reduced market share.

Economic: This includes the monitoring of elements such as gross domestic product (GDP), inflation, unemployment rates, interest rates, wage/price controls, disposable/discretionary income, money supply and energy availability and cost.

Socio-cultural: This includes monitoring of population growth rates, age distribution of the population, changes in consumer tastes and life expectancies.

Technological: This requires monitoring of elements that include the use of new products, productivity improvement through automation and technology transfer from the laboratory to the market place. The purpose of the monitoring process is to enable companies to assess the implications of the changes to their businesses and take corrective action.

Both Wheelen and Hunger (2012) and David (2013) agree that the ultimate purpose of conducting an internal environment scanning is to conduct an Internal Factors Evaluation (IFE) matrix that follows the same process as the EFE matrix that has been explained above. The IFE matrix enables the organisation to assess how well it is responding to its internal environment through the formulation of its corporate or business (competitive) strategies.

2.2.1.2 Task environment

In addition to these forces, the organisation must respond to the task environment that comprise various elements such as the customers, competitors, shareholders, government, employees, suppliers and creditors requirements. Michael Porter concurs that the major competitive forces that drive any industry are the threat of new entrants, substitutes, bargaining power of both buyers and sellers as well as the relative power of unions, the government and any pressure groups. Contrary to the

approaches by both Porter and the Wheelen and Hunger (2012) model, the latter indicates that research suggests that few SMEs conduct much competitor analysis.

Rust, Zahorik and Keiningham (1996, p. 315 - 316) indicate that improved quality increases profits by attracting new customers. New customers could become aware of higher levels of quality through formal marketing communications or from word of mouth from current customers. Word of mouth was critical for some services such as banks and other financial institutions. Research revealed that personal referrals were responsible for creating 20% to 40% of bank customers. Hence, some businesses measure the willingness to recommend as part of their quality tracking programmes. The concept of relationships had become popular in describing new arrangements between organisations and customers. For example, banks offer services to meet evolving customers' needs over their life cycle and may assign Personal Bankers or individuals who have the responsibility for keeping in personal touch with sets of customers and handling customer problems. One bank based in the USA was reported to make use of its database of information on customers to trace their financial and life cycle progress, to enable it to offer appropriate services. This relationship makes it difficult and undesirable for customers to switch banks.

Rust *et al.* (1996, p. 380 - 381) also report that the key to maintaining loyal customers was to maintain loyal employees. Long serving employees know the organisation better, know how to deal with customers better and build up personal relationships with customers. Hence, it was important to design jobs that encourage employees to stay. Besides higher remuneration, career advancement opportunities and empowerment were also important in attracting and keeping top performing employees. Organisations should be aware of the value of personal relationships that employees have with their customers and seek to keep them in contact with the same people. Organisations that routinely rotated managers destroyed this opportunity for the development of long-term relationships. This therefore made it easier for customers to consider defecting. In general, employees with expected longer tenure with the firm justified a greater investment in training, which was likely to increase customer satisfaction. They indicated that in the USA, State Farm Insurance had a training programme and an incentive system that puts equal weight

on servicing new and current policy holders, and the firm was an industry leader in customer loyalty.

Bevington and Samson (2012, p. 184) acknowledge the importance of employees in an organisation and they concur that staff should be engaged to get their buy-in in any change programme since it is the employees who will ultimately have to change what they are doing to deliver the required outcomes. Robbins and Judge (2015, p. 258) add that employee involvement programmes differ among countries and should be modified to reflect national culture in pursuit of ensuring employee commitment to the achievement of objectives. Bevington and Samson (2012, p. 539) state that,

“Competent employees don’t remain competent forever. Skills deteriorate and can become obsolete, and new skills need to be learned. That’s why U.S. corporations with a hundred or more employees spent more than \$125 billion on formal training in a recent year.”

Reliability and doing things right the first time were cited as important factors in customer judgement of service quality. However, service failures or mistakes are inevitable and in such cases, effective recovery measures are essential to save or build the relationship. Zeithaml and Bitner (1996) report that studies in different industries showed that a dissatisfied complaining customer told between 9 and 16 people about their poor experience whereas a satisfied customer told only 4 to 5 people about his or her positive experience. They add that some recovery strategies to be implemented when things go wrong should include the following.

- a) Track and identify failures and view them as opportunities to save and retain customer relationships. This is based on the notion that the customer who complains is your friend whereas customers who do not complain are not likely to come back and may influence other potential customers from doing business with the organisation. An effective service recovery strategy requires identification of failure points through listening to customers, monitoring complaints, collecting critical incidents and soliciting feedback through suggestion boxes for both employees and customers.

- b) The front line worker should take initiative to solve the customer's problem on the spot. Acknowledgement of the problem, an apology, an explanation when appropriate and a solution to the problem are often all that the customer wants. Whatever the recovery solution, customers want it immediately, not after a number of phone calls, red tape or being passed from one person to another.
- c) Once the failure points are identified, employees must act quickly to resolve the problems as they occur. A problem that is not solved quickly can escalate.
- d) Empower and train front line agents to solve problems. Since the customers demand service recovery on the spot, front line employees need the skills, authority and incentives to engage an effective recovery action. Effective recovery skills include hearing the customer's problems, identifying solutions, improving and perhaps bending the rules from time to time in order to resolve the problem quickly.
- e) Learn from recovery experiences. By tracking service recovery efforts and solutions, managers can often learn about systematic problems in the delivery system that need fixing. Through an analysis of root causes, managers can identify the sources of problems, modify processes, and eliminate the need for recovery.
- f) Customer appreciation: Organisations should not take their customers for granted. After providing the required services, organisations should thank the customers for bringing business as this gesture goes a long way towards retaining individual customers. In the case of the best customers, organisations should send letters of appreciation addressed to the customer by name or dialling a personal phone call would have a greater impact. Letters addressed as 'Dear Valued Customer' are not considered kind and such an impersonal approach could be counter-productive.

Hence, the only way an organisation can increase market share through customer satisfaction is by increasing the organisation's customer retention rate. Improving customer satisfaction increases the retention rate which in turn allows the organisation to keep a large percentage of its customers and thereby improve its market share.

Lovelock, Vandermerwe, Lewis and Fernie (2004) concur that many services depend on the direct personal relationship between customers and employees. That relationship influences the customer's perceptions about the firm. Hence, successful service firms devote much effort and resources on recruiting, training and motivating front line employees who are in direct contact with customers. Millmore, Lewis, Saunders, Thornhill and Morrow (2007, p. xvi, 455) acknowledge that employees are one of the most important assets that an organisation has at its disposal in its pursuit of achieving strategic advantage. In addition, employee commitment comes not from telling, but from listening to their opinions. Hence, they suggest that organisations should conduct the following:

- a) Employee attitude surveys to explore how and what employees think about a range of issues affecting the workplace. In times of rapid change, managers and employees frequently hold contrasting opinions about what is going on.
- b) Two way communication sessions, both formal and informal as a basis for building mutual trust and
- c) Face-to-face sessions that encourage employees to speak their minds.

Wheelen and Hunger (2012) further allude that empirical evidence shows that much environmental scanning is done informally and individually and the sources of information are broad. They include the customers, customer complaints and enquiries, publications, personal observations and issues discussed in meetings. In this respect, all people at all levels can provide valuable information about the external environment and what is important for the company is to develop a system to get the data from the various sources and integrate it to make it useful. Research indicates that less than 5% of US companies have fully developed intelligence programmes yet all Japanese corporations involved in international business and over half of German and Swedish companies have active intelligence programmes. Some companies make use of industrial espionage to get information from competitors while others hire or contract research firms to do the job. Some companies simply imitate or emulate the strategies being used by their peers in the industry. All these activities assist the firm to gather information about the external environment.

Löfving (2014) argues that small firms are not concerned about predicting and controlling the environment but are concerned about adapting as quickly as possible to the changing demands of that environment and devising suitable tactics to mitigate the consequences of any threats that occur.

Risk management is a central part of the company's strategic management process and involves addressing the risks attached to the management of the company's core business areas (Witcher & Chau, 2010, p. 95; Louw and Venter, 2014). They suggest that the risk management process should have aspects summarised as follows:

- Value propositions for risk management which are specific to the organisation's objectives and the risk environment.
- Definition of the agreed risks that are based on the company's objectives and supporting the business strategy.
- Development of a corporate culture about risk taking.
- Definition of the company's ownership of risk management strategy at all levels.
- Criteria used to assess the effectiveness of the risk management process

Wheelen and Hunger (2012, p. 115) acknowledge that,

“Regardless of the source of data, a firm must develop its own method of assessing risk. It must decide on the most important risk factors and assign weights to it.”

The Basel Committee on Banking Supervision (2003) defines risk as unexpected loss to an organisation which normally arises either through receipt of lower than expected returns from assets or having to pay more than is anticipated for liabilities. In addition, risk management is defined as the process of identification, measurement, mitigation, monitoring and reporting of risks in order to protect the organisation against losses and enable it to pursue opportunities for profits. Gao, Sung and Zhang (2012) share the same opinion and define risk management as a systematic approach to identifying, measuring, monitoring and managing various risks faced by an organisation. Mohammed and Sykes (2012) argue that once risks are understood, a company can develop effective, integrated risk mitigation strategies. A presentation by the Consultancy Firm PriceWaterhouseCoopers (2003)

states that the risk identification process should involve brainstorming by senior management on the following issues:

- a) Identification of all risks that affect the company and the nature of the risks.
- b) Ranking of the risks according to impact to the company's capital, earnings and frequency of occurrence.
- c) Identification of all controls that are in place to mitigate each risk identified for each functional area.
- d) Assessment of the effectiveness of the controls in place that are intended to mitigate the impact of the risks and
- e) Management activities to address the weaknesses in the controls.

They explain that each company has its own unique profile of risks but the risk identification process should generally result in a risk universe as summarised in the table 9 below:

Table 9: Types and the nature of the generic risk universe

Type of risk	Nature of and definition of risk
1 Credit or default risk	Inability, unwillingness or failure by borrowers or counterparty institutions to honour their repayment obligations due to various reasons
2 Market Risks	
2.1 Commodity price risk	Inability of selling prices to cover the costs due to various reasons
2.2 Foreign Exchange risk	Inability by the company to raise foreign currency to meet foreign currency denominated commitments due to various reasons. Risk of loss arising from changes in foreign exchange rates and the exposure or movements result in three other types of risks namely a) – transaction exposure; b) – economic exposure; and c) – translation exposure which to a large extent affects multi-national corporations operating in more than one country.
2.3 Liquidity risk	Failure by the company to meet financial obligations on time or in a cost effective manner.

	Inadequate cash resources or having surplus cash that may not be earning any interest or returns.
2.4 Interest rate risk	Adverse changes in income due to interest rate movements when assets and liabilities mature or re-price at different times.
3 Operational risk	Loss of income resulting from failed or inadequate internal processes, people, systems or external events. This includes a) - outdated or absence of policies and procedures; b) - inadequate computers or computer system connectivity, capital resources and necessary equipment; c) - inadequate insurance of assets and security; d) – human resource risks; e) – non or slow implementation of decisions; f) – exposure of confidential documentation; g) – natural disasters; and g) – ineffective internal communication.
4 Legal and compliance risk	Non-compliance with statutory requirements emanating from laws, regulations, and guidelines governing the sector or business in which the company is operating. Detrimental litigation that may arise from the clients including the In Duplum Rule.
5 Strategic risk	Absence of or outdated strategic plan for the company
6 Reputational risk	Negative publicity of the company arising from several reasons that may include poor customer care and general staff incompetence.
7 Perception risk	Negative impression about the company from the public arising from various factors.
8 Country risk	Inability by the company to secure external lines of credit from foreign investors due to negative press reports about the country.

Source: Eun and Resnick (2009); PriceWaterhouseCoopers (2003), Basel Committee on Banking Supervision (2003), Reserve Bank of India, Zimbabwe (various)

They emphasise that the evolution of risks is dynamic. Hence, risk management should not be confined to enterprise wide risks identified above but the company should continue to identify new risks as they evolve.

The 2013 and 2015 Aon Risk Management Global Surveys that were conducted in the fourth quarters of 2012 and 2014 respectively and gathered inputs from 1,415 respondents in 2012 and 1,418 respondents in 2014 who represented companies of all sizes from both the public and private sectors around the world identified a plethora of risks on companies. The surveys revealed that the risks that affected companies in 2013 and 2015 were dynamic and companies differed in opinion about how best to prioritise and respond to them. The risk findings are listed in the annexures. Another two surveys about risks that affect companies that were conducted in 2013 and 2015 by the Confederation of Zimbabwe Industries revealed similar findings to those unveiled by the Aon surveys and are summarised in table 10 below.

Table 10: CZI survey on risks that affected companies in 2013 and 2015 in Zimbabwe

2013 CZI survey risks or factors of doing business in Zimbabwe	2015 CZI survey risks or factors of doing business in Zimbabwe
Minimum wages	Minimum wages
Restrictive labour regulations ✓	Restrictive labour regulations
Policy instability ✓	Policy instability ✓
Corruption ✓	Corruption ✓
Power cuts and water shortages ✓	Power cuts ✓
High costs of electricity charges ✓	High costs of electricity charges ✓
Access to financing ✓	Access to financing
Low domestic demand ✓	Low domestic demand
Public sector bureaucracy	Public sector bureaucracy
Environmental Management Agency (EMA) requirements	Environmental Management Agency (EMA) requirements
High interest rates	High interest rates
Exchange rates	Exchange rates
Insufficient capacity to innovate	Insufficient capacity to innovate

Ageing equipment and machinery breakdowns √	Ageing equipment and machinery breakdowns
Competition from imports	Competition from imports √
Liquidity challenges/cash shortages	Liquidity challenges/cash shortages
Inefficient Government bureaucracy √	High unemployment
Poor road infrastructure and rail network linking to ports/inadequate supply of infrastructure √	Poor/ deteriorating environment not conducive to doing business
Shortage of raw materials	
Bank system instability	

Source: 2013 and 2015 CZI Manufacturing Survey reports

√ Denotes factors with the greatest negative impact on doing business in Zimbabwe

The US based consultancy firm Dixon Hughes Goodman LLP (2016) concurs that there is a symbiotic relationship between strategic planning and risk management processes that is expressed as in the figure 1 below:

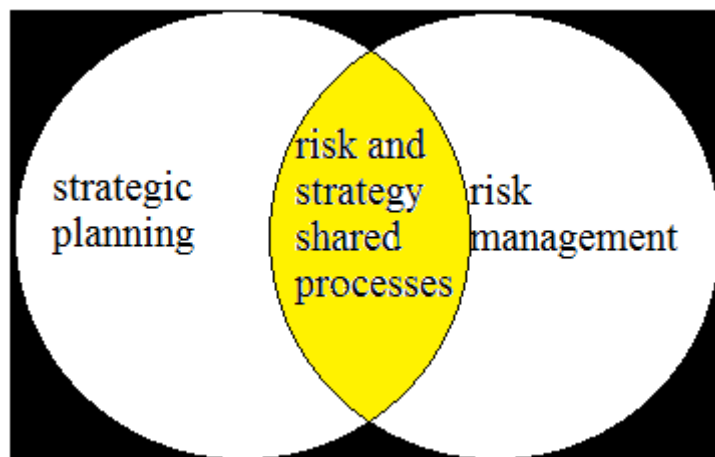


Figure 1: Symbiotic relationship between strategic planning and risk management. Source: Dixon

Hughes Goodman LLP (2016)

The firm encourages companies to do the following:

- a) Review current strategic practices and risk management activities to determine where information is shared between the two processes.

- b) Analyse prior strategic plans to identify initiatives that did not achieve the desired results and identify the key risks that lead to variance.
- c) Identify information that, if incorporated into previous planning cycles, could have made a difference in achieving desired goals.
- d) Develop a process to document the risks associated with key initiatives and construct contingency plans in the event that the risks materialise.
- e) Interview senior management and strategic planning participants to identify risk information that would bolster decision making power and
- f) Identify key risk indicators for use in monitoring key initiatives.

Raghavan (2005) indicates that Business Continuity and Business Contingency (BCBCP) are necessary for all SMEs and he emphasises that,

“No doubt any business entity needs robust risk management systems but the SMEs need much more than that as they may not have where-withal to manage and control risks due to their very size and several limitations” (Raghavan, 2005, p. 528).

PriceWaterhouseCoopers (2003) are of the view that risk management mitigation only reduces the impact of some of the risks and may not necessarily imply or guarantee that the business will not encounter some risks. Stulz (2008, p. 1) concurred with this view when he indicated that,

“ ... A large loss is not evidence of risk management failure because a large loss can happen even if risk management is flawless.”

Jorion (2009) shares the same opinion as Stulz (2008) when one year later he indicated that business decisions and bad luck can result in big losses even when risk management has been properly implemented.

2.2.1.3 Internal environment

The Wheelen and Hunger (2012) strategic management model indicates that the internal environment consists of the structure, culture and resources. Dess, Lumpkin and Eisner (2010, p. 93) state that the firm’s resources consist of all the assets, capabilities, organisational processes, information and knowledge that enable the firm to formulate and implement value adding strategies. The elements of these three variables are summarised in table 11 below.

Table 11: Internal environment variables and components (elements)

Internal environment variables	Internal environment components (elements)
Structure: Chain of command	Simple structure, Functional structure, Divisional structure.
Culture	Beliefs, expectations, values, language, religion, attitudes, manners, customs, education and material elements. These are learned and shared by the company members and transmitted from one generation of employees to another.
Resources	<p>Tangible resources:</p> <p>Financial: e.g. cash and cash equivalents, capacity to raise equity, borrowing capacity.</p> <p>Physical: e.g. plants and facilities, manufacturing locations, machinery and equipment.</p> <p>Technological: e.g. trade secrets, innovative production processes, patents, copyrights, trademarks.</p> <p>Organisational: e.g. effective strategic planning processes, evaluation and control systems.</p> <p>Intangible resources:</p> <p>Human: e.g. experience and capabilities of employees, managerial skills, trust, practices and procedures.</p> <p>Innovation and creativity: e.g. technical and scientific skills, innovation capacities.</p> <p>Reputation: e.g. brand name, reputation with customers for quality and reliability, reputation with suppliers for fairness.</p> <p>Organisational capabilities:</p> <p>Skills used to convert inputs to outputs, capacity to combine all resources to attain the desired ends, customer service, product development capabilities, ability to recruit, motivate and retain the human resources.</p>

Sources: Strategic Management and Business Policy: Toward Global Sustainability

(Wheelen and Hunger, 2012, p. 149). Strategic Management Text and Cases (Dess, Lumpkin and Eisner, 2010, p. 92). International Business: A Strategic Management Approach (Rugman and Hodgets, 1995, p. 124).

According to David (2013), the internal environmental scanning process involves the identification of the internal strengths and weaknesses. The purpose of this exercise is to enable the organisation to improve on the weaknesses, turn them into strengths and ultimately develop distinctive competencies that provide the firm with competitive advantages over its rivals. The process requires massive interaction between all employees and managers of all departments of the firm who should work as a team continuously. The major elements of the internal environment are the firm's resources, culture and resources. The Resource Based View (RBV) approach groups the firm's resources into three categories which are as follows;

- a) Physical resources i.e. plant, machinery, equipment, location, technology and raw materials.
- b) Human resources i.e. employees, training, experience, intelligence, knowledge, skills and abilities.
- c) Organisational resources i.e. the firm's structure, planning processes, information systems, patents, trademarks, copyrights, databases and culture.

The resources are the means that enable the firm to take advantage of opportunities and mitigate the threats. In addition, valuable resources should be rare, hard to imitate and not easy to substitute. This facilitates the development of sustainable distinctive competencies or competitive advantages. Lorsch discovered that executives are emotionally committed to a firm's culture (David, 2013, p. 129). Cultures can work as a disadvantage because besides being blinded by strongly held beliefs which result in missing external conditions, there is a tendency that when a culture has been effective in the past, management are inclined to stick to it even during periods of strategic change. Hence David (2013, p. 122) indicates that

“a firm that continues to employ a previously successful strategy eventually and inevitably falls victim to a competitor.”

Culture must force competence and enthusiasm among all employees and success is often determined by linkages between a firm's culture and strategies.

David (2013) is of the view that management should foster the culture through their five basic activities of a) planning, b) organising, c) motivating, d) staffing and e)

controlling. However, according to Laudon and Laudon (1996), these functions are part of the classical model of management functions that were developed by early writers including Henry Fayol and remained unquestioned for a period of more than 70 years since the 1920s. According to the behavioural model of management functions that were developed by latter writers including Henry Mintzberg in 1971, managers have ten managerial roles that are also summarised by Wheelen and Hunger (2012) in table 12 below:

Table 12: Mintzberg roles and activities of management

Management role	Activities
Interpersonal roles	<p>1 Figurehead: - acts as legal and symbolic head and performs obligatory social, ceremonial, or legal duties such as signing contracts and hosting retirement dinners.</p> <p>2 Leader: - motivates, develops and guides subordinates.</p> <p>3 Liaison: - maintains a network of information sources with key people in the task environment.</p>
Informational roles	<p>4 Monitor: - seeks and obtains information needed for understanding the firm and its environment.</p> <p>5 Spokesperson: - transmits information to key groups of people in the task environment.</p> <p>6 Disseminator: - transmits information to the rest of the top management team and other key people in the firm.</p>
Decisional roles	<p>7 Entrepreneur: - searches the environment for projects to improve products, processes, procedures and structure.</p> <p>8 Disturbance handler: - takes corrective action in times of trouble.</p> <p>9 Resource allocator: - allocates the firm's resources and/or approves decisions.</p> <p>10 Negotiator: - represents the firm in negotiating agreements and solves disputes with stakeholders in the environment.</p>

Source: Laudon and Laudon (1996, p. 115) and Wheelen and Hunger (2012)

These are the management roles that shape the culture. The Wheelen and Hunger (2012) model stipulate that the attributes of the internal environment that facilitate

the identification of the company's strengths and weaknesses are the organisational structure, culture and resources.

Porter argues that organisational structure, systems and processes have to be strategy specific (Harvard Business Review, 1996). Wheelen and Hunger (2012) concur that the structure of an organisation should be compatible with the strategy of that organisation. In this respect, the structure can work as either a corporate strength, if it is compatible or a corporate weakness, if it is not compatible. They further indicate that there are various forms of structures that exist but the most common for SMEs include simple structures that are appropriate for small, entrepreneur dominated companies where employees are jacks of all trades. There are also functional structures that are appropriate for medium sized firms that have several product lines where employees are specialists.

2.2.1.4 Organisation culture

Wheelen and Hunger (2012, p. 149) state that when a certain new employee enquired from an older colleague about how to handle a customer call, the response was as follows:

“There are three ways to do any job – the right way, the wrong way, and the company way. Around here, we always do things the company way.”

Organisational culture consists of beliefs, expectations, ideologies, symbols and core values that are shared by the whole firm and which influences the way business is conducted (Volberda, Morgan, Reinmoeller, Hitt, Ireland and Hoskisson, 2011; Wheelen and Hunger, 2012, p. 149). Rugman and Hodgets (1995, p. 124) argue that the elements of culture include language, religion, values and attitudes, manners and customs, material elements, aesthetics, education and social institutions. Wheelen and Hunger (2012) define culture as the collection of beliefs, expectations and values learned and shared by a corporation's members that are transmitted from one generation of employees to the next and it reflects the values of the founders and the mission of the firm. They summarise the functions of culture as follows: a) – convey a sense of identity for employees; b) – help generate employees commitment to something greater than themselves; c) – add to the stability of the organisation as a social system; and d) – serve as a frame of

reference for employees to use to make sense out of the organisational activities and to use as a guide for appropriate behaviour. Concisely, it shapes the behaviour of people in the company and facilitates the achievement of a competitive position if it is a strong culture. Löfving (2014) argues that an organisation’s culture derives from its leadership while the culture influences the development of its leadership.

Dess, Lumpkin and Eisner (2010, p. 401) emphasise empowering employees at all levels by quoting Ken Melrose (CEO of Toro Company and author of *Making the Grass Greener on Your Side*) who says

“...The great leader is a great servant.”

Leadership style is about the practices adopted by the leader and how he/she interacts with the employees though commitment and teamwork are the key attributes of culture. He further indicates that SMEs have informal and centralised decision making which rests primarily with one person, usually either the owner manager or managing director. He presents four organisational culture systems shown in table 13 below.

Table 13: Organisational culture aligned with predominant leadership styles

Support culture	Role culture	Power culture	Achievement culture
(employee-oriented)	(logic-oriented)	(output-oriented)	(mixed task- and people oriented)
<i>Predominant leadership styles:</i>	<i>Predominant leadership styles:</i>	<i>Predominant leadership styles:</i>	<i>Predominant leadership styles:</i>
Participative	Laissez-faire	Authoritative	Consultative
Democratic	Empirical expert	Autocratic	Rational
Existential team builder	Sell	Tell	Achiever
Delegate			

Source: Löfving (2014, p. 9)

Löfving (2014) concludes that top management usually consist of a few or limited number of managers which facilitates the building of close relationships with employees. The result is a non-structured and non-formal decision making process

with rarely any staff participation in the decision making process as this is the mainstay of top management. The author indicates that previous research studies about organisational culture in SMEs do not agree about the predominant culture. Löfving (2014, p. 9 - 10) cites that

“ ... Handy (1985) assumes that most SMEs have a power culture, while Hudson Smith and Smith (2007) argue that SMEs tend to have a culture similar to support culture.”

However, Löfving (2014) indicates that in their study, Bitici *et al.* (2006) and Garengo and Bitici (2007) investigated SMEs by using Pheysey's (1993) organisational cultures, but found no evidence of consistency in the companies. Löfving (2014) argues that three of their case companies had a power culture prior to implementing performance measurement systems but after the implementation, the company shifted towards an achievement culture while their fourth case company had a support culture.

2.2.1.5 Resources

Entrepreneurs should develop many distinct and complementary capabilities since these are more sustainable in the long run. This is necessary because competitors can easily knock off an innovative product but an innovative business system is much harder to replicate (Bhide, 1996). Löfving (2014) alludes to the fact that SMEs are characterised by limited resources in terms of time, human resources and financial resources. Robinson and Pearce (1984) quoted by Löfving (2014) state that SMEs managers do not allocate time for strategic issues since they focus on solving day to day operational problems. SMEs managers appear to believe that the only real determining factor for competitive success is the excellence of the product and this in turn results in the absence of communication of strategies. Most of the SMEs' time is therefore spent on fire fighting activities and strategic issues slip for the following day.

2.2.2 Formulation of strategy

Courtney (2013, p. 54) indicates that Mintzberg cautions against over – emphasis on detailed formal long range planning as this can crowd out other important processes such as the possibility of powerful visions becoming ossified into rigid

strategic positions that lack flexibility and ability to respond to change. Mintzberg is also quoted as indicating that the basic terminology surrounding strategy formulation is not helpful. For instance, Courtney (2013, p. 56) states that it was observed that detailed planning coupled with tight control from the centre was an effective way of killing creativity and entrepreneurship in organisations. In addition, the increasing external environment volatility of the 1980s culminated in less emphasis on formal strategic planning and the emergence of various approaches to strategy that included downsizing, delayering and business process re-engineering in organisations as part of their efforts to survive.

De Wit and Meyer (2014, p. 50) argue that the process by which strategy takes place consists of three overlapping issues namely strategic thinking, strategy formation and strategic change each of which is controversial. According to David (2013), the formulation phase involves the development of a vision, mission, identification of the organisation's external opportunities and threats, determination of the internal strengths and weaknesses, establishment of long-term objectives, generating alternative strategies and choosing specific strategies to pursue. In addition, this stage also involves making decisions on the new businesses to enter and those to abandon, how to allocate the scarce resources, making decisions on whether to expand operations or to diversify, to venture into international markets, merge, enter joint ventures and how to avoid hostile takeovers. In other words, the formulation stage commits an organisation to specific products, markets, resources and technologies in the long run.

There are several alternative approaches or views to strategy formulation that are in existence and a few of them are presented below.

2.2.2.1 The learning school

Courtney (2013, p. 57) argues that proponents of this school are of the view that *“Policy making is not a neat rational linear process, but a messy one in which policymakers struggle with making sense of a world that is very complicated.”*

Hence, the genesis of real strategy is by evolution rather than revolution. It emerges through a combination of internal decisions and external events that create a shared consensus for action by the top management team. By the time the strategy begins

to crystallise, some elements of it will be already under implementation. While the top-down strategic plans may be in existence, employees may also simultaneously pursue their own strategic agendas, many of which may culminate as important elements of the firm's strategy. Hence, formal plans must be flexible to accommodate individual initiatives (Courtney, 2013, p. 58). Courtney (2013, p. 59) quotes Lampel, in Mintzberg *et al.* (1998) as summarising the main aspects of the incremental learning school as follows.

- a) Organisations can learn from failure in as much as they can also learn from success.
- b) An organisation that is learning rejects the saying 'if it ain't broke don't fix it.'
- c) There is an assumption that managers and workers closest to the production and sale of the product often know more about these activities than their superiors do.
- d) There is high mobility of knowledge from one part of the organisation to the other and
- e) More time is spent in search of knowledge outside the boundaries of the organisation.

One of the major risks of this school is the possibility of the organisation to muddle through without a clear unified vision of the future especially in times of crisis and this can be a recipe for disaster. The other risk is what is termed 'strategic seduction' in which the organisation gradually drifts towards less desirable strategies over time due to say inappropriate funding opportunities (Courtney, 2013, p. 60).

2.2.2.2 Contingency approaches

Courtney (2013, p. 63) argues that this approach states that there is no one best way to strategy formulation since much depends on the nature of the external environment prevailing at any one time. He quotes Ansoff and McDonnell (1990) as indicating that different approaches to strategy formulation can be appropriate in different situations depending on the volatility of the external environment. A traditional planning approach may be appropriate in a stable and simple environment while a learning approach may be more appropriate in a complex and discontinuous external environment. Hence, various approaches to strategic management can co-exist rather than replace one another.

2.2.2.3 Resource Based View (RBV)

Dess, Lumpkin and Eisner (2010, p. 91) argue that

“The resource – based view of the firm combines two perspectives: (1) the internal analysis of the phenomena within a company and (2) an external analysis of the industry and its competitive environment.”

According to the Resource Based View (RBV) of above average returns, each organisation is a collection of unique resources and capabilities which work as the springboard for the formulation of the firm’s strategy and its ability to earn above average returns (Volberda, Morgan, Reinmoeller, Hitt, Ireland and Hoskisson; 2010, p. 20). Resources are broadly classified into three categories namely physical, human and organisational capital and they include both tangible and intangible assets that are inputs into the company’s production process. The resources broadly include capital equipment, individual skills of employees, patents, finances and managerial talents. Grant (2008, p. 127) argues that the rationale for the use this view is that,

“In general, the greater the rate of change in a firm’s external environment, the more likely it is that internal resources and capabilities will provide a secure foundation for long term strategy.”

Louw and Venter (2014, p. 24) classify the RBV as part of the inside out perspective of superior returns. In this respect, strategies should be developed around the firm’s resources, dynamic capabilities, strategic architecture, goals, values and business intelligence to enable the firm to take advantage of the opportunities. Witcher and Chau (2010) also argue that strategy formulation can be a result of the ‘Outside-in and Inside-out Thinking’ Approach, the latter of which is explained by Porter as follows: The Inside-out approach examines the impact of the strategic resources, core competencies, value chain and dynamic capabilities that should be marshalled to produce an effective strategy.

Volberda *et al.* (2010, p. 20) argue that resources alone may not necessarily achieve competitive advantage but have a high propensity to be a source of competitive advantage when they are transformed into a capability based on how the resources are integrated to become unique capabilities. They define the word ‘capability’ as follows:

“ ... the capacity for a set of resources to perform a task or an activity in an integrative manner.”

Volberda *et al.* (2010, p. 20) further argue that,

“ ... resources and certainly capabilities are not highly mobile across firms; and that the differences in resources and capabilities are the basis for competitive advantage.”

In addition, the four characteristics for resources and capabilities of a firm to become core competences are that they should be valuable, rare, costly to imitate and non-substitutable. Valuable resources are defined as those that enable the firm to take advantage of opportunities or neutralise threats. Rare resources are those possessed by none or few current and potential competitors. Resources that are costly to imitate are defined as those that are either non-obtainable or obtainable at a cost disadvantage by competitors. Non substitutable resources are those that have no equivalents. Contrary to the definition of valuable resources presented by Volberda *et al.* (2010, p. 20), Louw and Venter (2014, p. 24) define the word ‘valuable’ as the contribution that strategic leaders make to their organisations, products, customers and stakeholders and they emphasise that this value is based on flexibility and innovation. In addition, they indicate that competitive advantage is only achieved when the firm’s products or services receive customer acceptance based on their perceived value.

Volberda *et al.* (2010, p. 21) as well as Louw and Venter (2014, p. 26) generally concur that the sequence of steps towards strategy formulation based on the RBV or the inside out perspective of superior returns are as follows:

- a) Resources: Identify the firm’s resources (inputs into a firm’s production process). Study the firm’s strengths and weaknesses compared with those of competitors.
- b) Capabilities: Determine the firm’s capabilities (capacity of an integrated set of resources to perform a task or activity). Identify what the capabilities allow the firm to do better than its competitors.
- c) Competitive advantage: Determine the potential of the firm’s resources and capabilities in terms competitive advantage (ability of the firm to outperform its rivals).

- d) Locate an attractive industry. This is an industry with opportunities that can be exploited by the firm's resources and capabilities.
- e) Strategy formulation and implementation: Select a strategy that best allows the firm to make use of its resources and capabilities in relation to opportunities to earn above average returns.
- f) Superior returns (earning of above – average returns).

2.2.2.4 The outside – in perspective

Louw and Venter (2014, p. 29) indicate that this perspective is also known as the market driven strategy or the industrial organisation model. Proponents of this perspective are of the opinion that strategy formulation should be determined by the needs of the market and the firm's response to the external environment. Hence, the organisation should

- a) Identify opportunities in the external environment.
- b) Define its competitive industry based on the environmental scanning and
- c) Adapt its resources and capabilities to take advantage of the opportunities.

Hence, the macro and industry environments are the bases or initiators of strategy formulation and implementation.

Louw and Venter (2014, p. 30) indicate that the sequence of steps towards strategy formulation and implementation of this perspective are as follows:

- a) The external environment: scan both the macro and industry external environments.
- b) An attractive industry: Identify an industry with characteristics that suggest above average returns
- c) Strategy formulation: select a strategy that is linked to above average returns in a specific industry.
- d) Competencies and capabilities: Determine the competencies and resources that are required to implement a chosen strategy.
- e) Strategy implementation: utilise the strategic actions required to earn above average returns.
- f) Superior returns: earnings of above average returns

Witcher and Chau (2010) also argue that strategy formulation can be a result of the 'Outside-in and Inside-out Thinking' Approach, the former of which is explained

by Porter as follows: The Outside-in approach to strategy formulation first analyses the impact of the external environment, industry attractiveness and the resultant opportunities and threats. Louw and Venter (2014, p. 23) argue that strategy has to be consistent with both the organisation's internal and external environments to achieve competitive advantage. In addition, well formulated strategies reinforce the organisation's resources, capabilities, goals and values and ensure the existence of a strategic link between the inside out perspective (RBV) and the outside in perspective.

2.2.2.5 Vision

A vision statement answers the question 'what do we want to become?' David (2013, p. 40) alludes to the fact that the development of a vision statement is often considered to be the first step in the strategic planning process, preceding the establishment of a mission statement. The vision statement should be short preferably only one sentence or can be a single statement such as that for Stokes Eye Clinic in Florence, South Carolina which is quoted by David (2013, p. 40) as follows:

"Our vision is to take care of your vision."

The vision is very important to a business, hence the quotation from the bible book of Proverbs 29 verse 18 that reads,

"where there is no vision, the people perish" (David, 2013, p. 72).

As many managers as possible should have an input in the formulation of the vision statement. A widely used approach is to select several articles about these statements and then ask managers to read them. The managers are requested to prepare both the vision and the mission. A coordinator then merges these statements into a draft document for consideration by all managers. Thereafter, a meeting is organised and conducted to amend or modify the statements. The final draft is distributed to all managers and employees of the organisation including even external stakeholders. Participation by all workers is done to ensure their commitment to these statements. The benefits for the formulation of the vision and mission statements are numerous and include the following.

- a) To ensure unity of purpose and corporate direction.
- b) To provide the basis for the allocation of resources.

- c) To facilitate communication with important internal and external stakeholders such as employees, customers, creditors, suppliers and distributors.

Hence, any disagreements over the vision and mission statements should be resolved as a matter of urgency as these can contribute to trouble for the organisation that can culminate in bankruptcy and eventual liquidation.

2.2.2.6 Mission

A mission is the unique purpose of the existence of an organisation. According to David (2013, p. 40), it identifies the scope of a firm's operations in terms of products and markets and addresses the question 'what is our business?' David (2013, p. 75) indicates that according to Peter Drucker, this question is the same as asking the question 'what is our mission?' Researchers concluded that 90% of the companies have used a mission statement sometime in the previous five years. Mission statements can vary in content, length and format but the recommended length is less than 250 words. The basic nine characteristics of a mission statement are to specify something about the following a) customers; b) products or services; c) markets; d) technology; e) concern for survival, growth and profitability; f) philosophy; g) self-concept i.e. major competitive advantage; g) concern for public image and i) concern for employees.

2.2.2.7 Objectives

Objectives are the specific results that a firm seeks to achieve in pursuing its mission. Objectives should be challenging, measurable, quantitative, consistent, realistic, and understandable, have a time line, reasonable and clear and they should be formulated at both the corporate and business level. Besides providing the basis for effective planning, objectives set the direction, aid in evaluation, create synergy, reveal priorities, focus co-ordination, organising, motivating and controlling activities (David, 2013, p. 41). They provide the basis for consistent decision making by managers whose values and attitudes differ. They are the standards by which individuals, groups, departments, divisions and entire organisations are evaluated.

2.2.2.8 Strategy

The word strategy originates from the Greek word ‘strategi’ which in turn was derived from ‘strategos’ (the leader or commander of an army general) which refers to a military general or office of the general and combines ‘stratos’ (the army) and ‘ago’ (to lead) (David 2013; Courtney 2013). In addition, the Concise Oxford Dictionary defines ‘strategy’ as the art of war or a plan of action or policy in business or politics. Courtney (2013, p. 34) adds that other definitions by other authors are listed as follows:

- a) The determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals (Chandler 1962:13).
- b) Strategy can be seen as a key link between what the organisation wants to achieve – its objectives – and the policies adopted to guide its activities (Bowman and Asch 1987:4).
- c) Strategy is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organisation is, what it does, and why it does it (Bryson 1988: 4-5).
- d) Strategy relates to the patterns/plans that integrate an organisation’s major goal/policies and action sequences into a cohesive whole (Quinn 1988:3)
- e) Strategy is the fundamental pattern of present and planned resource deployments and environmental interactions that indicates how the organisation will achieve its objectives (Hofer and Schendel 1978: 25).
- f) Strategy is the direction and scope of an organisation over the long-term, ideally, which matches its resources to the changing environment and in particular its markets, customers and clients to meet stakeholder expectations (Johnson and Scholes 1993: 10).

In a nutshell, Courtney (2013) argues that there are good and bad strategies and all organisations have strategies whether they realise it or not and that the key concepts and themes of the above quoted definitions cover the following issues:

“the long-term; mission, purpose, goals and objectives; direction, orientation and scope; decisions; plans; a course of action; allocation of resources; positioning the organisation within its external environment; meeting stakeholder expectations; flexibility to changing circumstances; a pattern of organisational moves; patterns

that integrate; shaping and guiding what an organisation is, what it does and why it does it” (Courtney, 2013, p. 34-35).

Witcher and Chau, (2010) and Wheelen and Hunger (2012) argue that strategy can be a result of the ‘Logical Incrementalism’ theory which indicates that the formulation and implementation of a deliberate strategy can occur by accident or default in small and logical steps. In other words, it evolves by muddling through and is characterised by reacting to problems as the solution rather than a proactive search for opportunities i.e. adaptive mode. A top-down strategic plan has to be combined with strategic priorities that are formulated from the ground. Courtney (2013) concurs that strategic moves rarely occur because of a structured strategic planning process but can be traced back to small actions or decisions by actors who may not even be senior in the organisation. This suggests a definition of strategy as a pattern (Mintzberg, 1994) rather than a plan. Courtney (2013, p. 37) states that issues that are considered to be of a strategic nature should have the following characteristics:

“It concerns - the medium to long term (e.g. 3-10 years); the whole organisation; the purpose, direction and scope of the organisation; how the organisation is positioned in relation to the external environment and other organisations; the allocation of significant resources; involves making fundamental decisions (even by default) about which services to provide to which beneficiary groups.”

Witcher and Chau, (2010) also indicate that there are ‘Emergent Strategies’ not foreseen by senior management that arise during the implementation of deliberate strategy. The scholars state that Mintzberg and Waters argue that a company’s intended strategy is changed during the implementation phase of the strategic planning process (Witcher and Chau, 2010). A new strategy emerges to change the planned strategy. Hence, over time, the realised strategy differs from the original planned strategy. Therefore, the strategy formulation process combines both the planned strategy and the emergent strategy. This is illustrated in figure 2 below:

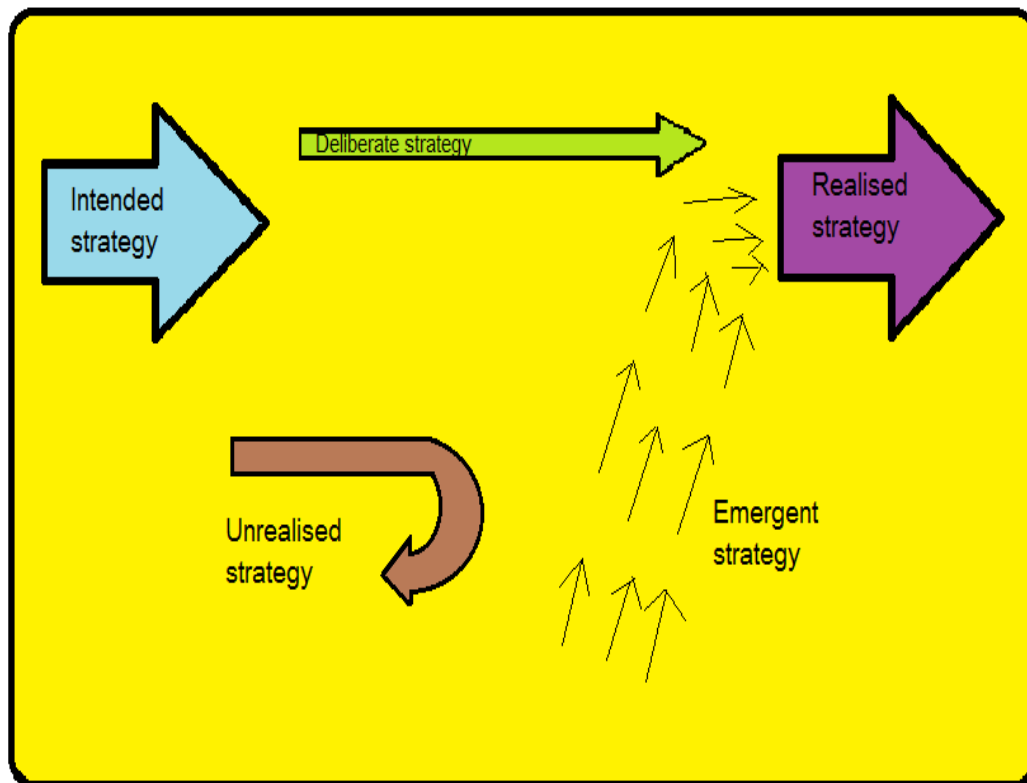


Figure 2: Intended strategy becomes realised strategy. *Source: Strategic Management Principles and Practice (Witcher and Chau, 2010, p. 13)*

The history of strategic planning commenced in the military and the aim of both business and military strategy is to gain competitive advantage. Strategies are the means of achieving long-term objectives (David, 2013, p.41). In addition, business objectives may include geographic expansion, diversification, acquisition, product/market development, market penetration, retrenchment divestiture, liquidation and joint ventures. The three generic corporate strategies by Wheelen and Hunger (2012) are about growth, stability and retrenchment and the three generic business or competitive strategies by Michael Porter are cost leadership, differentiation and focus.

2.2.2.9 Hierarchy of strategies

According to David (2013), the four levels of strategies in an organisation are divided into three groups namely; corporate, divisional and functional and Wheelen and Hunger (2012) and Löfving (2014) concur with this hierarchy. The focus of these strategies is summarised in the bullet points below as follows:

- Corporate strategies – concerned with the market sectors in which the whole company decides to operate (Löfving, 2014). Concerned with the overall direction

towards the management of business lines and can be about growth, stability or retrenchment (Wheelen and Hunger, 2012).

▪ Business strategies – sometimes called competitive strategies, are developed at the divisional level and are concerned with improvement of the competitive position of a company's products or services in the industry or market served by the divisions. They can be about cost leadership, differentiation or focus (Wheelen and Hunger, 2012 and sourced from an article 'Creating and Sustaining Superior performance, Porter, 1985, 1998). Witcher and Chau (2010) provide the definitions of these three generic business strategies by Porter as follows: The Focus strategy is a low cost competitive strategy that focuses on serving specific niche markets more closely than competitors serve. The Differentiation strategy involves the provision of unique products and services (different from those provided by competitors) by the company but the products/services are valued by the customers. The Cost Leadership strategy involves the provision of products at lower costs than those of the competitors and this is derived from either economies of scale or economies of scope. Economies of scale are cost savings resulting from lower costs per unit produced as volumes increase while economies of scope hinge on savings arising from different products sharing the same production facilities. It should be noted that these three generic strategies are mutually exclusive. Wheelen and Hunger (2012) also uses the categories 'competitive strategies' and 'collaborative strategies' to divide the three elements.

▪ Functional strategies –are developed by specific departments and are concerned about maximising resource productivity within the guidelines of the corporate and business strategies. They are divided into four groups namely integration strategies, intensive strategies, diversification strategies and defensive strategies (Wheelen and Hunger, 2012; David, 2013).

David (2013) explains that the various types of strategies is summarised and defined as explained below.

Integration strategies:

- a) Forward integration – gaining ownership or increased control over distributors or retailers.
- b) Backward integration – seeking ownership or increased control of a firm's suppliers.

- c) Horizontal integration - seeking ownership or increased control over competitors.
- Wheelen and Hunger (2012) classify these three integration strategies as part of the growth strategies under corporate strategies. They define the first two as vertical integration strategies.

Intensive strategies:

- a) Market penetration – seeking increased market share for current products or services in the current markets through greater marketing efforts.
- b) Market development – introducing present products or services in new geographic areas.
- c) Product development – increased sales by improving present products or services or developing new ones.

Diversification strategies:

- a) Concentric diversification – adding new but related products or services.
- b) Conglomerate diversification - adding new and unrelated products or services.
- c) Horizontal diversification – adding new unrelated products or services for present customers.

These strategies are part of the diversification strategies under corporate strategies (Wheelen and Hunger, 2012).

Defensive strategies:

- a) Retrenchment – regrouping through cost and asset reduction to reverse declining sales and profit.
- b) Divestiture – selling a division or part of an organisation.
- c) Liquidation – selling all of a firm’s assets (lock, stock and barrel) in parts for their tangible worth.

David (2014) adds that the ways to achieve these strategies include the formation of mergers, acquisitions and joint ventures (collaborating). Mergers occur when two companies of about the same size unite to form one company. Acquisition takes place when a large company purchases or acquires a smaller company or vice versa. Joint ventures or collaborating occurs when two or more companies form a

temporary partnership or consortium for the purpose of capitalising on some opportunity. They form a new organisation.

Finally, David (2013, p. 160) summarises the importance of strategy formulation by the following quotation by Edward De Boro.

“One big problem with American business is that when it gets into trouble, it redoubles its effort. It’s like digging for gold. If you dig down twenty feet and haven’t found it, one of the strategies you can use is to dig twice as deep. But if the gold is twenty feet to the side, you could dig a long time and not find it.”

Porter (1996, Harvard Business Review, p. 61 - 78) argues that

“ ... Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. Strategic positioning means performing different activities from rivals’ or performing similar activities in different ways.”

The author adds that the generic strategies of cost leadership, differentiation and focus represent alternative strategic positions in an industry. Choosing a unique position is not enough to guarantee a sustainable advantage. A valuable position will attract imitation by incumbents who are likely to copy it in one or two ways (Porter, 1996).

Porter (1996, Harvard Business Review, p. 61 - 78) emphasises that

“Operational effectiveness is not strategy. Operational effectiveness and strategy are both essential to superior performance, which after all, is the primary goal of any enterprise. But they work in very different ways. Operational effectiveness (OE) means performing similar activities better than rivals perform them. Operational effectiveness includes, but is not limited to efficiency. It refers to a number of practices that allow a company to better utilise its inputs by for example reducing defects in products or developing better products faster. The quest for productivity, quality, and speed has spawned a remarkable number of management tools and techniques: total quality management, benchmarking, time based competition, outsourcing, partnering, reengineering, change management. And bit by bit, almost imperceptibly, management tools have taken the place of strategy.”

Porter (1996) adds that strategy had to be viewed as a system of integrated activities that fit and reinforce each other in order to create a chain that is as strong as its strongest link rather than an amalgamation of individual specific activities that are

disjointed and vulnerable to imitation, emulation and replication by competitors. Porter (1996, Harvard Business Review, p. 61 - 78) argues that,

“Rather than seeing the company as a whole, managers have turned to core competences, critical resources, and key success factors.”

Finally, Porter (1996) states that there is need for trade-offs or making hard choices about what should not be done because without trade-offs, there is no need for strategy.

However, in his study of twenty (20) SMEs, Löfving (2014) found little evidence of companies working with any written strategies. Wheelen and Hunger (2012) agree that empirical evidence on some studies revealed that the strategic planning process should be less formal in SMEs than in large corporations. In some cases, studies revealed that too much formality was detrimental to the performance of the SMEs. This was because formality reduces the flexibility that is the recipe for success. Hence, if the SME is an entrepreneurial venture business, the planning process commences with Mintzberg’s entrepreneurial mode of strategy formulation then cascades to the planning mode. The entrepreneurial mode is characterised by the formulation of strategy by one individual whose focus is on taking advantage of opportunities in order to achieve growth while the provision of solutions to existing problems is regarded as a secondary issue. The planning mode involves a lot of analysis about both the proactive search for new opportunities and the reactive approach for solutions to existing problems. If the entrepreneur chooses stability over growth, the venture business moves towards the adaptive mode. This is characterised by reactions for solutions to problems instead of a proactive search for opportunities and strategy development moves in incremental steps.

Wheelen and Hunger (2012) indicate that the process of strategy formulation is often referred to as either strategic planning or long-range planning. Situation analysis commences the process of strategy formulation in which strategic managers identify the external opportunities and threats as well as the internal strengths and weaknesses. They then attempt to take advantage of the opportunities and mitigate the threats in the light of the strengths and weaknesses. They also allude that the CEO of a SME is likely to be both the owner and major stakeholder.

Wheelen and Hunger (2012, p. 23 - 24) state that

“... After much research, Henry Mintzberg discovered that strategy formulation typically is not a regular, continuous process.”

These two authors further state that

“... Research does indicate that most large organisations tend to follow a particular strategic orientation for about 15 to 20 years before they make a significant change in direction.” (Wheelen and Hunger, 2012, p. 23 - 24)

They cite five possible triggering events that act as stimulus for a change in strategy that are summarised as follows.

- a) New Chief Executive Officer (CEO) who joins the company and asks several embarrassing questions that forces management to rethink about the reasons for the existence of the business.
- b) External intervention from stakeholders such as a bank that suddenly refuses to approve a new loan, demands full payment for an old loan or a key customer who complains about product defects.
- c) Threat of a change in ownership when another firm initiates a takeover by buying the company's shares.
- d) A performance gap when current performance fails to meet expectations resulting in the decline of market share, sales or profitability and
- e) Strategic inflection point arising from several factors such as the introduction of new technologies, a different regulatory environment or changes in customer values or tastes.

Wheelen and Hunger (2012) also propose the eight steps presented below table 5 in the strategic decision making process to improve the making of strategic decisions. Jama and Jin (2012, p. 2) indicate that Gibson and Cassar (2002, p. 181) further argue that

“In large organisations, strategic planning is often deliberate and long term based while in the case of SMEs, strategy is more adaptive and short-term oriented thus results as a reactive response to particular occurrences in the firm's operating environment.”

A study by Magaisa, Kanhai and Matipira (2013) that was done in Zimbabwe but focusing on the Zimbabwe Manufacturing sector SMEs in the five provinces of

Harare metropolitan, Bulawayo metropolitan, Bulawayo North, Bulawayo South and Midlands revealed that only 2% of the SMEs applied formal strategic management in their organisations while 98% did not apply formal strategic management and strategy formulation. However, the definition of strategic management that was used by the 2% of the SMEs that applied it was not based on the Wheelen and Hunger (2012) model. They define strategic management according to either the five steps process by Bryson (1995) or the questions posed by Thompson & Strickland (2003:6). This particular study indicates that the five step process that had to commence strategy formulation by Bryson (1995) were as follows:

- a) Identification of practical alternatives and dreams or visions for resolving strategic issues phrased in action terms.
- b) Enumerating barriers to these alternatives.
- c) Developing major proposals for achieving the alternatives either directly or indirectly by overcoming the barriers.
- d) Listing actions that must be taken over a period to implement the major proposals.
- e) A detailed work program for a period spelt out to implement the actions.

Thompson & Strickland (2003, p. 6) presents questions that need to be posed as follows.

- a) What is our vision for the organisation?
- b) Where should the company be headed?
- c) What should its future technology – product – customer focus be?
- d) What kind of enterprise do we want to be?
- e) What industry standing do we want to achieve in five years?

Hence, management's view and conclusions about the organisation's long-term direction should be the technology – product – customer focus it needs to pursue and its future business scope constitute a strategic vision for the organisation. Magaisa *et al.* (2013) further recommend the adoption of strategic management processes and tools readily available for them to capitalise on the opportunities prevailing in Zimbabwe with the intention of reaching global markets.

Franco Bernabè, the Chief Executive Officer (CEO) of Eni (a successful Italian company), was quoted by the Harvard Business Review (1998, July – August, p. 80 - 96) as saying that

“ ... Strategic thinking is one of the critical skills a leader must have. In difficult times, he seeks consultation from others but ultimately makes all important decisions alone so as not to be buffeted by the needs, emotions or agendas of others. A leader cannot take the weighted average of other people’s opinions and make them his own. A person who has to make important decisions has to make them alone. When you are part of a crowd, you have an entirely different feeling from when you are apart from it. You have to organize the information you receive, analyze it, make your decision, and then move to the next problem. Such solitude is one of the burdens – and the necessities – of leadership.”

Having established the vision for Eni, Franco Bernabè proceeded to replace hundreds of managers with new ones who shared his vision of Eni becoming a typical commercial enterprise.

2.2.2.10 Policies

Policies are defined as the means for achieving annual objectives or goals and are instruments for strategy implementation. They guide decision making, address repetitive questions, and include guidelines, rules, procedures, methods and administrative practices. They clarify what can and cannot be done by the organisation (David, 2013). Courtney (2013) argues that policymaking is not a neat rational process, but a messy one in which policy makers struggle to make sense of a complicated world.

2.2.3 Implementation of strategy

Courtney (2013, p. 250) indicates that Louis Gerstner, the man who rescued IBM says that execution is the critical part of a successful strategy and emphasises that getting it done correctly and better than the next person is far more important than dreaming up new visions of the future (Gerstner 2002, p. 230). Poor strategy implementation is often not a problem of the implementation processes but a problem of strategy formulation since the plan may not include key elements necessary to making the plan part of the daily management of the organisation. Failure to implement a strategy is often due to staff lack of commitment and

responsibility if the plan does not adequately reflect the views or realities on the ground (Piercy 2002). It is therefore important to involve employees in the strategy formulation process from the beginning to ensure their commitment and support. The strategy implementation stage involves the development of programmes, projects, action plans, budgets and implementation processes or procedures (Courtney 2013, p. 251 who cites Bryson 1995:166; Wheelen and Hunger, 2012).

Courtney (2013) cites Bryson (1995) as emphasising the danger of implementation processes being too rigid and preventing adaptive learning from taking place when circumstances change or when new knowledge becomes available from internal or external sources. Research findings by Muhoho and Margret (2016) reveal that organisations can improve the effectiveness of strategy implementation by using various ways that include improvement of communication systems and information flows, addressing employees concerns about the strategy and modification of the organisation structure and the leadership style.

The typical stages of the annual performance management cycle that support the implementation of organisational strategies are presented by Courtney (2013, p. 251) as follows.

- a) Develop annual operational plan.
- b) Identify resource requirements from the plan.
- c) Agree on the budget.
- d) Revise the plan if necessary.
- e) Agree on the lead responsibility for each objective.
- f) Agree on the targets with each staff member at the appraisal stage.
- g) Review staff learning requirements and agree on the learning plans.
- h) Review progress with each staff member.
- i) Praise and celebrate achievement.
- j) Capture the learning.

The major resource requirements that are required to implement the plan effectively are summarised in table 14 below.

Table 14: Resource requirements for strategy implementation

Physical resources	Human resources	Systems & procedures	Financial resources
1 Buildings 2 Vehicles 3 Computer hardware & software 4 Equipment 5 Furniture 6 etc.	1 Staff, consultants 2 Skills, knowledge 3 Policies & procedures 4 Appropriate salaries & benefits structure to recruit & retain staff 5 Appropriate organisation structure	1 Personnel 2 Finance 3 Administration 4 Training 5 Quality assurance & improvements 6 Communications (internal & external) 7 Governance 8 Organisational policies & procedures	1 Recurrent & sunk capital costs 2 Annual property related costs 3 Time restricted project costs 4 Salary related costs 5 Annual programme costs 6 Admin. costs

Source: Strategic Management in the Third Sector (Courtney, 2013, p. 253)

The rationale for the identification of the resource requirements is for the organisation to determine and develop the necessary budgets to ensure that the implementation of the plan is effective. This also requires the company to determine and raise the necessary revenue from different sources in order to develop the budget (Courtney, 2013, p. 253). In this respect, the planning process should come before the budgeting process. Courtney cites Bryson (1995) as recommending the development of a rolling operational plan by the organisation in which it commences the drawing up of the following year's operational plan at the mid period of the previous year. This means that if the organisation's financial year is a calendar year, the drawing up of the operational plan for year two commences around June to July of year one. In addition, emphasis is that operational plans should be Specific; Measurable; Achievable; Realistic; and Time bound (SMART).

Staff performance appraisals should be conducted at the end of the annual operational planning period and based on the Balanced Scorecard to facilitate the

assessment of each individual's contribution towards the organisation during the previous twelve months and agree on the targets for the following year (Courtney, 2013; Kaplan and Norton, 1996). The board (or one of the board members) also has to appraise the performance of the Chief Executive Officer towards the achievement of the organisation's operational plan objectives.

Wheelen and Hunger (2012) state the role of a leader as that of motivating, developing and guiding employees in addition to the provision of the vision for the company's future.

Franco Bernabè, the CEO of Eni indicates that communication is vital in getting things done. The Harvard Business Review (1998, July – August, p. 80 - 96) quotes him as stating that

"I was used to preparing reports but those are not effective communication tools. People can fall asleep after two minutes of reading. The only way to combat this noise of transmission is to communicate directly with everyone involved and to make simple points. That requires enormous patience but it is the only way."

In a nutshell, the message by Bernabè (1998) about the leader's characteristics can be summarised as follows.

- a) Communication at all levels of the organisation in formats that include dialogues and speeches.
- b) Physical presence to take direct responsibility of tough decisions, project his or her personality and character so that the followers can see the real person with whom they can identify.
- c) The leader must do as he or she is asking others to do.
- d) Getting ownership of the message and individual decisions by colleagues.

2.2.4 Challenges of implementation

Several issues affect the implementation of strategies and some of them are outlined below:

a) **None conducive operating external environment:**

All the organisations in the country operate under an external environment over which they have no control about the laws and policies promulgated by the Government. In Zimbabwe, the Ministry of Finance is the most powerful ministry

as it controls the budget. However, this ministry is not always sincere in the consultative process of the formulation of policies. There is often very limited time for consultations on policy issues with other ministries. Zwizwai, Kanbudzi and Mauwa (2014) indicate that in some cases, other ministries have been called to the Ministry of Finance and advised by the Minister that the document being presented to them for discussion would become policy in two hours' time. Such machinations by the Ministry of Finance shows that the ministry is not prepared to listen to contributions from other ministries. Hence, there is lack or absence of adequate consultations in the policy formulation process which adversely affects the implementation of strategies that are expected to operate under such a policy formulation framework. Full consultations are necessary to ensure that all the government ministries move together in implementing government policies in order to make the operating external environment conducive to doing business.

However, the Ministry of Finance is not alone on this weakness since the Statutory Instrument Number 64 that placed an embargo on the importation of all basic commodities considered not necessary in June 2016 was implemented by the Ministry of Industry and Commerce without adequate consultation with major stakeholders. This resulted in outcry by several people including large and small companies though the Government latter insisted that its implementation had achieved the major objectives of reducing the trade deficit and reviving capacity utilisation in the country's ailing industry. It was observed that this statutory instrument was latter removed in 2018 by the new government to ease the escalating shortages of basic commodities.

b) Job Descriptions and task assignments

Courtney (2013, p. 250) argues that some literature suggest that failure to implement strategies is often not a problem of the planning process itself but is often due to lack of commitment from staff because they were not involved in the strategy formulation process (Piercy 2002). However, discussions by the researcher and the respondents that emanated from the case studies revealed that whether or not the employees were involved in the strategy formulation process, they were given job descriptions upon resumption of duties. The job descriptions emphasised specific tasks that had to be performed and often indicated that any additional duties

could be assigned to the employees as seen fit by their respective supervisors. If the employees failed to perform the specific tasks as specified in their job descriptions or any other tasks assigned to them by their supervisors, the employees would face disciplinary action. Results of the disciplinary action ranged from warnings (written or verbal), suspension from work (with or without pay) and dismissal from work. This approach is consistent with the traditional approaches to motivating staff that were pioneered by early writers on organisation who included Frederick W. Taylor in 1911 and Henry Fayol in 1916. The basic assumptions of their approach are summarised (Courtney, 2013, p. 43) as follows.

- The average human being inherently dislikes work and will avoid it if he or she can.
- Most people have to be forced, controlled, directed and threatened with punishment to get them to work to achieve organisational goals.
- The average human being dislikes responsibility, has little ambition and prefers to be directed but wants job security first and foremost.

Hence, in Zimbabwe, the major issue is not whether or not the employees have been involved in the strategy formulation stage, but to assess the performance of employees based on their respective job descriptions. In view of the amendments of the labour act in 2016 that empowered employers to fire employees immediately without any terminal benefits and the volatile external environment that has resulted in the increasing rate of unemployment (with many people migrating to other countries such as South Africa, Botswana and the UK to seek employment), the focus of employees has become to protect their scarce jobs that are often their only sources of income by performing assigned tasks and those specified in their job descriptions instead of being worried about being involved in the strategy formulation process.

c) Risk related challenges:

Wheelen and Hunger (2012) confront the implementation of each generic strategy with various risk related challenges that are summarised in table 15 below:

Table 15: Risks of generic competitive strategies

Risks of cost leadership	Risks of differentiation	Risks of focus

of the operational plan may exclude governance issues and this may place the organisation at risk of ignoring the compliance issues with the governing bodies.

e) Resource constraints

Abosedo, Obasan and Alese (2016) indicate the following: i) the research by Verbano and Venturini (2013) revealed that SMEs lacked knowledge and experience on developing instruments to evaluate their financial solidity to avoid the possibility of insolvency i.e. their problem was not about getting bank loans. ii) The research by Agwu and Emeti (2014) that focused on 120 SMEs in Nigeria cited poor financing, inadequate social infrastructure, lack of managerial skills and multiple taxation as the major challenges that confronted SMEs in the city of Port-Harcourt.

f) Absence of linkages

A case study research by Nyamwanza (2013) that was conducted in Zimbabwe revealed that there are neither backward nor forward linkages between the strategy formulation and implementation phases and that each phase is treated as an end in itself rather than part of a process. In addition, SMEs do not benefit from accumulated knowledge and experience. For instance, one SME imported three trucks from the UK but no funds were set aside for the clearance of the trucks from Namport in Namibia. The clearance required \$30,000. The vehicles remained under the custody of the Namibian clearance authorities accumulating storage charges for a period of four months. There was no consideration taken about resource availability.

g) Wheelen and Hunger (2012) presentation

The Harvard Business Review (1996, p. 126) indicates that Bhidé argues that the absence of talented employees is often the first obstacle to the successful implementation of a strategy. Entrepreneurs who hope to turn unqualified and inexperienced employees into star performers are always doomed for disappointment. Since great ideas do not guarantee great performance, he suggests that entrepreneurs must examine three areas namely resources, organisational capabilities and their personal roles to evaluate their ability to implement strategies. The company should employ competent and experienced people as it grows.

Wheelen and Hunger (2012, p. 273) indicate that a survey of 93 Fortune 500 firms revealed that more than 50% of the companies were confronted by the following ten major implementation problems.

- Implementation took more time than originally planned.
- Unanticipated major problems arose.
- Activities were not coordinated effectively.
- Competing activities and crises robbed attention away from implementation.
- The employees involved had inadequate capabilities to perform their jobs.
- Lower level employees were not adequately trained.
- External environment factors created problems.
- Departmental managers provided inadequate leadership and direction.
- There was poor definition of the tasks to be implemented.
- Information systems did not monitor activities adequately.

2.2.5 Strategy evaluation and control

The best formulated and implemented strategies become obsolete when the firm's external and internal environments change. It is therefore necessary for strategists to review, evaluate and control the execution of strategies and take corrective action promptly as and when required. Besides inflicting penalties to the firm, the erroneous strategies can be difficult to reverse. Hence, timely evaluations alert management to problems and potential problems before a situation becomes critical are important. Strategy evaluation is important because of the volatile or dynamic nature in which organisations operate (David, 2013).

2.2.5.1 The nature of strategy evaluation

David (2013) argues that there are three basic issues involved in strategy evaluation namely a) examining the bases of the firm's strategy, b) comparing expected results with actual results and c) taking corrective action to ensure that performance conforms to plans. Strategy evaluation should be conducted as a continuous exercise instead of at the end of specific periods of the year because by then it may be too late. The two bases for taking corrective action are when a) the external and internal strategic factors have changed significantly and when b) the firm is not progressing well towards the achievement of set objectives. These activities are generally triggered after conducting an external factors environmental (EFE) matrix

or an internal factors environmental (IFE) matrix. Front line agents or employees sometimes discover that strategies are not effective ahead of strategists. Criteria that can predict results are more important than those that reveal what has already happened. Hence, effective control requires accurate forecasting. Many variables should be included in measuring the firm's performance and strategy evaluation should be based on both quantitative and qualitative criteria. Quantitative criteria that are commonly used are financial ratios such as Return on Investment (ROI), Return on Equity (ROE), profit margins, market share and sales or asset growth. Qualitative factors that are normally used include high absenteeism, turnover rates, poor quality production and quantity rates.

Corrective action can include revising objectives, policies, strategies and developing performance incentives or even replacing specific individuals. Strategy evaluation enhances a firm's ability to adapt to change. Hence, the quotation that reads

"It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change – Charles Darwin" (David, 2013, p. 90).

The Balanced Scorecard (BSC) is an important evaluation tool. The tool aims to balance long-term with short-term concerns; financial with non-financial concerns and internal with external concerns. The BSC can be adapted to different firms and industries based on both qualitative and quantitative measures.

2.2.5.2 Characteristics of an effective evaluation system

These include the following.

- a) Must relate to the firm's objectives.
- b) Must provide timely information.
- c) Should provide a true picture of what is happening and information should facilitate action and be directed to specific people who should take action.

There is no one ideal strategy evaluation system. The unique characteristics of the firm including its size, management style, purpose, problems and strengths determines the appropriate strategy evaluation and control system.

According to the model under review, the phase of evaluation and control of performance commences with the determination of the appropriate performance indicators then moves on to the establishment of performance standards. The next steps involve the measurement of the actual performance which is then compared to the desired performance. Corrective action is taken when there are deviations between actual and desired performance. Wheelen and Hunger (2012) contend that evaluation and control information must be relevant to what is being monitored and the whole control system must be integrated and work properly. In addition, top management must be involved rather than being relegated to lower level management and employees.

The authors add that performance control measures can be categorised into those that predict the intended outcome (steering controls), behaviour controls and output controls. Each control measure addresses a specific requirement though they jointly contribute to the achievement of the overall corporate objectives. Kaplan and Norton (1996) concur with this view in their Balanced Scorecard (BSC) which they define as a management system that provides executives with a comprehensive framework that translates a company's objectives into a coherent set of performance indicators. The BSC translates the mission and strategy into objectives and measures and is organised into four different perspectives namely;

- Financial perspective.
- Customer perspective.
- Internal business processes and
- Learning and growth perspective.

The scorecard measures are used to articulate the strategy of the business, to communicate the strategy and to help align individual, organisational and cross departmental initiatives to achieve a common goal. Kaplan and Norton (1996) emphasise that financial and non-financial measures are part of the information system for employees at all levels of the organisation. Front line employees must understand the financial consequences of their decisions and actions while senior executives should understand the drivers of long-term financial success. The measures of the BSC are derived from a top down process driven by the mission and strategy of the business. The measures represent a balance between external measures for shareholders and customers; and internal measures of critical business

processes, innovation and learning and growth. The measures are balanced between outcome measures i.e. the results of past efforts and measures that drive future performance.

Each of the four perspectives requires the establishment of objectives, measures, targets and initiatives. Concisely, each of the perspectives is explored based on Kaplan and Norton (1996) as follows.

2.2.5.3 Financial perspective

The financial perspective contains financial measures on profitability, liquidity or solvency such as return on capital employed. Financial measures indicate whether the organisation's strategy implementation is contributing to the bottom line. According to Eccles (1991), financial measures tell some but not the whole story about past actions and they fail to provide adequate guidance for actions to be taken today to create future financial value. Emphasis on short-term financial results can lead to over investment in short term-fixes and under-investment in long-term value creation assets which generate future growth. For instance, short-term profitability can be achieved through exploitation of customers by charging high and unjustified prices. In the long-run, lack of customer loyalty and satisfaction can leave the company vulnerable to competitive inroads.

2.2.5.4 Customer perspective

This perspective focuses on the markets in which the business will compete and the creation and delivery of products or services that are valued by the customers. The development of objectives and measures for this perspective are based on the value propositions that will be delivered to the target markets. The basic outcome measures are;

- a) Customer satisfaction.
- b) Customer acquisition.
- c) Customer retention.
- d) Market share and
- e) Customer profitability.

Market research is required to specify customer preferences and anticipate their latent and emerging needs along dimensions such as price, quality, image, reputation and performance. The core attributes that drive customers are summarised as price, quality and turn-around time.

2.2.5.5 Internal business processes

The focus of this perspective is on the critical processes in which the organisation must excel and which enables the business to achieve the following.

- a) Deliver the value proposition, which will attract and retain customers in target markets.
- b) Satisfy shareholder expectations on financial returns.

The development of objectives and measures of this perspective are done after developing objectives and measures for the financial and customer perspectives. The generic internal business processes include the following.

- Innovation – this includes market research for identification of the market preferences and creation of product or service offerings.
- Operations – a process of delivering existing products or services to existing customers and
- Post sale service.

2.2.5.6 Learning and growth perspective

This perspective identifies the infrastructure that the organisation must build to generate long-term growth and improvements. This infrastructure is based on three sources namely;

- a) People.
- b) Systems and
- c) Organisational procedures.

The objectives of this perspective are the drivers for achieving excellent outcomes in the other three perspectives. The generic areas of improvement are as follows.

- a) Employee capabilities.
- b) Information systems capabilities and
- c) Motivation, empowerment and alignment.

In summary, the use of several performance measures that cover several interests of all the stakeholders in both the short term and the long term has advantages over the use of measures that cover only one specific category such as financial measures alone. Wheelen and Hunger (2012) also acknowledge that the use of financial performance measures alone such as for instance Return on Investment (ROI) has both several advantages and limitations. The ROI may provide an impression of being objective and precise but can be manipulated. Hence, most financial measures including popular measures such as the Earnings per Share (EPS) and Return on Equity (ROE) are by themselves inadequate measures of corporate performance. The authors therefore suggest that a company should develop or establish performance measures that are appropriate for each of their stakeholders. One performance measure is vulnerable to some shortcomings.

2.2.5.7 Importance of the customer (consumer)

Dowd (2017, p. 7) argues that people should work to live, not live to work and that the interests of the producers should be the means to achieving the needs of the consumers. Dowd (2017) quotes Smith (1981, p. 660) who indicates that the only purpose of production is consumption. Hence,

“Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer” (Dowd, 2017, p. 5).

Dowd (2017, p. 21) further justifies the need to protect the consumer by indicating that the findings of a recent study that was conducted in the United Kingdom revealed that while the bottom 10% of the population were striving to make ends meet as almost 24% of their incomes went towards food expenditure, the top 10% of the population were thriving on good living since only 4.2% of their incomes was spent on food consumption. To put these statistics into perspective, the report by Riddell (1980) on Zimbabwe indicates that one measure of poverty known as the Orshansky technique argues that food is the first charge on a family budget. As income levels rise, the percentage of income spent on food should fall though the nominal total expenditure may continue to rise (Engel’s law). Families that spend 25% or more of their incomes on food could be classified as poor.

Dowd (2017) also argues that one reason that makes imported goods more expensive for the customers is import tariffs that are levied on imported goods by different countries. He therefore advocates for the removal of import tariffs in order to protect the consumers (Dowd, 2017). The effects of import tariffs include smuggling by importers, corruption by law enforcement agents at the border posts that ultimately undermines or even destroy infant industries of the country in addition to loss of potential income for the government (McConnell and Brue, 2008).

2.3 Strategic planning in SMEs

Löfving (2014) indicates that research studies about the strategic planning process in SMEs highlight poor use of strategy frameworks and tools. He states that researches conclude that lack of knowledge about strategy frameworks and tools prevent SME managers from using them. None of the previous studies about the strategy process in SMEs has investigated the appropriate strategy frameworks that are suitable for those businesses. The strategic planning process in SMEs is less formal (Verreynne, 2005; Ates, 2008). A study conducted by Ates and Bititci (2009, p. 1) using the semi-structured face to face interviews with senior and middle managers in four manufacturing sector SMEs in the United Kingdom concluded that

“SME strategies have both emergent and planned dimensions. SME managers execute the strategy process mainly from an informal fashion by holding multiple functions and with limited application of strategy management tools and techniques. SMEs seem to be putting more emphasis on external environment scanning (customers, suppliers, competitors, universities, and lenders) and then defining grand strategy and goals. This implies that SME strategy process is characterised by more of Market Based View (MBV).”

A study by Abosede, Obasan and Alese (2016) summarises findings of some of the researches as presented in table 16 below.

Table 16: Small and medium sized (SMEs) research findings

Researcher and year	Findings
Wang, Walker	Levels of the use of strategic management were higher in SMEs

and Redmond (2011)	operated by owner-managers who are growth oriented and lower in those that have owner-managers who pursue none economic personal agendas.
Hin, Kadir and Bohari (2012), Malaysia.	Most SMEs used the strategic planning model that resemble the Wheelen and Hunger (2008) model which suggested that the model was applicable to SMEs in Malaysia.
Tell (2010), Sweden	Managers paid very little time on strategic issues. Most of their time was spent on operational activities (production, marketing and sales) and administrative activities (personnel and financial issues).
Kraus and Kauranen (2009)	Only 29.5% of the 468 SMEs had written business plans and the rest did not have written plans.

Source: Abosede, Obasan, Alese (2016). International Review of Management and Business Research, March, Vol. 5, Issue 1.

The findings of the study by Nyamwanza (2013) revealed that SMEs in Zimbabwe generally practice strategic planning although the majority (six out of eight or 75% of the sample) did not formalise the strategy formulation process and did not have any written plans. The management team designed the plans of the 25% that possessed written plans jointly and they focused on the growth strategy. The owners or family members of the majority (75%) with no written business plans were responsible for the formulation of the strategic plan or vision and their focus was on business survival and social security of the owners rather than a business orientation that was concerned with the achievement of the vision and goals.

Wheelen and Hunger (2012) argues that some researches concur with the conclusion that strategic planning should be less formal in SMEs than in large companies and explains that some studies revealed that too formal a process may even hurt performance. Too much emphasis on structured and written plans may be dysfunctional to SMEs because it reduces the flexibility that is crucial to their success. However, contrary to this view, they add that the descriptive model of strategic management presented in steps a) to f) below table 5 is relevant and applicable to SMEs. They advise that the approach summarised in table 17 below

may be more useful to SMEs than the more formal approach that is used by large organisations and presented in table 5 of chapter one.

Table 17: Informal questions to begin the strategic management process in SMEs

Formal	Informal
Define mission	What do we stand for?
Set objectives	What are we trying to achieve?
Formulate strategy	How are we going to get there? How can we beat the competition?
Determine policies	What sort of ground rules should we all be following to get the job done right?
Establish programmes	How should we organise this operation to get what we want done as cheaply as possible with the highest quality possible?
Prepare budgets	How much is it going to cost us and where can we get the cash?
Specify procedures	In how much detail do we have to lay things out, so that everybody knows what to do?
Determine performance measures	What are those few key things that will determine whether we make it? How can we keep track of them?

Source: Strategic Management and Business Policy: Wheelen and Hunger (2012)

2.3.1 Environmental scanning in SMEs

Löfving (2014) indicates that research findings about the strategy process in SMEs often describes that formulation and implementation are combined and difficult to distinguish. Wheelen and Hunger (2012) share the same view. The use of both written and unwritten strategies is common in SMEs (Wiesner and Millet, 2012). Löfving (2012, p. 12) quotes Cagliano *et al.* (2001, p. 470) as arguing that strategies in SMEs

“emerge in incremental learning processes and tactical decisions, which are aimed at acquiring critical resources and building distinctive capabilities that are valued by customers, rather than being crafted through formal long-term planning processes.”

Wheelen and Hunger (2012) argue that top managers actively initiate environmental scanning if they are the founders because they believe that they

know the business better than everyone else does. This opinion is supported by empirical evidence from a study of 220 SMEs whose findings revealed that 85% of the Chief Executive Officers (CEOs) were actively and personally involved in all phases of the planning process especially in the setting of objectives. Unfortunately, research also indicates that few SMEs conduct much competitor analysis but Wheelen and Hunger (2012) contend that both the SWOT analysis and risk analysis (risk management) are necessary. However, the internal strengths and weaknesses focus on assets, expertise and experience of the owner or manager as he or she is the source of energy of the SME. Opportunities can be derived from the unexpected events. Ballou and Srivastava (2009, p. 170) share this view in their quotation that

“When the Chinese write the word crisis, they do so in two characters, - one meaning danger, the other opportunity” (Anonymous).

Wheelen and Hunger (2012) indicate that Peter Drucker proposed the same view in his book ‘Innovation and Entrepreneurship.’ They further allude to the fact that other sources of opportunity arise from the following situations:

- Discrepancy between reality (what is) and what everyone assumes to be (what ought to be).
- When a weak link is present in a process but people work around it instead of confronting it, an opportunity may exist to create a stronger link.
- Demographics – changes in population size, age structure, level of education, income and employment composition.
- Changes in perception, mood and meaning.
- Emergence of new knowledge

Abosedo, Obasan and Alese (2016) report that the research by Manurung and Kosasih (2013) conducted in Indonesia revealed that strategic management accounting in SMEs has three phases namely a) collection of competitor information on prices, costs, sales and market share; b) cost management; and c) development of a business strategy. These three phases together resulted in competitive advantages for the SME in both the domestic and global markets. In addition, Krasniqi and Kune (2013) are reported to have discovered that in Kosovo, successful SME strategic development is a function of the leadership style, local and central institutions involvement, conditions of the financial sector, structure of the SME sector and the nature of the business environment. Abosedo, Obasan and

Alese (2016) also report that Etut, Etuk and Baghebo (2014) discovered that the economic and political environment in Nigeria had inhibited the chances of thriving of SMEs. Hence, the external environment has an impact on the performance of SMEs. The research by Nyamwanza (2013) conducted in Zimbabwe revealed that the effectiveness of the use of formal strategic planning is a function of the nature of the environment in which the SME is operating. Formal strategic planning models are mainly effective in environments that are stable and are less effective or used in Zimbabwe where the environment is volatile and does not allow business to focus on long-term plans. However, a research of 31 companies in the US manufacturing sector revealed that performance does not depend on the company's strategy but is influenced by the company's capabilities to implement the strategy (Wheelen and Hunger, 2012).

2.3.2 Strategy formulation in SMEs

Löfving (2014, p. 22) argues that SMEs are often closer to the customer and this enables a more personal relationship. The limited customer base dilutes this advantage. Hence, they are more vulnerable to changes in the external environment than the large companies. Thus Ates (2008) discovered that the SMEs process of strategy formulation attaches a lot of importance to analysis of the external environment. In addition, they are flexible and quickly adapt to changes in the market but they are constrained by their limited overview of the markets in which they operate and this leads to lack of control over their competitive position.

Bowen, Morara and Mureithi (2009) indicate that some of the reasons for starting the SMEs include to make money, inspiration from mentors, friends and family members, loss of formal jobs and to keep themselves busy. Jama and Jin (2012) concur that some of the influential actors in the strategy formation of entrepreneurial SMEs include families, friends, company board of directors, accountants and consultants who all contribute in different ways. According to Wheelen and Hunger (2012), personal and family needs may strongly affect the formulation of the mission and objectives and override other considerations in SMEs. For instance, a small company may prefer a stability strategy instead of a growth strategy because the owner is interested in a) creating employment for family members; b) providing the family a decent standard of living; or c) being the

boss of a firm small enough to manage alone. Hence, the goals of a SME are understood better by knowing the motivation for forming the company because the goals and motivation are not separable. Jama (2012) argues that SMEs do not often rely on consultants for advice on strategic decisions due to fear that some of their secrets may not be kept confidential in the hands of consultants. In addition, there is the fear of time that may be lost, costs and competency of some of the consultants. Hence, they often consult close family members, friends and relatives on issues pertaining to strategic decisions and environmental issues.

Pushpakumari and Watanabe (2010) emphasise the importance of the adoption of a business oriented strategy by SME owner-managers and managers after their study conducted in Japan and Srilanka revealed that the choice of strategy orientation that is used influenced the resultant performance of the business. Abosede, Obasan and Alese (2016) indicate that the study by Tiemo (2012) that focused on 72 SMEs in the Delta State of Nigeria revealed that SMEs did not adopt emergent strategies but they reacted to issues and challenges as they occurred. Nyamwanza (2013) indicates that Temtime and Pansiri (2006) noted that most SMEs in developing countries do not have formal structures and policies.

2.3.3 Strategy implementation in SMEs

SMEs are often family businesses and the same people who effect the implementation (Löfving, 2014; Wheelen and Hunger, 2012) do the formulation of the strategy. Wheelen and Hunger (2012) add that the major implementation issues are organising and staffing; and transferring ownership of the growing company to the next generation. Some of the reasons why SME owners or managers are reluctant to transfer ownership to the next generation include the following:

- The entrepreneur does not permit changes to occur.
- Fear that the family will be neglected.
- Family members are not prepared to run the business.
- The fear of rivalry between the siblings.

Most SMEs close shop when the owner runs out of capital or is confronted by liquidity problems. The other problem faced by the owner is finding a person who is qualified to supervise the business for a modest salary when the owner is away. Some owners end up resorting to the use of family members as the supervisors. As the business grows (or is incorporated) and engages some board members, the

board meetings either just rubber stamp the owner's strategies, policies and decisions or is a forum for squabbles of the family.

Bowen, Morara and Mureithi (2009) indicate that some of the challenges facing SMEs in Kenya include increase in competition, power interruptions, lack of credit, political uncertainty, hawkers, low demand, unfavourable business laws and others that include lack of water, high rentals, cheap imports, rising costs of production and technological challenges. However, they acknowledge that some of the factors that contribute to overcoming the challenges include disciplined financial management, accessibility of the business or location, competitive pricing, provision of a variety of products and services, a clear vision of what is required and focusing on the niche market. Tinarwo (2016) cites that some of the challenges encountered by SMEs in the Gazaland market of Harare include unfair treatment from the local authority and competition from established businesses that import from neighbouring countries. The impact of the challenges was that some SMEs ended up buying stolen goods from the formal sector at cheaper prices to reduce costs.

Tatfi (2012) argues that SMEs in Iran use differentiation and focus strategies as well as product oriented strategies that emphasised the quality of products and new product development. The study conducted by Nyamwanza (2013) in Zimbabwe revealed the following issues.

- SMEs in Zimbabwe adopted some form of strategic planning. However, implementation was focused on the adoption of strategies such as diversification into unrelated businesses (conglomerate diversification) to enhance business survival and provide social security to the owners. In addition, since the SMEs struggled to recapitalise in an illiquid market, they were more inclined to pursue survival strategies instead of growth strategies.
- The owners or managers made no effort to break down the overall plan into tasks and activities. For instance, one SME opened a retail branch in a different town (Mutare) but there was no consideration about the projected revenue or profit contribution of the new branch to the organisation. In addition, three of the SMEs (37.5% of the sample) discouraged the business from implementing new ideas that had potential for income generation.

- The SMEs focused on the achievement of some obligations and when they failed to achieve them, they negotiated with the employees to forgo salaries.

Majaka (2015) argues that a research conducted by a South African based institution, Think Room Consulting, in conjunction with Microsoft Inc. revealed that Zimbabwe was the worst country in Africa in terms of the unfavourable environment for SMEs to start and operate a business. The country is dominated by the informal sector in the wake of massive job losses and company closures stimulated by the tight liquidity situation. It takes about 90 days to start a business while in Mauritius (that was ranked as the most favourable country), it takes only six days. The survey covered 12 countries and examined various factors that included political stability, corruption, gross domestic product growth rates, the size of the population living below the poverty datum line, overall ease of doing business and ease of starting a business among other factors. The Minister of SMEs and Cooperative Development was reported to have acknowledged the need to create and maintain an enabling environment to exploit the untapped potential of the SMEs to facilitate the achievement of goals set by the country's five year economic policies.

The implementation phase of the Wheelen and Hunger (2012) model highlights the importance of the availability of procedures or sequence of steps required to do specific tasks. Drucker (2017) also shares the same opinion and emphasises that procedures and routines are critical to SMEs and they are not a substitute for value and judgement.

2.3.4 Evaluation and control in SMEs

Wheelen and Hunger (2012) argue that the founder and owner is often the manager and because his or her personal involvement in decision making, he or she has little need for a formal reporting system. The formality of the financial reporting system is triggered by pressures from the government's tax agencies instead of the desire of the owner or manager to develop an objective evaluation and control system. Hence, financial statements are not a reliable source for decision making but lifestyle of the owner or manager is part of the financial statements. For instance, financial policies such as dividend policies are not relevant since this is reflected in

the lifestyle of the owner, founder or manager. Finally, banks are reluctant to lend money to SMEs unless the owner pledges personal guarantees for the loan because of the high probability of bankruptcy or liquidation of the business. If the owner is unwilling to place assets as collateral for the loan, he or she must pay high interest rates for the loan.

The study by Nyamwanza (2013) conducted in Zimbabwe observed that SMEs did not have performance review mechanisms due to the absence of performance targets.

2.4 The gaps in the literature (critical discussion)

- a) Phases of the strategic planning process: Different authors differ in their presentation of the logical sequence of the strategic planning model. For instance, though David (2013) commences the strategic planning formulation phase with the identification or formulation of the vision and mission statements, Wheelen and Hunger (2012) commence the process with the external and internal environmental scanning as a separate phase. However, they both agree that the strategic planning process should be a continuous exercise and that large organisations conduct strategic planning in a more formal manner than small businesses. All these authors agree that all employees should be involved in the process to ensure commitment to the corporate direction of the organisation. Hence, the quotation by David Hurst (David, 2013, p. 32) that,

“The formulation of strategy can develop competitive strategy only to the extent that the process can give meaning to workers in the trenches.”

David (2013, p. 45) further emphasises the need for empowerment of individuals to initiate proactive decisions. However, the strategic management process does not necessarily guarantee success since it can be dysfunctional if conducted haphazardly. It was noted that though David (2013) and Wheelen and Hunger (2012) encourage the formulation of vision and mission statements, one very successful organisation namely Wal-Mart Pvt Ltd, the largest retailer in the world with more than 11,500 stores globally and operating in fifteen countries using 55 brand names as at the end of October 2016 does not have a formal mission statement. Their emphasis is on the corporate culture that stresses three basic beliefs

namely respect for the individual, service to the customers and it's strive for excellence (David, 2013, p. 233).

- b) Strategies and Policies: It appears there is a blurred distinction between the words 'policy' and 'strategy'. David (2013, p. 42) defines policies as the means by which annual objectives will be achieved while strategies are the means by which long-term objectives will be achieved. In the absence of the adjectives 'annual' and 'long-term' that appear before the words objectives, there could be a tendency for the ordinary mind to use the words policies and strategies interchangeably. If the Wheelen and Hunger (2012) model is to be taken as the theoretical framework, which specifies that strategic management, should commence with environmental scanning to enable organisations to comply with that environment, then policies such as the Zimbabwe's Indigenisation policy that emanate from the external environment should be complied with. The Indigenisation policy requires that any joint venture operations between local and foreign companies should have a 51% shareholding by the local companies while the foreign owned businesses should at most have 49% shareholding. In this respect, joint venture strategies should never violate the stipulated policies that are based on the laws of the country. It therefore appears logical that policies should be formulated ahead of the strategies in the case of Zimbabwe.
- c) Literature by Wheelen and Hunger (2012) as well as David (2013) concur that the purpose of a SWOT analysis is to assist the organisation to go further and conduct an external and internal factor analysis to assess the extent to which the organisation was responding to its competitive environment and use it to formulate appropriate strategies. This process is highly quantitative and involves the following; i) listing of the key external factors (opportunities and threats) and internal factors (strengths and weaknesses) that affect the organisation; ii) assigning each factor a weight that ranges from 0 to 1 with 1 as the sum of all weights to indicate their importance; iii) rating each of the factors on a likert scale that range from say 1 to 5 such as 1 (indicating very poor response) to say 5 (to indicate very strong response); iv) multiplying each factor's weight by the rating to determine the weighted score and finally v) summing all the weighted scores to get the total weighted score. It remains to be seen if the SMEs conduct this whole rigorous

process and if the SWOT analysis (if done by the SMEs) is not conducted as a ritual exercise.

- d) David (2013, p. 321) emphasises that the evaluation process should be done as a continuous exercise rather than at specific periods of the year. Though he acknowledges that there is a time for everything e.g. a time to keep and a time to throw away, a time to tear and a time to mend (the bible book of Ecclesiastes 3: verses 6-7), it appears that some firms have the habit of conducting strategic planning review meetings or retreats at specific time periods of the year. Though he acknowledges that some strategies take years to implement and see the results, evaluation and corrective action should be taken as and when considered necessary instead of waiting for specific periods of the year when the firm conducts a strategic management meeting.

- e) Courtney (2013, p. 56-57) indicates that the increasing volatility of the external environment in the 1980s (among other factors) resulted in strategic planning falling down the agenda of private sector companies. He adds that a 1996 survey of 100 Chief Executives of top US and UK companies revealed that future strategy only ranked sixth on their agenda and only 14% put strategy at the top of the list. The failure of strategic planning was also a result of the top-down technique that was led by planning and forecasting experts who were divorced from the day to day management process. He adds that Steiner (1979) shares the same opinion and lists the major causes of the failure as follows: the planning process being delegated to planners and top management failing to personally spend time on long range planning; the process being over formalised and driving out innovation; lack or absence of regular monitoring and review of the planning process; poor quality goal setting and failure to use the plan as the basis for management performance review; in practice, top management ignoring the plan and making intuitive decisions. Kare-Silver argued that difficulties with the strategic planning/management process were due to the use of out of date models that had been developed for a different era.

- f) Courtney (2013, p. 86) indicates that more recent studies using more sophisticated definitions of planning suggest that the formalisation of the strategic planning process in plans and manuals does not support improvement of organisational

performance (Miller and Cardinal, 1994). In addition, several studies that were done in the 1970s and 1980s that focused on the relationship between strategic management and performance were described as ‘inconclusive’, ‘inconsistent’ and often contradictory (Bresser and Bishop, 1983).. For every study that produced some positive correlation between strategic planning and company performance in the 1980s, another study seemed to indicate no correlation. Greenley (1989) shares the same opinion based on evidence from nine studies that examined manufacturing firms in the UK and the USA. Boyd (1991) came to the same conclusion after reviewing 49 journal articles and book chapters. However, Pekar and Abraham (1995) concluded that the important issue was not whether the company should adopt the strategic management process but what kind of process might be most appropriate and how best to manage and implement the process. Several other studies that examined the impact of strategic planning in different external environments revealed that planning had a positive correlation with performance in stable industries but a negative relationship in dynamic industries (Fredrickson 1984; Fredrickson and Mitchell 1984; Fredrickson and Acquinto 1989; Powell 1992; Miller and Cardinal 1994). Falshaw, Glaister and Tatoglu (2006) found no relationship between strategic planning and company performance in their study of 113 UK companies.

- g) The Harvard Business Review (2014, January – February) indicates that Martin argues that the predictability of costs in the strategic planning process is different from how revenue can be predicted because most companies do not have control over how and where customers will spend their money on the purchase of products and services. Hence, the time and effort spent on creating revenue plans in the strategic planning process is a distraction from the harder job of finding ways to retain customers. In addition, discussions by management and board members tend to be focused on how to squeeze more profit out of existing revenue rather than how to generate new revenue sources. This is dangerous for the company’s future. He advises that companies should focus their energy on influencing revenue decisions that satisfy the requirements and needs of the customers. The company’s strategy document should be summarised into one page with simple words on where to play and how to win customers. Strategy should not be about perfection and accuracy since this is not very necessary.

h) Witcher and Chau (2010, p. 12-13) argue that in the book titled *The Rise and Fall of Strategic Planning*, Mintzberg explains the fallacies of strategic planning as follows:

- Predetermination: - planners are clouded by a false sense of security of believing that they can predict accurately. Decisions made cannot be perfect since they are made in an environment of complexity of problems, ignorance derived from time constraints, unavailability of the necessary information and uncertainty.
- Detachment: - planners believe that they are objective and experts in their field. This distances them from the customer and creates indifference to products.
- Fallacy of formalisation: - planners believe that innovation and difference are generated by analysis and structure but this squeezes out passion and intuition. They conclude that in the wake of these arguments, strategic plans should be implemented incrementally rather than quickly as a top-down master plan.

i) Kohn (1993) argues that the use of incentive plans to motivate employees to achieve targets is not effective in spite of the nearly forty years of thinking that it is effective. Incentives only serve to enhance temporary compliance and once the incentives run out, employees revert to their old behaviour. In some studies, the introduction of incentive plans proved to be worse than doing nothing at all. In another study, when the welders at Midwestern manufacturing company had their incentive system eliminated abruptly, at first productivity slumped but after a short time it rose to even higher levels than it was when the incentive system was in place. The researchers themselves were also taken by surprise. Results of 98 studies revealed that training and goal setting programmes had a far greater impact on productivity than did pay-for performance plans. The Harvard Business Review (1993, September – October, p. 54 - 63) quotes Kohn (1993) who indicates that Herzberg, a distinguished Professor of Management at the University of Utah's Graduate School of Management argues that

“Just because too little money can irritate and demotivate does not mean that more and more money will bring about increased satisfaction, much less increased motivation.” (1993, Harvard Business Review, September – October, p. 54 – 63)

Kohn (1993) concludes his argument with the following points

- Pay is not a motivator.
- Rewards punish. When fines were charged for parents who came late to pick their children from childcare centres, lateness became more frequent than when there was only a general admonition (Lipsey and Chrystal, 2010, p. 100).
- Rewards destroy relations and teamwork.
- Rewards ignore reasons for problems encountered by the company.
- Rewards discourage risk taking and creativity and are the enemy of exploration.
- Rewards undermine interest i.e. people work because they love what they do, not because they desire to collect a paycheque. Bribes in the workplace cannot induce increased performance.

Lipsey and Chrystal (2010, p. 100) share the same opinions expressed by Kohn (1993) and indicate that one research suggested that more and more money increases happiness up to a certain threshold beyond which there is no increase in happiness. Happiness depends on how well one is doing compared to one's reference group, which may not be everyone. Contrary to the arguments above, Wheelen and Hunger (2012) argue that in order to ensure congruence between the needs of the company and the rest of the employees, the company should develop an incentive programme that rewards desired performance. They indicate that research results reveal a positive correlation between provision of incentives and performance of the employees. They suggest that incentive plans should be linked to the corporate and divisional strategy. They state that Ansoff, an authority on strategic management shares the same opinion.

In contrast, Mellow (2006, p. 507) argues that compensation systems must grow and ensure that rewards are consistent with the organisation's objectives. In addition, performance management systems require team spirit between employees and supervisors to set performance expectations, review results, assess organisational and individual needs and plan for the future. However, performance or evaluation systems do not necessarily have to be formal (Mellow, 2006, p. 444).

2.5 Chapter summary

This chapter presented relevant literature for the research problem, objectives and questions. Some quotations from various gurus and empirical evidence have also

been provided as a precursor to chapter four that presents a summary of the details of the key findings. It appears that SMEs in general do not strictly practice the strategic management process as what is done in large organisations. The research by Nyamwanza (2013) conducted in Zimbabwe revealed that the effectiveness of the use of formal strategic planning is a function of the nature of the environment in which the SME is operating. Formal strategic planning models are mainly effective in environments that are stable and are less effective or used in Zimbabwe where the environment is volatile and does not allow business to focus on long-term plans. In addition, SMEs are affected by several risk related challenges in their quest to practice all the phases of the strategic management process as advocated by literature.

CHAPTER THREE

Research methodology

3.0 Introduction

This chapter presents the research philosophies, branches of the research philosophies, research approaches, methodology which is based on semi-structured interviews by the researcher alone with the respondents of the twenty case studies operating in the area of greater Harare. All the fifteen questions that were discussed were all based on the Wheelen and Hunger (2012) strategic management model. The chapter culminates with the presentation of the profiles of each of the twenty case studies while the question and answer details are part of the appendices.

3.1 Research philosophies

Saunders, Lewis and Thornhill (2016, p. 128 – 149) argue that a research philosophy involves the development of knowledge about the nature of that knowledge and contains assumptions about the way people view the world. These assumptions direct the research strategy and data collection methods. The research philosophies that are explained below are epistemology, ontology and axiology. The focus of these research philosophies and their branches are highlighted as follows.

- a) Epistemology is concerned about what constitutes acceptable knowledge in a field of study and its three branches are i) positivism, ii) interpretivism and iii) realism.
- b) Ontology is concerned with the nature of social phenomena as entities or the researcher's view of the nature of reality. The branches of ontology are (i) objectivism and (ii) subjectivism (constructionism).
- c) Axiology focuses on the study of value judgements since human values are the guiding reason of all human action. In other words, human actions such as the choice that one makes on the selection of a specific research topic and how one proceeds on data collection and interpretation reflects one's own values.

The branches of the research philosophies above are presented below.

3.1.1 Positivism

Saunders *et al.* (2016, p. 135) state that Positivism is the view that observable phenomena alone provide credible data and facts and the focus is on law like cause and effect generalisations that reduce phenomena to its elements. Bryman and Bell (2003, p. 15) acknowledge difficulties in precisely defining positivism but argue that it is an epistemological position that advocates the use of natural sciences methods in the study of social reality. They view positivism as consisting of principles that include the following:

- a) Only phenomena and knowledge confirmed by the senses is regarded as genuine knowledge.
- b) The role of theory is to develop a hypothesis that is subjected to testing to generate explanations of laws to be assessed (use of the deductive approach explained in this chapter below).
- c) Knowledge is deduced by gathering facts that are the basis for laws (use of the inductive research approach explained in this chapter below).
- d) Science should be conducted in an objective manner.
- e) There is a difference between scientific and normative statements and the former statements are the domain of the scientist.

Positivism consists of elements of both the deductive and the inductive research approaches (Bryman and Bell, 2003, p. 15; Saunders *et al.*, 2016, p. 134). Sekaran and Bougie (2013, p. 29) argue that positivists only use the deductive research approach and are concerned with the replication, reliability and generalisability of research findings. Saunders *et al.*, (2016, p. 135) indicate that though the use of a structured research methodology is often advocated to facilitate replication, it is also possible to use data collected through in-depth interviews.

3.1.2 Interpretivism

This is a contrasting epistemology to positivism (Bryman and Bell, 2003, p. 16). Saunders *et al.*, (2016, p. 137) and Bryman and Bell (2003, p. 18) indicate that interpretivism asserts that there is a difference between the focus of the natural sciences and that of the social sciences, hence an epistemology that reflects and capitalises on this difference is necessary. The two differences are that

- a) Social reality has a meaning for people and hence they act according to the meanings that they attach to their actions as well as the actions of other people.
- b) It is the job of the social scientist to enter the world of his or her subjects, understand their world from their point of view and then interpret their actions based on their point of view.

The interpretivism perspective is the most appropriate for use in business research since business organizations are unique, complex and consist of different people whose activities are dictated by the prevailing circumstances (Saunders *et al.*, 2016, p. 137).

3.1.3 Realism

Saunders *et al.*, (2016, p. 136) argue that realism is a branch of the epistemology philosophy that argues that what human beings sense is reality and that objects have a reality that is independent of the mind. This branch assumes a scientific approach to the development of knowledge. The two types of realism are direct realism and critical realism. Concisely, direct realism indicates that what people experience through their senses portrays the world accurately. On the other hand, critical realism argues that what people experience are only sensations of the real world behind the scenes and not the things directly since people's senses often deceive them. In other words, two issues are involved. First, there is the thing itself and the sensation that it conveys. Secondly, there is the mental processing that takes place after the sensation reaches the person's senses. The social world is dynamic and positively correlated to the purpose of business and management research.

3.1.4 Objectivism

Bryman and Bell (2003, p. 21) argue that objectivism is an ontological perspective that asserts that social phenomena such as organisations exist independently from the people (actors) that constitute the organisation. For instance, the organisation has rules, regulations, policies and procedures that should be adhered to by the employees who are part of that organisation. In addition, the organisation has a hierarchy, mission or vision statements, values, objectives and strategies to be adopted by the employees. If the employees fail to perform their tasks as specified in their job descriptions or violate the rules of the organisation, they may be

reprimanded or even be fired. Hence, the organisation is a separate legal persona or force that acts on or controls its members.

3.1.5 Subjectivism

This is a branch of the ontological philosophy that argues that social phenomena are created from the perceptions and actions of social actors. Since social interactions between actors are dynamic (not static), social phenomena are also dynamic. It is therefore necessary to study the details of a situation in order to understand the reality behind the scenes (Saunders *et al.*, 2016, p. 132). For instance, subjectivism views culture as something that the organization is (not what the organisation has). Culture is therefore something that is created through various ways that include social interactions and the impact of physical factors such as offices to which the individuals in the organisation attach certain meanings. Hence, for culture to be understood, the meanings attached to these phenomena have to be understood first.

3.1.6 Pragmatism

This philosophic branch argues that the most important determinant of the research process is the research question. Hence, one philosophy may be more appropriate than another in addressing a particular research question. If the research question is silent about the adoption of a specific research philosophy, it is possible to work with different philosophical positions. The use of multiple methods is appropriate within the same research especially the adoption of use of the method(s) that facilitate credible, reliable and relevant data to be collected (Saunders *et al.*, 2016, p. 130).

3.2 Research approaches

Saunders *et al.* (2016, p. 144 – 145) argue that there are three research approaches namely the deductive approach, the inductive approach and the abduction approach. Details of each of these approaches are highlighted below.

3.2.1 The Deduction approach

In a nutshell, the deductive approach involves the development of a theory that is then tested by confronting its predictions with data or empirical evidence. The testing process can be based on an existing theory. A theory is either modified or

replaced when it consistently fails to make accurate predictions better than an available alternative theory (Bryman and Bell, 2003, p. 11; Lipsey and Chrystal, 2010, p. 23; Saunders *et al.*, 2016, p. 145). In addition, a theory is completely abandoned when it is no longer useful in making predictions.

Saunders *et al.* (2016, p. 145) argue that the characteristics of the deductive approach include the following factors.

- a) The search for an explanation of the causes of relationships between variables by use of either quantitative or qualitative data.
- b) The use of a structured methodology to facilitate replication of results to ensure reliability.
- c) The need for concepts to be operationalized in a manner that enables the quantitative measurement of facts and
- d) The presentation of generalisations that can only be done statistically on condition that the sample is of sufficient numerical size (never only one sample).

The advantage of the deductive research approach is that it is quicker to complete than the inductive research approach that is explained below. However, the deductive approach is criticised for its tendency to build a rigid methodology that excludes the provision of alternative explanations of the prevailing situation. As a guide, a research topic that has an abundance of literature from which to formulate a theoretical framework falls under the deductive approach. In addition, if the researcher is interested in understanding and describing what is happening, the deductive approach is the most appropriate (Saunders *et al.*, 2016, p. 148).

3.2.2 The Induction approach

The inductive approach involves the collection and analysis of data first followed by the development of an appropriate theory based on the emerging patterns of the data (Bryman and Bell, 2003, p. 14; Saunders *et al.*, 2016, p. 146; Sekaran and Bougie, 2013, p. 26). Cooper and Schindler (2014, p. 68) explain that in induction reasoning, the researcher draws conclusions from one or more facts or pieces of evidence. However, any conclusion drawn is only a hypothesis since more than one explanation can be deduced from the facts presented. Hence, all the conclusions

drawn may require further evidence to facilitate the researcher to gain more confidence in the validity of the conclusions. Such further evidence is often qualitative in nature. One thing that is certain is that the facts have to be presented prior to any inference of conclusions from the facts.

Researchers using this approach are often likely to make use of various methods of qualitative data collection in order to establish different views (Saunders *et al.*, 2016; Sekaran and Bougie, 2013, p. 27). One advantage of using this approach is cited as the use of a relatively smaller sample size compared to that of the deductive approach. However, Sekaran and Bougie (2013, p. 26) cite Karl Popper as arguing that one criticism of this approach is

“It is not possible to “prove” a hypothesis by means of induction, because no amount of evidence assures us that contrary evidence will not be found.”

As a guide, Saunders *et al.* (2016, p. 148) indicate that a new research topic that has scarce literature is best researched using the inductive approach. However, this approach is vulnerable to the risk that no useful data pattern on which to develop a theory may emerge.

3.2.3 Abduction approach

This approach involves a movement back and forth between the deductive and the inductive approaches as and when any surprising facts unfold or emerge as the research progresses (Saunders *et al.*, 2016, p. 147). This approach is also vulnerable to the risk of the possibility that no useful data patterns on which to base the development of an appropriate theory will emerge. As a guide, Saunders *et al.* (2016) argue that,

“Alternatively, a topic about which there is a wealth of information in one context but far less in the context in which you are researching may lend itself to an abduction approach enabling you to modify an existing theory” (Saunders, Lewis and Thornhill, 2016, p. 148).

3.2.4 Combining research approaches

Saunders *et al.* (2016, p. 148 – 149) argue that it is possible and indeed most advantageous to combine all the three research approaches in a single study though one of them may be dominant. Hence, no single approach should be considered better than the others since it may only be better at achieving different things and this depends on where the research emphasis lies.

3.3 Methodology, definitions and justification

Gill, Johnson and Clark (2010, p. 225) indicate that a case study can be used either to inductively generate or deductively test theory or even conduct exploratory or descriptive research. Frenz, Nielsen and Walters (2012, p. 236) argue that case studies are used as evidence to convince other researchers about the applicability or inapplicability of a particular theory. Wiid and Diggines (2009, p. 55) argue that the ultimate objective of an exploratory study is to acquire insight and develop understanding rather than to collect accurate and replicable data. Therefore, this type of study often involves conducting in-depth interviews, analyzing case studies and using other methods such as experience surveys among people with practical experience of the problem. Saunders, Lewis and Thornhill (2009, p. 141) indicate that the choice of a research strategy is guided by the research question(s) and objectives, the extend of existing knowledge, the amount of time and other resources you have available as well as your own philosophical underpinnings. In turn, the way in which one chooses the research question(s) is influenced by the research philosophy and approach. The research question(s) will subsequently guide the choice of the research strategy, choice of data collection techniques, analysis procedures, the time horizon over which the research is conducted and the constraints that will inevitably be encountered (e.g. access to data, time, location, and money). In addition, Saunders *et al.* (2016, p. 180) argue that

“Case study researchers may commence deductively, based on theoretical propositions and theory testing before possibly incorporating an inductive or abduction approach.”

Bell, Du Toit, and Wagner (2014, p. 225) as well as Bryman and Bell (2003, p. 467) argue that in a semi-structured interview, the researcher has a list of questions

to be covered though the actual questions may not necessarily follow the order on the interview guide. In addition, the interviewer may change wording and questions not included on the guide may be asked as follow up questions to the responses. While it is extremely valid for the assessor or supervisor to request the justification of the choice of research in a particular organisation, the justification should be based on the research questions, research objectives as well as the need to be consistent with the research philosophy. They add that the case study strategy generates answers to the questions why, what, as well as and how? The latter two questions are more oriented to the survey strategy. However, the case study strategy is often used in explanatory and exploratory research. Swanborn (2010, p. 41) is of the opinion that the selection of the case study as a research strategy is primarily guided by the character of the research question. If the research question(s) involve descriptive and/or explanatory issues about a social process where there is little knowledge of the phenomenon, and if the study is interested in knowing the ways in which several individuals and groups of stakeholders interact, there is need to explore one or more cases to clarify the web of social relations, perceptions, opinions and behaviour, then a case study approach is the most appropriate. In addition, case studies as a main research strategy are appropriate when one or more of the following conditions exist;

- a) Where it is not possible to isolate the phenomenon.
- b) Where the intention is to combine research and action
- c) Where the intention is to gain insight into the worlds of several groups of stakeholders.
- d) In general descriptive questions that require responses to how, what, as well as explanatory questions such as why?

In situations where the researcher has no control over the objects of the study, the use of a multiple case study approach is the best solution. The reason for posing such broad questions is the absence of knowledge about the process to be studied since one could have otherwise posed a more precise question or even a hypothesis to begin with.

Yin (2014, p. 4) explains how one can know whether to use a case study method and indicates that this depends to a large extent on the research questions. He states that

“The more that your questions seek to explain some present circumstances (e.g. “how” or “why” some social phenomenon works), the more that case study research will be relevant. The method is also relevant the more that your questions require an extensive and in “depth” description of some social phenomenon.”

In addition, in a nutshell, Yin (2014) further argues that a case study allows investigators to retain a real world perspective that includes organisational and managerial processes. A case study research is also relevant as an exploratory strategy in descriptive situations and explanatory circumstances. The niche for the use of a case study method is ‘when’ and ‘how’ questions are being asked about a contemporary set of events over which the researcher has little or no control.

Yin (2014, p.16) defines a case study as an empirical enquiry that investigates a contemporary phenomenon (the case) in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be evident. In his attempt to define a case study, Swanborn (2010, p. 13 and 22) admitted to difficulties in providing a specific definition but alluded to the fact that it is a study of a social phenomenon which contains the following properties.

- a) The study had to be conducted within the boundaries of the social system(s) which included organisations, people and local communities in which the phenomenon to be studied operated. This was the natural environment of its existence.
- b) Gathering of information about the phenomena during a specific period.
- c) The researcher had to focus on elements that included decisions, resources and processes within the social institutions.
- d) The researcher is guided by precise research questions based on available theories but abstain from pre-arranged procedures.
- e) The researcher had to use several data sources that included available documents, interviews with respondents and observations.
- f) As an option, the researcher had to invite the interviewee(s) to discuss subjective perspectives and confront them with preliminary research conclusions to clear up any misconceptions.

Swanborn (2010, p. 13 and 20) also indicate that the properties based definition highlighted above does not include conducting interviews with many people or several stakeholders at one specific moment and is not entirely based on verbal responses. He emphasises that the researcher does not isolate the phenomena being

studied from the natural environment in which it operates. In case studies, several data sources are used, retrospective questions were subject to bias and the collection of data spontaneously was more preferable.

Saunders *et al.* (2009, p. 145) concur that Robson (2002, p. 178) defines a case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence. In addition, it enables the gathering of a rich understanding of the context and answers the questions why, what, and how? Hence, a case study is often used in explanatory and exploratory research. They add that data collection methods that are used may be various and interviews, observation and documentary analysis may be used in unison. A case study approach is a worthwhile strategy in that in addition to the exploration of existing theory, a well-constructed case study enables the researcher to challenge an existing theory and provide a source of new research questions. The reason for using multiple cases is to establish if the findings from the first case occur in other cases to facilitate making generalisations from these findings. Hence, the use of multiple case studies is preferred to a single case study. Wiid and Diggins (2009) define a case study as an investigation of a small number of entities (people, enterprises or situations) from a global perspective to get a good understanding of the relevant characteristics of a specific decision making situation. They state that the researcher must ensure that the cases investigated are relevant to the problem and must not make unintentional generalisations. They also indicate some guidelines for effective in-depth interviews as summarised below.

- a) The interview should last between 30 minutes and two hours though the specific duration depends on the topic being discussed as well as the interviewee fatigue.
- b) Respondents should be carefully selected to ensure that they are appropriate for the relevant topic.
- c) Where possible, the sessions should be recorded to facilitate analysis later.
- d) The interview must take place in pleasant surroundings that ensure that the respondent is comfortable to facilitate better discussions.

This method had several advantages and disadvantages some of which are listed as follows.

Advantages

- a) Since there was absence of peer pressure influence on the participants, they were comfortable to provide their facts and opinions about confidential or embarrassing issues on the strategic management process done by their companies. In other words, the interviewer can develop a relationship of trust with the respondent and encourage more detailed and revealing information.
- b) It facilitates the collection of information from populations that may be difficult to reach such as the physically handicapped, illiterate or culturally different (Merriam and Simpson, 1995). In other words, literacy is not essential since the respondent does not need to be able to read or write.
- c) Opportunity to probe some particular issues exists and to seek clarification as the interviewee elaborates some issues.
- d) Those unwilling to write their responses may be willing to talk. In addition, people who have no time to write unless they are pressed to do so may be willing to talk.
- e) Specific responses can be directly linked to an individual business owner or manager. Hence, it eliminates the possibility of cheating or receiving answers from people other than the target sample.
- f) The one-on-one interview is much easier to schedule than a group interview and scheduling an interview with an individual is more flexible than that for a group (Wiid and Diggines, 2009).
- g) The interviewer is assured of getting responses to all the questions. The number of non-respondents is eliminated as what happens when other methods such as surveys based on questionnaires are used.

Disadvantages

- a) The method is costly to administer in terms of time and money lost through travel and accommodation and a lot of time is spent interviewing just one individual. In addition, the depth and detailed nature of the data gathered makes analysis more time consuming, covers only a small sample and it raises questions about the ability to generalise the results (Wiid and Diggines, 2009). In addition, the interviewer is limited to the time of the day when the respondent is available.

- b) Swanborn (2010, p. 150) concurs with point a) above when he quotes that Biemass (1991, p. 159) identifies what in his opinion is the largest disadvantage of case studies as follows:

“Each separate interview should be prepared in advance, an appointment should be made, the interview has to be conducted, the notes taken have to be transferred into a concise report that contains the essence of it, the report should be sent to the interviewee and be discussed with him or her, and finally the end version should be composed and approved by the interviewee.”

In essence, the total time for a two-hour interview is estimated at eight hours. Added to this, regular telephone calls are made for clarification and to obtain additional information. Not all this includes the time required for data analysis.

- c) Swanborn (2010) also adds that organisational skills are required when handling large piles of data especially when multiple case studies are studied at the same time.
- d) There is the possibility that the interviewee may forget some of the necessary responses to some of the questions since much will depend on the interviewee’s memory if the interview provides little or no opportunity to verify some of the issues with official company records.
- e) Different interviewers with the same interviewee may summarise their findings differently and this makes comparing of the results difficult.
- f) The length of time taken to conduct interviews can lead to a certain amount of interviewer and interviewee fatigue which restricts the number of issues that can be addressed in the interview (Wiid and Diggines, 2009).
- g) Different people may interpret some of the responses differently and thus brings the reliability of the method into question.
- h) Some of the responses may be biased or affected by the reaction of the interviewer positively or negatively.
- i) Even though prior appointments have been made, disturbances such as telephone calls and visitors can cause delays.
- j) The sample is limited to selected areas because of cost and time limitations.

Wiid and Diggines (2009) argue that qualitative research is the collection, analysis and interpretation of data that cannot be meaningfully quantified that is summarised

in the form of numbers. The characteristics of qualitative research include the following.

- a) Fewer respondents are interviewed but they are interviewed in a lot more detail. In other words, a small sample is covered. Zimund, Babin, Carr, Adhikari and Griffin (2016, p. 150) concur and indicate that an entity can be investigated in depth with attention to detail.
- b) The sample is not considered representative of larger populations.
- c) The data analysis uses non-statistical methods.
- d) It is most useful when conducting exploratory studies. In this respect, some of the most common qualitative research methods include in-depth interviews, group interviews and projective techniques.
- e) Data reduction is achieved through summarising statements by respondents, classifying responses into categories and analysing the content of the responses of the respondent e.g. examining key words of phrases in the interviewee responses. In addition, data can be displayed by quoting verbal statements.

Swanborn (2010) argues that qualitative methods relate to studies based on field observations, open interviewing, qualitative documentary analysis, focus groups and others. These methods use words and not numbers though most case studies contain some quantitative elements. Mixed methods (that use both quantitative and qualitative approaches) research are used on the assumption that they generate additional information and are used to get complementary views about the same phenomenon. Swanborn (2010, p. 143) quotes Tashakkori and Teddlie (in Berman, 2008:108) as stating that mixed methods are used

“To assess the credibility of inferences and compensate for the weaknesses of one approach by using the other.”

Saunders *et al.* (2009, p. 151) define the word qualitative as a synonym for any data collection technique such as an interview or data analysis procedure (such as categorising data) that uses non-numeric data. In this respect, qualitative can also refer to data other than words such as video clips and pictures. Swanborn (2010, p. 139) contends that case studies are usually positioned on the qualitative side in scientific discourses. Qualitative methods relate to methods that include field observations, open interviewing, focus groups, qualitative documentary analysis

and others where such methods use words as opposed to quantitative methods that use numbers. He further adds that the position of case studies is open to question since most case studies contain some quantitative elements. He adds that a case study is not necessarily qualitative because qualitative research contains many more approaches. In several case studies, the wealth of within-case data about sub units requires strongly quantified measurement analysis.

3.3.1 Previous qualitative case study researches

Several other qualitative case studies have been done in the past and some of them are summarised in table 18 below.

Table 18: Some previous case study researches

Author	Title	Publication
De Weerd Nederhof P. C. (2001)	Qualitative case study research. The case of a PhD research project on organizing and managing new product development systems.	Browse Journals and Books Management Decision, 39(7), p. 513 – 538.
Forsman H. (2008)	Business development success in SMEs: a case study approach.	Browse Journals and Books Journal of Small Business and Enterprise Development, 15(3), p. 606 - 622.
Piperropoulos P. (2010).	Qualitative research in SMEs and entrepreneurship: a literature review of case study research.	International Journal of Economics and Business Research, 2(6), p. 494 – 510.
Broccardo L. and Truant E. (2016)	SMEs and sustainability management: Comparison of two case studies.	Impresa Progetto Electronic Journal of Management, no. 2.

Source: <https://www.emeraldinsight.com;>

[https://www.researchgate.net/publication/242346095-Business;](https://www.researchgate.net/publication/242346095-Business)

<https://www.inderscience.com/info/inarticle.php?artid=35701;>

<https://www.impresaprogetto.it/en/essays/2016-2/broccardo-truant>

After an examination of the arguments above, the researcher was persuaded to adopt the qualitative approach based on face-to face semi-structured in-depth interview case study method as the most appropriate strategy to gather the required data that would answer the research questions and achieve the set objectives based on the following reasons.

- a) The objectives of the research sought to gain some insight or understanding of whether and how the strategic management or planning process is undertaken by SMEs in Harare.
- b) The research questions sought to answer the questions that are prefixed by the words ‘what?’ and ‘how?’

Saunders *et al.* (2016, p. 147) argue that inductive approach researchers often work with qualitative data that is based on a smaller sample which is more appropriate than a much larger sample that is used by the deductive approach researchers. Saunders *et al.* (2016, p. 168) also indicate that qualitative research is part of the interpretive philosophy since researchers have to understand the socially constructed and subjective meanings that underpin the phenomena being studied. The authors (Saunders *et al.*, 2016, p. 137) state that interpretivism is most appropriate in business research. Businesses are unique, complex and are an integration of different people at specific times whose activities are dictated by the prevailing circumstances. Interpretivism is a research philosophic branch that falls under the epistemological perspective (Bryman and Bell, 2003, p. 16). As a guide, Saunders *et al.* (2016, p. 148) indicate that a new research topic that has scarce literature is best researched using the inductive approach. However, this approach is vulnerable to the risk that no useful data pattern on which to develop a theory may emerge. In the wake of the facts that

- a) In Zimbabwe, there has been no clear indication as to whether the SME owners and managers ever engage in strategic management activities,
- b) If so, to what extend and how this is undertaken and
- c) That both the economy and the SMEs have been in comatose for decades, an inductive research approach was considered to be the most appropriate.

In addition, Saunders *et al.* (2016, p. 180) argue that

“Case study researchers may commence deductively, based on theoretical propositions and theory testing before possibly incorporating an inductive or abduction approach.”

Based on the arguments above, the researcher was ultimately persuaded to be of the opinion that this case study, that was based on the face-to-face interview data collection method was inclined to a qualitative study and was an element of the inductive research approach that is part of interpretivism that falls under the category of the epistemological research philosophy.

Swanborn (2010, p. 17 who quotes King *et al.*, 1994:54) emphasises that being critical about the data and the way it was gathered is one of the key requirements of the researcher. The most important rule for all data collection is to report how the data was created and how the researcher came to possess it. If possible, collecting data spontaneously is preferred since asking retrospective questions is liable to bias. This is because though this may provide some insight into what happened in the past, the researcher does not always know the proper questions to ask due to lack of information or does not know the suitable informants. He adds that in case studies, several data sources are used but documents as well as observational data are not always available. Finally, there is an obligation to report one’s research steps explicitly and to locate weak points to enable the reader to understand the results (Swanborn, 2010, p. 37).

3.4 How the data was collected

Yin (2014, p. 28) emphasises that one requires sufficient access to data as the criteria for selecting potential cases, whether to interview people, review documents or records or make field observations. In addition, the researcher should try to collect enough data that enables confirmatory evidence from two or more different sources for most of the main topics. The evidence should include attempts to investigate major rival explanations. Based on such access to more than a single candidate case, the researcher should choose the cases that will most likely illuminate the research questions. Blumberg, Cooper and Schindler (2014, p. 306) acknowledge that the main advantage of case studies is their recourse to different sources of evidence. These sources include interviews, documents and observations.

Saunders *et al.* (2016, p. 425) argue that when recording what respondents do, the researcher is recording the respondent's behaviour or concrete experience such as what the respondent or his/her organisation did in the past, is currently doing or will do in the future. Such information is different from the respondent's personal opinion on the issue. Lipsey and Chrystal (2010, p. 21) indicate that there are two broad types of statements namely normative statements and positive statements. Normative statements are based on one's personal opinion while positive statements are about facts such as what was, what is or what will be and can be settled by recourse to facts. Woods and Pack (2007, p. 6) indicate that Socrates, the ancient Greek philosopher argues that people never disagree on issues relating to facts such as what item is heavier or lighter, bigger or smaller as such disputes could quickly be resolved by recourse to measurement. Hence, sources of disputes often hinge on personal opinions.

The researcher was endowed with information on the names and locations of various SMEs in Harare that had previously employed students from Chinhoyi University of Technology (CUT) for attachment as part of their degree programmes. CUT has a policy that requires every third year student to spend not less than eight months of that year on attachment at any one company in order to gain practical work experience before the student can complete the four years degree programme. So, during their second year, students scout for companies that can employ them for not less than the mandatory attachment period in the following year. Once a student gets attachment employment, he/she advises the student attachment coordinator about the physical address of the employer. The attachment coordinator then randomly selects such companies and allocates them to lectures at random for them to arrange for students assessment visits. Each student is assessed twice during his/her period of attachment. The purpose of the two visits was to assess the progress, problems and proposals to overcome the problems that the students encountered. The lecturers discussed these issues together with both the student and the industrial supervisor of the student. Some of the students' industrial supervisors were the owners or managers of such companies or SMEs where the student was serving his/her attachment. This was the genesis of the database of SMEs that the researcher used to select the sample of twenty SMEs for the PhD

programme. The four years of assessing students on attachment enabled the researcher to cultivate a good rapport with the students' industrial supervisors. The sampling selection method of the specific SMEs was based on the purposive sampling technique judged by the researcher's own opinion about the owners or managers who were considered the most appropriate to answer the research questions about the strategic management process of their respective businesses.

All the data was collected using a combination of face-to-face semi structured in-depth case study interviews between the researcher and the owner or manager of the business as well as documentary evidence such as company profiles where it was available. The researcher made prior appointments with all the interviewees and was allocated the day, date and time for the interviews though in practice, most of the respondents failed to be punctual due to various reasons. This inevitably required a lot of time and money for travelling and accommodation expenses. All the interviews were conducted at the interviewees' places of work. On average, the interviews lasted approximately between one and a half to almost three hours. As a result of the venues (the place of work of the interviewees), the researcher did not receive completely undivided attention of the respondents as a result of some disturbances that were inevitable which included the following: a) some of the interviewees were always interrupted by the need to answer phone calls or attend to other visitors though on each of such occasions, they would give apologies to the researcher; b) the need to attend to urgent work that was suddenly brought by their secretaries or employees. This prompted them to read or pretend to read sheets of information that remained fixed before their eyes but the researcher had to remain patient while perusing through the documentary evidence where it was made available and taking down some notes with the approval of the respondents.

In about four of the interviews, the respondents indicated that they had to rush out of the office shortly to attend to other business (some of which was personal such as visiting sick relatives in some of the hospitals in Harare during the prescribed visiting hour of between 13:00-14:00 hours). Whether this was the real cause of rushing the researcher to complete the interview, or a diplomatic signal that the researcher had overstayed his welcome, only the respondents would tell with precision. However, this prompted the researcher to refrain from bothering the

respondents by requesting any documentary information as this involved searching for the information from the drawers which would inevitably delay the progress of the interviews. In all such cases, the researcher preserved his taciturnity with the full conviction that it was not the rapidity of the interview progress, but rather its completion certainty that was more important. Hence, the researcher was often forced to focus on verbal responses that were provided to the questions raised to avoid otherwise irksome responses since the respondents were in a hurry.

It should be noted that the interviews were not entirely one sided since most of the respondents were enthusiastic and often asked the researcher the meaning of a PhD or what this programme was all about. The researcher would always respond by explaining that in a nutshell, the word PhD stands for Doctor of Philosophy and the word was derived from two words of Greek origin which are 'Philo' and 'Sophia'. He explained that Philo means love, quest or search while Sophia means wisdom, truth or knowledge. Every interview culminated with the researcher extending gratitude to the respondents for their time, patience and humility in answering all the research questions (Timm and Farr, 2004, p. 73).

The interviews were conducted in both English and the vernacular Shona language to enable some of the less literate respondents to express themselves effectively (Timm and Farr, 2004). Hence, the researcher had to translate the conversation and summarise the issues discussed to English. Although the researcher explained the research questions to one respondent in a language considered to be best suited to his comprehension, at the end of the discussion, the elderly SME owner who had been joyfully sipping from a bottle of liquor as the interview progressed became heavy of eye and was soon lost in slumber. In view of the fact that there were possibilities that the interviewer could make errors in recording the responses, after the compilation of the information and after about five months from the time of the original interview, the interviewer returned to the respondents with the preliminary drafts of their responses just to verify if the responses were indeed the correct version of what had been discussed. During these second meetings, some of the respondents added additional data. Some respondents took this opportunity to further clarify the issues or even amended the drafts while some explained to the researcher that this information had to be kept as very confidential.

This exercise was not done for all the respondents because the researcher gathered information to the effect that three of the former business owners had closed down operations for various reasons that included death, relocation and liquidation respectively. The three SMEs that had ceased operations and the reasons that were gathered by the researcher are summarised as follows. The owner of case study number thirteen collapsed and died because of cardiac arrest while on the steering wheel as he was driving home. This was a family business that was managed by the father and owner of the business who had the zeal and enthusiasm for the enterprise which had been founded as a diversification strategy. Following this unfortunate incident, the children did not have the passion to continue with the business and because of their lack of management skills and subsequent rising rental costs of the business premises, they sold the machinery, stock and barrel and this forced the business to cease operations. The researcher therefore had to use the preliminary draft of the interview as the final draft.

The second casualty was case study number sixteen. The researcher gathered that the founder and owner had been allocated a farm following the ongoing agrarian reform programme that commenced in the year 2000 in Zimbabwe. It is reported by his former neighbours that following the Command Agriculture programme that was initiated by the Government in 2016, he then decided to take advantage of that opportunity, focus on farming operations as a full time business and hence abandoned the fresh produce SME that subsequently closed shop. According to the Command Agriculture programme, participants are given free inputs by the government for agriculture but are then required to deliver specific volumes of the crop that they produce to the Grain Marketing Board to contribute towards food security in the country. The researcher was never able to trace the respondent's whereabouts.

The third enterprise that closed shop was case study number twenty. The researcher gathered that the owner had migrated to South Africa in search of employment when the business fell on hard times and none of the workers was able to continue with the operations. These three SMEs constituted fifteen percent of the original sample of twenty and these casualties proved the presence of some mortality rate

for SMEs in Zimbabwe. The researcher therefore held on to the preliminary or draft document of the interview which was then used as the final draft.

3.5 How the case study data was summarized and analysed

Braun and Clarke (2013, p. 206) argues that coding of verbal data should be done before any analysis can commence. They define coding as the process of identifying aspects of the data that relate to the research question and there are two types of coding namely selective coding and complete coding. Selective coding focuses on phenomenon that the researcher is interested in and selects them while leaving out what he or she is not interested in. It requires pre-existing theoretical and analytical knowledge that provides the ability to identify the concepts that the researcher is looking for. In addition, it involves a lot of reading to identify what to code. They allude that it is used in narrative, discussions, conversations and interview talk that involves reciprocity. On the other hand, they define complete coding as aiming at anything and everything of interest or relevance to answering the research questions in the entire dataset. Hence, the researcher codes all the data or responses that are relevant to the research questions and only selects items of interest during the later part of the analysis process. In this respect, codes are a label for a feature of the data that is potentially relevant in answering the research questions. A code can alternatively be defined as

“A word or brief phrase that captures the essence of why you think a particular bit of data may be useful” (Lee and Lings, 2008, p. 244; Braun and Clarke, 2013, p. 207).

Swanborn (2010, p. 114 – 121) indicates that responses have to be expressed in specific categories or equivalent classes though it may not be entirely possible to ensure that no details are lost in the process. He adds that besides the subjective bias, the process of grouping words, expressions and non-numeric symbols into homogenous categories is time consuming. In addition, frequency tables can be made for the explanations provided for each question based on codes and coding can be done by hand and not the computer because of cost constraints. In other words, results of the qualitative data analysis are expressed in frequency counts displaying words in their contexts and graphic displays (Swanborn, 2010, p. 121). Saunders *et al.* (2016, p. 481) also concur with this approach when they argue that

though there are various software for qualitative data analysis that include CAQDAS, that is widely used, the associated software is not always available.

No two analysts will code in exactly the same way and new qualitative researchers tend to generate mostly data derived codes since they are easier to identify and rely less on conceptual and theoretical knowledge to make sense of the data. On the other hand, researcher derived codes develop with experience since they require deeper interrogation of the data but this does not necessarily mean that they are better than data derived codes. They only assist in developing an interpretive analysis that goes beyond the obvious (Braun and Clarke, 2013, p. 207). Complete coding commences with the first data item and addresses chunks of data (e.g. 20 lines of data) and covers small chunks (e.g. a single line of data) and anything that is needed but leaves out data that is not relevant to the research question. Braun and Clarke (2013) emphasise that there is no right or wrong way to manage coding but what is important is that coding should be conclusive, thorough and systematic. Characteristics of codes can be summarised as follows.

- a) Codes should be as concise as possible and capture what the researcher has identified but can be modified to incorporate new material.
- b) Each code should be distinct in some way.
- c) They can be merged to capture similar data and should stay close to the data.
- d) There should be a comprehensive set of codes that differentiate different concepts, issues and ideas and should be applied consistently to the dataset.
- e) There is neither a maximum nor a minimum number of codes that can be used.

After the proceedings of the research had been proof read by the respondents to verify the accuracy of the captured responses and making any necessary amendments, the researcher returned to base to read each of the transcripts carefully. This process involved the analysis of explanations, the words and phrases used as a response for each of all the questions. Finally, complete coding of the phrases into categories and sub-categories that had the same or similar meanings were used in the coding process. One word verbal codes were used and were then entered into the computer using the excel spreadsheets. Some of the codes that had similar meanings were later combined or consolidated. The one word verbal codes were then sorted into alphabetic order and counted using the excel software to develop frequencies for each response.

A range of programmes collectively termed computer assisted qualitative data analysis software (CAQDAS) are available and widely used especially the NVivo, Hyper RESEARCH, and Atlas.ti packages (Smith, Thorpe and Jackson, 2008, p. 186; Braun and Clarke, 2013; Yin, 2014, p. 134). They argue that some qualitative researchers revere CAQDAS but others revile it though sophistication and scope of the programmes has increased over the years resulting in user friendly tools that assist in analysis and aid interpretation and theorizing. However, this does not diminish the fact that qualitative analysis is an interpretative process that is driven by what the researcher sees and makes of the data. Hence, such programmes only offer a tool to assist and will not do the finished analysis on their own (only serve as an able assistant). However, coding and analysis remains the responsibility of the researcher. Braun and Clarke (2013, p. 220) indicate that

“ ... whether or not CAQDAS in general is right for you and for a particular project will depend on a number of factors such as the scope and scale of the project, the research questions, data type and analytic approach (MacMillan, 2005; MacMillan & Koenig, 2004) and your familiarity and comfort with different technologies (Mangabeira et al., 2004).”

None of the CAQDAS software was used for data analysis. The Nvivo analysis software was not used. The demonstration period for the NVivo software expired before the candidate could use it. The candidate was thereafter affected by financial constraints especially difficulties to acquire foreign currency in the country to get the software from foreign vendors in his personal capacity since Chinhoyi University of Technology does not have the software. The excel computer package was used to analyse the data because it is easily available on the windows suite of every computer unlike other computer packages that are not available or accessible and are often expensive to procure. This exercise effectively converted the verbal qualitative case study responses into quantitative data that can be handled using figures. The result was conversion of the data into tables with rows and columns namely summarised response (verbal), frequency (quantitative), and percentages. The percentages were obtained by dividing each frequency by the total frequency and then multiplying the result by 100. In this way, the final responses were presented as statistical data in the form of tables with three columns namely

response, frequency and percent. Such data can easily be converted to graphs by any interested readers if necessary for quick and easy conceptualisation and grasping of the issues presented.

3.6 Estimated population size

Discussions and requests done by the researcher with the Ministry of Small and Medium Enterprises Development and Cooperative Development during the research period revealed that the parent Ministry of SMEs did not have any updated figures on the number of registered SMEs in Harare since the process of updating their records was still underway. Hence, an estimate of this figure had to be derived by the researcher as follows: According to the Finscope Survey Report (2012), Zimbabwe had an estimated total of 3,400,000 SMEs of which 13% were operating in Harare alone. Hence, the number of businesses operating in Harare was 0.13 *times* 3,400,000 and this is equal to 442,000 SMEs. In addition, the same Finscope Survey Report (2012) indicates that out of the businesses operating, 15% were registered with different authorities (city council, registrar of cooperatives or registrar of companies) to conduct business while the rest were not registered. Therefore assuming that there were no significant changes in the number of SMEs between the research period and the year of the Finscope Survey (2012), 15% of 442,000 is equal to 66,300. This figure was then used as the estimate for the population of registered SMEs in Harare.

3.7 Sample size

Sekaran and Bougie (2013, p. 103) support the importance of conducting multiple case studies by arguing that if a particular hypothesis has not been substantiated in other cases, there would be no basis to support the establishment and development of an alternative hypothesis. Yin (2014, p. 40 - 42) alludes to the fact that rather than thinking about the case study or studies as a sample, the researcher should think of it as the opportunity to shed empirical light about some theoretical concepts or principles. Hence, such a study should strive for generalisable findings or lessons learnt i.e. analytical generalisations that go beyond the specific case(s) that has or have been studied. The aim of the analytical generalisations should not be confined to the contribution of theory building alone. Analytical generalisations can be used whether the case study involved one or several cases. Yin (2014, p. 61) argues that

when doing multiple case studies, one question that the researcher encounters has to do with the number of case studies that are deemed necessary or sufficient for the study. However, since sampling logic should not be used, the question about the criteria to determine the desired sample size is irrelevant. Instead, what is necessary is the number of case replications i.e. both literal and theoretical, that the researcher would like to have in the study. One may even want to settle for two or three literal replications of results when the theory underlying the case study research is straight forward and the issue at hand does not demand an excessive degree of certainty. However, if the theory is subtle or if the researcher wants a higher degree of certainty, one may press for five, six or more replications of results. Yin (2014) proposes the following multiple case study procedure as shown in figure 3.

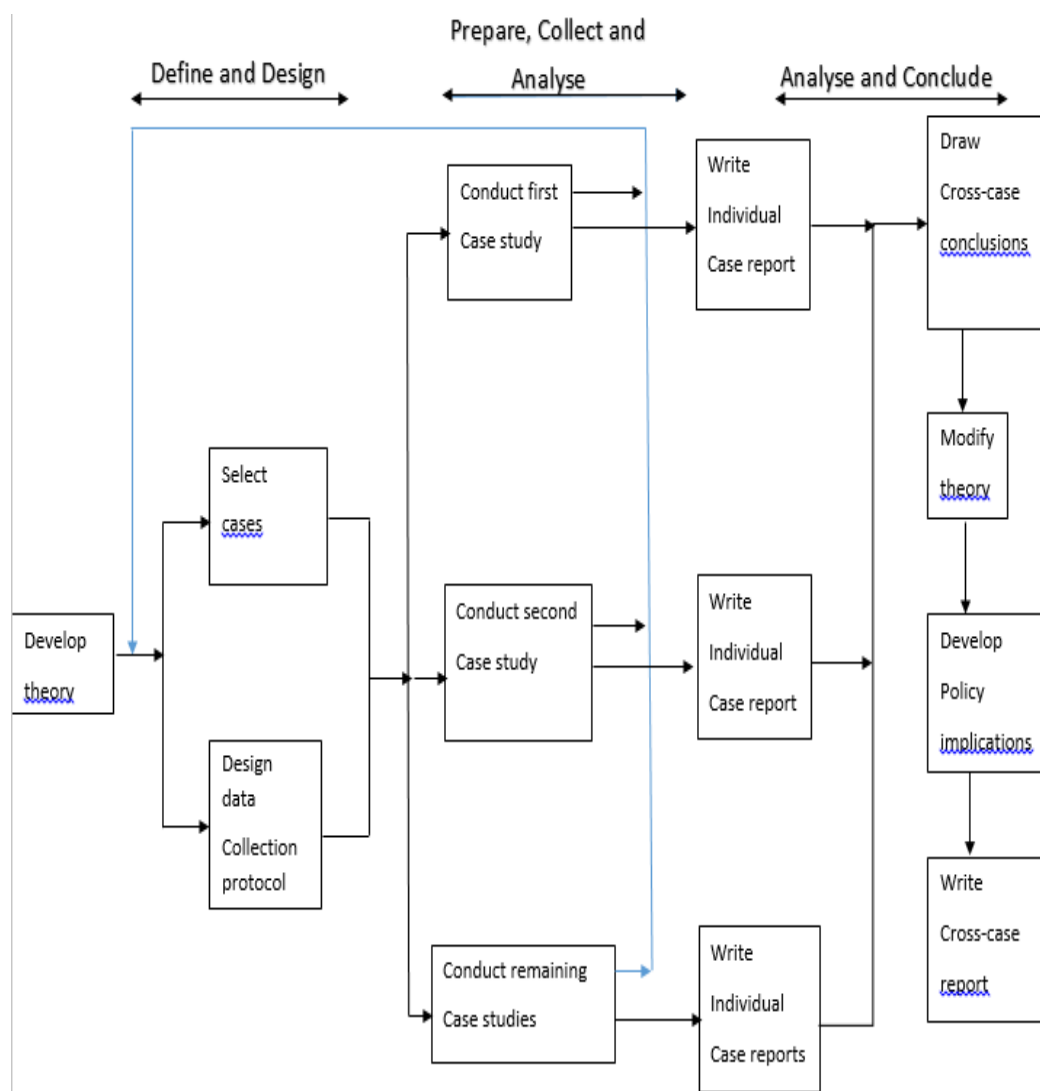


Figure 3: Multiple-case study procedure. Source: *Case Study Research Design and Methods* (Yin, 2014, p. 60, 5th edition).

Yin (2014, p. 63 - 65) adds that in summary, as a word of advice, multiple case study designs may be preferred over single case study designs. If the researcher chooses a single case study design, there should be strong justification for the choice of the case. Secondly, the researcher should not think that a case study's design cannot be modified by new information or discovery during data collection. The researcher has every right to have the original design modified. The point to note is that the needed adaptiveness should not lessen the rigor with which case study procedures are followed.

As far as the sample size was concerned, Saunders *et al.* (2016, p. 297) indicate that if the nature of the study is based on semi-structured or in-depth interviews, the minimum non-probability sample size ranges from 5 to 25. If the sample is drawn from a homogeneous population, the sample size ranges from 4 to 12 while that drawn from a heterogeneous population ranges from 12 to 30. Since the SMEs were in different sectors of the economy and specializing in different activities, the SMEs population was heterogeneous.

Swanborn (2010, p. 46) argues that the number of case studies to be selected is limited by financial constraints. The sample size is consistent with arguments by both Yin (2014) and Saunders *et al.* (2016, p. 297). The total sample size of twenty (20) case studies was selected from different sub-sectors of the economy. All the enterprises that were selected indicated (during the interview process) that they were registered with the local authority or council, registrar of companies or the registrar of cooperatives. All the businesses operated from official business premises that were either rented or owned by the companies. Some of the business premises were traditional business markets that were recognised by the Municipality of Harare.

However, since a relatively long time was taken to conduct each interview, the research culminated in a relatively small sample size, thus raising concerns about how representative the sample was about the population, validity and ability to generalise the results. However, since multiple case studies were conducted, Saunders *et al.* (2009) concur that it helps to establish whether the findings of the

first case occur in other cases and if so, it enhances the possibility to generalise from the findings.

3.8 Sampling technique

Lancaster (2005, p. 136) indicates that the researcher must determine who is likely to shed light on the issue explored and who should be approached for information. The purposive or judgement sampling technique was used to collect qualitative data from the participants who were either the owners or managers of the enterprises. However, it should be noted that the SMEs database on which purposive sampling was done by the researcher was allocated to the researcher based on random sampling that was done by the student attachment coordinator. Hence, in other words, the final sample was a combination of both simple random sampling and purposive sampling conducted by two different people respectively.

Wiid and Diggines (2009, p. 200) argue that,

“ ... In judgement sampling, the sample elements are selected subjectively and deliberately by the researcher based on various criteria and the researcher’s own judgement. For example, the researcher may believe that the sample selected has the best knowledge and experience about the subject.”

The scholars also indicate that

“ ... A shortcoming of this method is that different experts have different opinions about which population elements should be selected” (Wiid and Diggines, 2009, p. 200)

Zikmund (2003, p. 380) states that samples based on judgement or purposive sampling are less than fully representative of the population. Bajpai (2011, p. 106) concurs that the weakness of judgement sampling is that since it is not a scientific technique, there is no way to tell if one person’s judgement is better than that of another person. Saunders *et al.* (2016, p. 287) add that one weakness of purposive (judgemental) samples is that they are not considered to statistically represent the total population.

Saunders *et al.* (2016, p. 726) define a representative sample as a

“sample that represents exactly the population from which it is drawn.”

This can be in terms of the age or socioeconomic characteristics of the respondents. Saunders *et al.* (2016, p. 294) further argue that,

“If there is no statistically significant difference, then the sample is representative with respect to these characteristics.”

Wiid and Diggins (2009) and Bajpai (2011) assert that the purposive sampling method is useful when large samples are not necessary or when the sample size is small. The criteria for selecting the participants was based on the researcher’s knowledge and experience about the ability of the owners or managers of the businesses to provide the required data and attempt to answer all the required questions. Since the owners or managers of the SMEs had been working for these enterprises for long periods, they were considered the most appropriate sources of the required in depth information on the subject.

Data was recorded by hand after the researcher had received consent from the participants for their views to be recorded and presented by summarising the key issues that emerged from the interviews for each of the four phases of the strategic management process based on the Wheelen and Hunger (2012) model. In addition, some of the qualitative data received was quantified and presented in tables based on the frequency of emerging specific events, reasons provided or issues raised to facilitate easy understanding for the benefit of readers.

3.9 Study site

Since the title of the research highlights Zimbabwe and Harare, some pertinent information to shed more light about this arena of the study is presented for the benefit of interested readers.

3.9.1 Country profile

Zimbabwe is a landlocked country situated in Southern Africa and sharing borders with Mozambique (to the east), South Africa (to the south), Botswana (to the west) and Zambia (to the north). In 2012, the total population of the country was 14.71 million (Zimstats census report, 2012) and in 2016 which was the year of the research, it was estimated at 16.15 million (World Bank, 2016). The country is endowed with a diversity of natural resources in sectors that include agriculture, mining and tourism that facilitate the necessary comparative and competitive

advantages for business though the entrepreneurship potential is not yet fully unlocked as a result of various reasons. One study that was conducted by the researcher, (Gutu, 1986) on the analysis of household demand for Zimbabwe using the linear expenditure system and data that spanned from 1965 to 1984 revealed welfare indicators that ranged from -2 to -4. According to Philips (1974, p. 130), the more a country is developed, the smaller the welfare indicator. The study revealed that during that period, the standard of living of the average Zimbabweans ranged from the slightly better off but still poor with a desire to become better off to the middle-income bracket (those who enjoy a mediocre standard of living). Another study by Regmi and Seale (2010) classified Zimbabwe as a low income country with a per capita real income of US\$12.71 and was ranked at number 80 in terms of the level of per capita income among the 114 countries that were covered by the research in descending order. In addition, findings of the study revealed that the average expenditure on food was 25.58% of the total family income on average.

The country is a founding member of both the Southern Africa Development Community (SADC) Free Trade Area (FTA) and the Common Market for Eastern and Southern Africa (COMESA) common market. In addition, the country is participating in the COMESA, SADC and East African Community (EAC) tripartite negotiations that are aimed at the formation of a 26 member country free trade area. Membership of Zimbabwe to SADC and COMESA implies that all imports from other member countries attract reduced import tariffs. During the period of this research, all importers (including SMEs in the retail sector) were allowed monthly duty free imports of up to US\$300.

According to the Finscope Micro, Small and Medium Enterprises (MSME) survey of 2012, the three biggest sectors for SMEs are agriculture which accounts for 43% of the SMEs, wholesale and retail that consists of 33% of the SMEs and manufacturing that has 9% of the SMEs. The Finscope (2012) survey reveals that the agriculture sector is driven by growing various types of produce and gardening, the wholesale and retail sector is driven by vending and selling clothes while the major activities in the manufacturing sector are cutting and design of textiles, carpentry and crafting. The country has a literacy rate of over 90% (Zimbabwe

National Trade Policy, 2012 - 2016, p. v, 1). The capital city of the country is Harare which is also one of the ten provinces of the country.

3.9.2 Harare profile and reasons for its selection

The study site was the area of greater Harare and this included the central business district as well as the small town of Norton that is located about 40 km from the city centre but is defined by the delimitation authorities to be part of Harare. During the census year of 2012, the population of Harare was 1.485 million (Zimstats census report, 2012) but in 2016 which was the year of the research, it was estimated at 1.56 million (Website: Worldpopulationreview, 2016). Several former residential storey buildings in the central business district as well as former low density houses around the central business district had been converted to SME business premises when the research was conducted to alleviate the shortage of affordable offices; to provide more business premises in the wake of the increasing number of SMEs; and provide more space for motor vehicle parking.

Several reasons contributed to the choice of Harare as the study site ahead of other places in Zimbabwe and some of the reasons are listed below.

- a) The Finscope MSME Survey Zimbabwe (2012) report ranks Harare at second place in terms of the distribution of SMEs ownership population by province as shown in table 19 below.

Table 19: Distribution of the population of business owners by province

Ranking	Province	%
1	Midlands	18
2	Harare	13
2	Matabeleland North	13
4	Matabeleland South	12
4	Mashonaland East	12
6	Manicaland	9
7	Mashonaland Central	8
8	Bulawayo	5
8	Masvingo	5
8	Mashonaland West	5
Total		100

Source: Finscope MSME Survey Zimbabwe report (2012)

The researcher therefore envisaged that since Harare being a city compared to either Midlands or Matabeleland North that are provinces, the SMEs population density in Harare was likely to be relatively higher than that in the provinces where higher dispersion was expected. If so, this would result in relatively less travelling between the selected SMEs, lower transport costs and a huge saving on time for the research, issues that arise from the high rate of urbanisation.

- b) Diversity of SMEs activities: The capital city was expected to consist of SMEs that are engaged in activities that cover all the sectors of the economy. These sectors are manufacturing; retail; finance and insurance; construction; mining and quarrying; real estates; distribution, hotels and restaurants; transport and communication; education; and health.
- c) Convenience: Harare would afford the researcher a lot of convenience in terms of the short distance from his base of Chinhoyi University of Technology (only 115 km from Harare) which takes about one hour and thirty minutes if travelling by public transport such as buses or kombis, availability of affordable modes of transport as well as availability of several places of rented overnight accommodation.
- d) Language: The majority of the people of Harare including the owners or managers of SMEs can speak fluently in either English or the vernacular Shona language. Since the researcher could also communicate fluently in both languages, this study site was considered to be most appropriate compared to other places where the people speak other languages that include Ndebele which the researcher cannot speak.
- e) The researcher knows the city of Harare very well and can easily navigate to any place in the city because of his previous experience of having stayed and worked there for a period of 29 years that spans from 1981 to 2009. In addition, the several regular tours of duty to Harare to assess several scattered students on attachment four times every year from 2011 to the study period enabled the researcher to familiarise with new places.
- f) The researcher has several friends and relatives who stay and work in Harare with whom he could stay with overnight in the event that either the rented

accommodation was fully booked or the researcher was facing financial constraints to afford paying for the rented accommodation.

- g) Relative peace, tranquillity and hospitality of the people of Harare that assures safe touring around the city from as early as 5 am to as late as 10 pm every day.
- h) Longer working hours of most of the SMEs of Harare especially those engaged in the retail or vending activities meant that the researcher could conduct the face-to-face interviews up to very late in order to complete the research on time.
- i) The researcher was of the view that where there are few SMEs that are scattered in the provinces, any description of any one SME was likely to disclose the identity of the respondents especially for people familiar with the territory. This would result in violation of the ethical research principles and the confidentiality clause that was signed and agreed between the researcher and the respondents. Hence, Harare, being envisaged as consisting of a large concentration of similar SMEs in a relatively smaller area, any SME description was unlikely to disclose the identities of the respondents.

3.10 Data presentation and analysis

Swanborn (2010, p. 138) argues that specific rules for reporting case studies are virtually non-existent, hence it is important for the researcher to provide the reader with a clear and complete picture of the procedures including data selection, analysis and interpretation. He adds that the reader should be able to establish how and why specific illustrations were selected and the basis of the conclusions. The report should address each audience and indicate where they can find the information that they require. For the rest of the multiple case studies, a question-and-answer format in which each case is described through a series of identical questions is more profitable. However, to protect the organisation as well as the individual respondents and preserve their confidentiality, the details of the case can be made anonymous as this is part of the research ethics. In addition, the researcher should avoid divulging what other respondents have told him/her if there is a chance that the interviewee may detect the source.

Swanborn (2010, p. 114) indicates that where more than one case study is studied, more independent information is obtained. He then argues that the researcher should, as guided by the research questions, determine the relevant concepts and reduce the material in a way that is easy to handle (including figures) in order to

answer the questions. However, more attention is paid to the original data in terms of interpretation.

Analysis of the data based on principles of theory is the most popular method in social research that deals with a number of semi-structured interviews of say between 5 and 50 and this approach has an exploratory character (Swanborn, 2010, p. 122). When using an exploratory approach, a theoretical foundation from which to begin is required and this is strongly advocated in applied case study research. He emphasises that the presentation of the model with a set of points should also include alternative theories if possible. Wiid and Diggines (2009, p. 239) argue that qualitative data analysis involves data reduction, display and interpretation. Data reduction has three steps namely

- *Paraphrasing or summarising statements by respondents.*
- *Classifying responses into categories*
- *Analysing the content, for example looking for key words or phrases in the respondents' replies*"(Wiid and Diggines, 2009, p. 239).

The display of data can be achieved through quoting extracts of verbal statements or producing tables to unveil patterns while data interpretation involves the search for meaningful sequences that assist to clarify the research problem (Wiid and Diggines, 2009). Cooper and Schindler (2014, p. 511) emphasise that the findings do not necessarily have to include everything collected but should shed more light on the problem and should highlight both favourable and unfavourable issues.

If the number of rows is low, with a maximum of 15 and 20, the essence of the data matrix may be easy to grasp immediately and this is called 'eye-balling' (Swanborn, 2010, p. 131). Working with tables becomes less effective if the responses of respondents no longer fit into neatly comparable units. If interviews follow a more unstructured path, it becomes impossible to compare data. This results in unreliable conclusions. Since no two utterances are likely to be identical, inequalities have to be arranged into equivalent classes (Swanborn, 2010, p. 132). In qualitative research, the researcher is obliged to aggregate different answers into equivalent classes and it makes sense to simplify individual opinions to become group opinions.

The face-to-face semi-structured interview method was used to collect all the necessary qualitative data derived from the research questions. In a nutshell, the information that was collected was confined to the research questions. However, other information that was observed included the characteristics of the owners or managers of the SMEs such as gender and characteristics of the business such as the sector in which the business operates. Questions about the period of operation since the business was first registered were also asked. The interview questions are shown in the annexures.

3.11 Ethical considerations

Saunders *et al.* (2016, p. 231 – 232) highlight some of the ethical principles that should be complied with as follows.

- a) Privacy of participants. This includes the reporting of findings that do not reveal the identity of the respondents; voluntary participation of respondents and their right to withdraw; and avoiding prolonged interviews or widening its scope.
- b) Avoidance of embarrassment, harm and stress.
- c) Respect for the rights and dignity of the respondents to enhance trust and respect and
- d) Integrity and objectivity of the researcher. This includes non misrepresentation of data and findings.

In order to comply with the above ethical principles, the actions taken were as follows.

- a) Names of SMEs were not disclosed. Where the SME happened to be the only one in a specific sector and operating in a particular area, the name of the place of operation was withheld to avoid the possibility that readers of the study who are familiar with the area could easily figure out the name of the SME and subsequently the identity of the owner.
- b) All personal details of the owners or respondents pertaining to their careers was not disclosed as some of the details had the possibility of embarrassing or even humiliating their dignity and adversely affecting the respect that they commanded as this was an intrusion into their privacy.
- c) Research findings were reported in summary form to avoid disclosure of the identities of the respondents and the SMEs.

- d) Yin (2014, p. 75) emphasises that if your host surprises you by permitting you access to some key documents that were previously withheld from you, you should not think of immediately copying them, unless your host voluntarily signals that this would be an acceptable procedure. The researcher complied with this requirement.
- e) After the recording and summarising the proceedings of the research, the researcher returned to the respondents to give them the opportunity to proof read and verify whether their responses had indeed been captured correctly. Some of the SMEs took this opportunity not only to amend any errors, but to add more information that they had forgotten during the interview. These were then the final responses on which the study was based.

3.12 Criteria for judging the quality of the research designs

Yin (2014, p. 45) argues that there are four commonly used tests to determine the quality of any empirical social research and the tests have served as a framework for assessing case studies in the field of strategic management. The tests are summarised in table 20 below.

Table 20: Case study tests for research designs

Tests	Case study tactic	Phase of research in which tactic occurs
Construct validity	<ul style="list-style-type: none"> ▪ use multiple sources of evidence ▪ establish chain of evidence ▪ have key informants review draft case study report 	<ul style="list-style-type: none"> ▪ data collection ▪ data collection ▪ composition
Internal validity	<ul style="list-style-type: none"> ▪ do pattern matching ▪ do explanation building ▪ address rival explanations ▪ use logic models 	<ul style="list-style-type: none"> ▪ data analysis ▪ data analysis ▪ data analysis ▪ data analysis
External validity	<ul style="list-style-type: none"> ▪ use theory in single-case studies ▪ use replication logic in multiple-case 	<ul style="list-style-type: none"> ▪ research design

	studies	▪ research design
Reliability	<ul style="list-style-type: none"> ▪ use case study protocol ▪ develop case study database 	<ul style="list-style-type: none"> ▪ data collection ▪ data collection

Source: Case Study Research Design and Methods (Yin, 2014, p. 45, 5th edition)

In a nutshell, Yin (2014, p. 46 - 49) defines the four tests as follows:

- a) Construct validity: - identify correct operational measures for the concepts being studied.
- b) Internal validity: - used for explanatory or causal studies only and not for descriptive or exploratory studies. Seek to establish a causal relationship whereby certain conditions are believed to lead to other conditions as distinguished from spurious relationships.
- c) External validity: - defining the domain to which a study's findings can be generalised. The identification of appropriate theory is necessary to establish the groundwork to address external validity of the case study.
- d) Reliability: - demonstrating that the operations of a study such as data collection procedures can be repeated with the same results. The goal of reliability is to minimize errors of bias in the study. The key is to document the research procedures so that any other reasonable third person who conducts any other similar case study research will arrive at the same results.

Saunders *et al.* (2016, p. 206) indicate that the quality of qualitative research is judged by various criteria of which the four that are commonly used are dependability, transferability, authenticity and credibility. They add that dependability is used in place of reliability, transferability is the parallel for external validity, and authenticity does not have any parallel criterion but is designed for the interpretivist research while credibility is used in place of internal validity. Saunders *et al.*, (2016, p. 222) argue that

“Establishing your credibility will be vital in order to gain access. The use of known contacts will mean that you can seek to trade on your existing level of credibility.”

In addition, the establishment of credibility for the first time can be aided by the use of a formal introduction letter that outlines the purpose of the research and how the respondent can assist (Saunders *et al.*, 2016, p. 225).

Contrary to the four criteria put forward by Yin (2014) above, Shenton (2004) quotes Guba as arguing that for qualitative research projects, the four most appropriate criteria for assessing the quality of such research projects that support trustworthiness are as follows.

- a) Credibility, in place of internal validity.
- b) Transferability, in place of external validity or generalisability (Saunders *et al.*, 2016, p. 206).
- c) Dependability, in place of reliability and
- d) Confirmability, in place of objectivity.

The extent of this research's compliance with the criteria above is explained below.

3.12.1 Construct validity

The study used multiple sources of evidence as indicated by Yin (2014). The sources of evidence consisted of interviews and documentary evidence in the form of profiles of SMEs (where they were provided) and perusal of the statements of corporate direction such as the vision, mission and values that were displayed at the premises of the SMEs. This information enabled the verification of if and how the strategic management process was conducted. In addition, the respondents were provided with a draft case study summary to read and verify if the interview proceedings had been captured correctly, thus giving them the opportunity to make any corrections or additions.

3.12.2 Internal validity

The case study responses were summarised, coded and pattern matching was conducted for purposes of the final tables of summary responses. Some respondents provided explanations to justify why certain things were done in their SMEs such as formulation of policies prior to strategies contrary to literature about the strategic planning process.

3.12.3 Credibility

Saunders *et al.* (2016, p. 206 – 207) argue that one of the ways to verify the quality of the interview information is to conduct a credibility assessment and this is a “*parallel criterion to internal validity.*”

Some of the techniques available include the following.

- a) Respondents should validate the information that they provided. This “involves taking or sending research data back to participants to allow them to confirm its accuracy, by permitting them to comment and correct it to validate it” (Saunders *et al.*, p. 206; Shenton, 2004). The researcher complied with this requirement as indicated in item 3.4 in the seventh paragraph.
- b) Lengthy research involvement to build trust and rapport (Saunders *et al.*, 2016, p. 206; Shenton, 2004). The researcher complied with this requirement by selecting SMEs that he had previously visited and held discussions with either the owners or managers in the course of assessing the performance of Chinhoyi University of Technology students who were on attachment at the SMEs as explained in item 3.4 in the third paragraph.
- c) Use of reflection using a different person to discuss ideas and test out findings (Saunders *et al.*, 2016, 206). Though a different person was not used to discuss ideas, testing of some of the research findings that were highlighted by the SMEs during the interview process was done by comparing them with the available literature. These issues included the rising unemployment situation in Zimbabwe (item 1.2 on background of the study) and the prevalence of various risk related challenges that were affecting the SMEs (item 2.2.1.2 on task environment).
- d) Examination and comparison of the research findings with previous research findings in the same or similar organisation and addressing comparable issues is one of the important credibility checking mechanisms (Shenton, 2004). The researcher compared the research findings with previous researches that were done for SMEs in Zimbabwe but not necessarily in the same organisations because research information pertaining to the same organisations was not easy to identify possibly because of ethical considerations about the confidentiality and anonymity of the SMEs as well as the individual respondents.
- e) Ensuring that the researcher’s preconceived expectations about the research findings do not override those of the participants. The research questions were mainly open questions that focused on ‘what’, ‘how’ and ‘why’ (Saunders *et al.*,

2016, p. 408). Such questions enabled the respondents to provide explanations that were then summarised by the researcher and subsequently validated by the respondents. Hence, the researcher is of the opinion that this requirement was also complied with.

- f) One of the tactics to ensure honesty of respondents when providing data is that they should be given the opportunity to refuse to participate or withdraw from the study at anytime (Shenton, 2004). The researcher advised all the respondents that their participation was voluntary and that they had the right to withdraw at anytime from participating in the research. This is when each of the respondents indicated that they preferred not to be recorded by the use of any recording devices. Both the researcher and the respondents agreed that all information discussed by the parties was confidential and was entirely for the purpose of the research.
- g) Provision of a detailed description of the phenomena under review is important for the reader to assess the credibility of the data collected (Shenton, 2004). The researcher provided a detailed account of the profiles of each of the twenty case studies in item 3.13 of chapter three. In addition, the question and answer detail of each of the fifteen questions that were discussed during the interview is provided in the appendix. In some cases, some responses are provided as quotes from the respondents.
- h) Random sampling of SMEs and respondents is important. Shenton (2004, p. 63 - 75) argues that,

“A random sampling procedure provides the greatest assurance that those selected are a representative sample of the larger group.”

Shenton (2004, p. 63 – 75) acknowledges that,

“Although much qualitative research involves the use of purposive sampling, a random approach may negate charges of researcher bias in the selection of participants. A significant disadvantage of random method, however stems from the fact that, since the researcher has no control over the choice of informants, it is possible that quite, uncooperative or inarticulate individuals may be selected.”

The researcher personally used the purposive sampling technique on a sample that had been allocated to him by the student attachment coordinator based on simple random sampling. Hence, the coordinator determined the allocation criteria of the SMEs where students were on attachment that had to be assessed using the random sampling technique. The researcher visited all the SMEs and assessed all the

students allocated to him every year. This was the list of SMEs on which the researcher conducted purposive sampling to select the sample of twenty SMEs for the research. In the wake of this process that is described in items 3.4 and 3.8, the selection process of the final sample of twenty SMEs consisted of both simple random sampling and purposive sampling techniques that were done by the student attachment coordinator and the researcher respectively and independently.

- i) Saunders *et al.* (2016, p. 222) encourage the researcher to

“Make use of known contact to facilitate trading on your existing level of credibility.”

The researcher introduced the purpose of the research to all the respondents who were already known to him based on previous visits to the SMEs to assess the performance of Chinhoyi University of Technology students who were attached to the SMEs. However, the researcher had to introduce himself first with the aid of a student identity card of the University of KwaZulu-Natal and a letter followed by the introduction of the purpose of the visit to those respondents who did not know him. In addition, prior to the interview visits, the researcher had made some appointments with the respondents who gave him the days and times to come for the interview.

- j) Saunders *et al.* (2016, p. 207) state that the researcher should make use of triangulation which involves using more than one source of data and method of data collection to confirm the credibility, validity and authenticity of the information.

The value of triangulation for the Interpretivists is that it adds depth, breath, complexity and richness to their research. Shenton (2004, p. 63 - 75) argues that,

“Another form of triangulation may involve the use of a wide range of informants.”

As explained in item 3.4, data collection was based on a combination of both the interviews as well as documentary evidence where it was readily available. In addition, in some cases the researcher observed that some SMEs displayed their written strategic direction in the form of the vision or mission statements, major objectives and co-values partly as proof that there was indeed some form of strategic management in existence. The researcher perused through some of the documentary information and jotted down some notes only with the approval of the respondents. However, the researcher made no attempt to make use of a wide range of informants because he had been referred to specific respondents by either the SME owner or manager to discuss company business.

3.12.4 External validity

The thesis was based on twenty case studies and replication logic therein was analysed from the responses made by the owners or managers of the businesses in compliance with the criteria for judging the quality of the research design presented by Yin (2014 p. 46 - 49).

3.12.5 Transferability

Shenton (2004) quotes Guba as suggesting that the researcher must provide sufficient information about how the data was gathered to assist interested readers to assess the degree of transferability. He suggests that some of the information that should be provided by the research to ensure transferability includes the following.

- (i) The sample size and the study site.
- (ii) Any restrictions on the research respondents.
- (iii) The number of researchers involved in the research.
- (iv) The data collection methods that were used.
- (v) The length of data collection sessions and
- (vi) The period over which the data was collected.

The research provided all the information listed above in chapter three and in addition described the dynamic nature of the country's operating environment and the challenges that were haunting the economy that was in comatose in chapter one. The description of the case studies in item 3.13 of chapter three also assists to illuminate the nature of the operating environment as experienced by the respondents.

3.12.6 Reliability

Since recording devices were not used, and the study relied entirely on hand written notes during the interview process, it became necessary to verify if the hand written notes had correctly captured the interview proceedings. Hence, reliability was achieved by going back to each respondent (in most cases without notice or appointment) to enable them to read and verify if indeed their initial responses had been correctly captured and summarised based on the summarised responses. During this process, some respondents amended or corrected the summary of the responses while others took this opportunity to add new information that they had either forgotten or omitted during the initial interviews. The amendments were then

incorporated in the thesis. The whole exercise was indeed extremely taxing, laborious and expensive but there was no alternative.

3.12.7 Dependability

Saunders *et al.* (2016, p. 206) argue that in interpretivist research, dependability involves the recording of all changes of the emerging research focus in order to produce a reliable account that can be appreciated and evaluated by interested readers. Shenton (Education for Information 22, 2004, p. 63 - 75) argues that

“if the work were repeated in the same context, with the same methods and with the same participant, similar results would be obtained.”

Hence, the research should describe the following issues in detail.

- a) The research design and its implementation.
- b) The details of the data gathering process.
- c) An evaluation of the effectiveness of the process of inquiry that was undertaken.

The research provided all the information suggested by Shenton (2004).

3.12.8 Confirmability

Shenton (2004) argues that to ensure confirmability, which is the parallel criteria for objectivity, the research findings should be based on the experiences and ideas of the respondents instead of the preferences of the researcher. To guard against digressing from the focus of confirmability, he suggests that in addition to the use of triangulation, the researcher's beliefs underpinning the decisions made, the methods employed and the rationale for favouring one approach over the others should be acknowledged within the research report. In order to comply with these suggestions, the researcher explained the rationale for the selection of the Wheelen and Hunger (2012) model in chapter one. In addition, the research also explained why the study site of Harare was selected ahead of other places in Zimbabwe. It also explained how, by default, a combination of both a probability sampling technique (simple random sampling) and a non probability sampling technique (purposive sampling) was used instead of only one sampling technique. Some of the contradictions between the researcher's beliefs for using purposive sampling and the resultant experiences based on the interview are highlighted in the introductory part of chapter four.

3.13 Profiles of the twenty case studies

Profile of SME One

The SME is located at the town business shopping centre of Norton which is 40km to the south of Harare. In spite of this distance from Harare, the small town of Norton is within the political domains of Harare. The double storey retail shop business operates from the owner's owned building situated about 80 metres away from a large scale, more established and well known competitor namely TM Supermarket. However, the SME is still managing to survive and grow in spite of its close proximity to a large competitor. At the time of conducting the interview, the owner had completed the construction of a second and bigger double storey building for another supermarket at the same shopping complex. The enterprise has a total staff establishment of six people including the owner manager though sometimes the children of the owner come to assist if they are free. The owner manager was forced to establish this business in 2010 after he had lost his job following the liquidation of his former employer in 2004. The owner possesses vast experience in strategic management and compiling the strategic plan documents.

Profile of SME Two

The business was registered under the Companies Act (Chapter 24:03) as an insurance Broker in October 2004 but was licenced by the Commissioner of Insurance in February 2005 and commenced business during the same year. It is an insurance broking firm that sells both short term and long term insurance products on behalf of various insurance companies in the country except life assurance products. The products that are sold include Financial Lines products (Bond and Guarantees, Money Risks), Marine products (Goods in transit, Marine cargo), Personal Lines products mainly motor vehicle insurance, Farming products (Farmers comprehensive policies, Tobacco hail and field to floor, Wheat hail and rain damage), Accident and Health products, Asset protection (Fire and allied perils, Office comprehensive), Engineering and Plant equipment, Machinery breakdowns and Erection all risks.

The company's formation was inspired by the vast insurance industry experience of one of the directors who once worked in the industry for more than twenty years.

The Harare office is located in one of the buildings in the central business district in an office that is shared with one other entrepreneur in order to contain the costs for rentals. This office is manned about three days per week but the head office is in the small town of Chinhoyi in Mashonaland West Province. The total number of human resources including the three directors who are mentioned in the Memorandum and Articles of Association was six when the research interview with the Managing Director was conducted. The three employees were contract workers who were university students on attachment for a period of one year.

The company's strategic direction as extracted from the company profile document is as follows:

1. Vision: – To be the best insurance broking company in Zimbabwe and beyond.
2. Mission: - To be the first youth insurance broking company in Zimbabwe and beyond that provides world class services while remaining sensitive to the needs of all stakeholders.
3. Motto: - Helping you to make the right insurance decisions.
4. Core Values: - Professionalism, social responsibility, teamwork, ethics of respecting the rights of individuals, staff members, clients and other stakeholders and finally performance that focuses on customer satisfaction and delight.
5. Corporate Objectives were listed as follows:
 - a) To sell both short term and long term insurance products on behalf of various insurance companies in the country.
 - b) To handle clients premiums in accordance with the Insurance Act (Chapter 24:07).
 - c) To give professional advice and to assist clients in placing the correct coverage with the insurance company that best suites their needs.
 - d) To help build client confidence in the insurance sector by providing fast, friendly and professional services on behalf of various insurance companies.
 - e) To take insurance products to all sectors of the Zimbabwean economy.
6. Corporate Strategy
 - a) Build customer base and stimulate repeat usage by exposing customers to products and services that most closely meet their needs.
 - b) Expand services and the target market by going national, regional and international.

- c) Expand private brand initiatives by entering into new relationships with a variety of companies to increase distribution and sales channels as well as increasing competitiveness.
- d) Use of the latest technology, introducing computer based information systems so as to improve information processing, reporting, expand services offerings, facilitate integration with insurance companies and improve the efficiency of all business systems.
- e) Develop value for money services engaging well trained staff and constantly organizing refresher courses and professional training to keep staff up to date with trends in the industry.
- f) Build brand recognition by promoting the SME's brand through diverse marketing channels such as online advertising, public relations and participation in trade shows.
- g) Expand the company's relationships by aggressively developing new relationships with leading stakeholders in the insurance industry. This will accelerate customer acquisition and professional presence in the target market.

Profile of SME Three

The SME is located in the central business district of Harare in one of the buildings that was once used as residential blocks of flats in the early 1980s but the area has since been converted to business premises. There are a total of nine full time employees excluding the three board members as well as three contract employees who are students on attachment from different universities and one of them is studying at your University. The company was incorporated in December 1993 under the Cooperative Societies Act but commenced business early during the following year. This was necessitated by the need to allow members to start their monthly contributions which was the major source of cost effective capital from which to extend loans to applicants. Membership to the Cooperative is confined to employees of the Municipality of Harare who have joined the Cooperative and hence it does not provide loans to outsiders. Interest rates are at concessionary rates that are far much lower than those charged by the commercial banks. Repayments are done through either transfers by the Society from the bank accounts of the loan beneficiaries to the Society's bank account or payments by loan beneficiaries to the Society's bank accounts. The Society only provides short term loans that are repaid

over a period that does not exceed one year. The Cooperative falls under the financial sector.

Profile of SME Four

This company is located approximately 3km to the north of Harare city centre in one of the buildings that used to be residential low density houses in the 1990s but the area was later converted to business premises. The SME has a total staff complement of only three full time people including the owner manager. However, the owner manager often employs only one contract employee, usually a university student on attachment when the need arises. The company commenced operations in 2013. The owner acquired working experience when he once worked for an advertising/marketing company in South Africa. This company had a product that it intended to launch in Zimbabwe. It then offered the owner, who is Zimbabwean and one of their employees the opportunity to go back home and launch the product under a licensing agreement. This is what motivated the owner to return to Zimbabwe and establish an advertising/marketing firm that is in the services sector.

Under a licensing agreement, the licensing company grants rights to the licensee to in the host country to produce or sell a product for a fee in return for the provision of technical expertise (Wheelen and Hunger, 2012). This small company therefore pays the parent South African company some fees every year. This was a useful entry strategy for the South African company in view of Zimbabwe's Indigenisation policy that requires all foreign companies operating in the country to have a maximum of 49% shareholding while the Zimbabwe nationals own the majority number of shares.

Profile of SME Five

This company is located in the heavy industrial site about 6 to 7km south of the central business district of Harare. It commenced operations in 2009 with a staff complement of five people including the owner manager. However, at the time of the interviews, the owner manager indicated that the numbers had increased to eight full time employees. In addition, the SME is in the habit of engaging one or two contract employees mainly university students on attachment as and when the need arises as dictated by the fluctuating work load and the need to complete customer printing jobs on the promised dates. The company commenced operations after the

owner manager had been paid in kind by his former employer through some good second hand printing machines before his former employer company closed down operations in 2008. During the 2008 era, some manufacturing sector companies were closing down and declaring bankruptcy in order to avoid paying retrenchment costs that they could not afford. Having worked for the former printing company in a managerial position for several years, this owner manager had acquired experience in working in various departments. When it closed down in 2008, the managerial employees were offered payment in kind. This is how this owner manager procured the start-up capital for his venture.

His early customer base was the same customers (companies) that his former employer used to serve. Hence, this was just a matter of taking over the same customers with whom he had established good working relations over the years. Over time, some of the customers defected to other competitors though he also managed to acquire several new small order customers. In response to the competitive environment, he has expanded his product base. The company currently prints various products that include calendars, diaries, books, pamphlets, wedding cards and business cards. The SME does not advertise its products in order to reduce costs but it uses targeted door to door marketing of approaching specific potential customers to lobby for jobs. In addition, it always participates in various tenders that appear in the newspapers.

Profile of SME Six

The company commenced operations in March 1992 and currently has a total employee compliment of 29 excluding the three founding directors. The company is located in Msasa industrial business area that is about 18 km to the north east of Harare. It is in the manufacturing sector and specializes in the manufacture, assembly, retailing, (including transportation and installation of sold items), and repair or servicing of several engineering products that include grinding mills (hammer mills) and engines, peanut butter machines, oil pressing machines, electric mortars and all the accessories or parts. Some of the required parts are imported from various countries that include Zambia and South Africa. Their products have a reputation of being durable. It competes with less than ten similar sized companies

that and several entrepreneurs who import their engines mainly from China for sale in Harare.

Profile of SME Seven

This company is located in the central business district of Harare and consists of the founding partner and seven professional assistants who are all lawyers by profession. All the lawyers have valid practicing certificates that were issued by the Law Society of Zimbabwe. In addition, there are six other employees. The company was established in January 2005 and is a registered law firm in terms of the Legal Practitioners Act. It provides a range of services that include the following: a) litigation in criminal and civil matters, b) notarial services, c) conveyancing, d) execution and administration of deceased estates, e) labour law consultants, f) corporate law, g) advocate services, h) commercial law, i) company liquidations and j) arbitrations. The founding owner has a wide range of experience in the legal fraternity that spans several years and was acquired from working in legal companies before he decided to blow his own whistle.

The vision of the company is to become the market leader in the provision of comprehensive consulting and litigation services in the legal profession. The mission is to grow the business by providing the clients with security, superior and reliable service through highly motivated and dedicated employees on terms that ensure sustainable returns and long term financial growth and stability. The core values are stated as diligence, integrity, accountability and transparency.

Profile of SME Eight

The legal firm is located in the central business district of Harare and is one of the several businesses in the legal services sector. It provides a wide range of services namely conveyancing, corporate law, property law, labour law, criminal law, international law, environmental law, commercial law, litigation, arbitration, matrimonial and family law, administration of deceased estates, human rights and notary publics. In compliance with the law of the country, the company does not advertise its services but it does so indirectly by issuing free calendars and business cards to clients. The partnership law firm had a total staff establishment of eight people consisting of three lawyers and five employees when the interview was conducted between the researcher and one partner in 2016. However, when the

researcher returned to the partner in 2017 for verification of the accuracy of the write up of the interview conducted with him during the previous year, the company had changed its name which had three lawyers and four employees. All the lawyers including the founder have valid practicing certificates that were issued by the Law Society of Zimbabwe. The company started operations in 2010. The respondent has experience in both legal issues and the strategic management process.

Profile of SME Nine

This SME was registered in 2010 and it is located in Budiriro phase two high density area that lies about twenty four kilometres to the south east of the city of Harare. Budiriro township consists of various phases where the City Council of Harare allocated people residential stands of different sizes. The role of the council was to service the area by providing roads, sewerage facilities, and tap water while the Zimbabwe Electricity Supply Authority (ZESA) provided tower lights, electricity lines and transformers to light up the place. It is here, at one of the areas designated for a shopping centre where the retail shop is located. The shop is rented by the owner of the business. Discussions by the researcher with him revealed that since the area was new, there was growth potential, hence the operator sought to take advantage of the opportunity to get established ahead of others. Construction activities were underway at the time of conducting the interviews and the operator indicated that it was cheaper for local residents to purchase their building requirements locally than to travel twenty four kilometres away to the city even though prices in the city were slightly cheaper. The business owner, a middle aged man acquired some experience from working for one of the retail shops that had closed down shop in Harare. He often used his own pick-up truck to transport stocks from city suppliers with the assistance of his sons. He had three employees excluding himself but the employees do not handle cash or operate the till as this is the preserve of the owner. The employees conduct other assignments that include loading customer's vehicles, bringing various items to the customers from the warehouse, surveillance for thefts and provision of security.

Profile of SME Ten

This SME is located in Budiriro phase one high density area shopping complex which lies about twenty two kilometres to the south east of the city of Harare. The

business is operated by the owner manager with the assistance of two employees in addition to the two sons of the owner who occasionally come to assist their father. It was registered in the year 2009 and started operating towards the end of the same year. The business is in the retail sector and it focuses on the sale of a very large variety of motor vehicle spares.

Discussions with the owner manager revealed that he once worked for a similar company which is still in operation but resigned to start his own venture after gaining some experience. This was also prompted by the large turnover which he saw at his former employer and hence sought to emulate that success story while taking advantage of the new location with comparatively little competition that had been opened up for residential accommodation by the Harare City Council. Budiriro is an area that is still growing since people are still constructing their houses. In addition, most households have tenants who own vehicles. As a result of inadequate parking places at the residential places, there are several overnight vehicle parking areas that were designated by the Harare City Council but are operated by individual entrepreneurs who provide security twelve hours a day for a fee. Based on the customer care and the passion that the owner was observed displaying by the researcher, it appeared he was not regretting the decision to start his own venture. He has a policy of confining the till operation or cash handling to his sons and himself alone at the exclusion of the two employees.

Profile of SME Eleven

The company is located in an industrial area opposite the low density residential area of Hatfield about ten kilometres to the east of Harare and a few metres from the Harare to Chitungwiza highway. It started operations in 2007 after completing the registration process under the companies Act in the same year. The business specializes in panel beating, spray painting, auto electrical repairs, maintenance and servicing of all types of motor vehicles. At the time of conducting the interviews, the total number of employees including managerial employees was twenty five which consisted of both males and females. The operations manager revealed that the company believed that employees should be ingrained with a culture that serves the customers efficiently and effectively since it is the customer who is the custodian of providing the SME with business. This culture is even more important

in an environment that is characterized by the collapse of companies and rising unemployment. Hence, communication with the customers in their capacity as the indispensable stakeholders about any problems that might hinder the company's ability to provide the required service on time is considered to be paramount. In addition, he indicated that the employees tend to follow, respect and comply with a culture more than they do with rules or even policies.

Profile of SME Twelve

The SME is located at the shopping centre of one high density residential area which lies about fourteen kilometres to the west of Harare city centre and about three kilometres off the Harare to Bulawayo highway. The business commenced operations in 2009 and in 2016 it had four male employees including the owner manager. It is a highly stocked retail sector pharmacy that specializes in the sale of different medicines and drugs. The owner manager is a pharmacist by profession who acquired business experience by working for in a similar capacity for a similar organization in the past. He rents the building premises which are open for business at different hours for seven days a week from Monday to Sunday. Though fully stocked to capacity, he decried that some of the medications and drugs had price controls and hence the business had to survive on a small profit margin derived from high turnover.

Profile of SME Thirteen

The milling department of this SME commenced operations in 2000 as a diversification strategy by the owner after his purchase of a functional good second hand grinding mill (hammer mill) when he had realized that the size of his rented business premises was being reduced as the owners had requested to use the space for something else. Other core businesses that were in operation since 1998 were the full time repair of motor vehicles and the seasonal repair of lawn mowers that was mainly done during the rainy season about 17 km to the north east of the central business district of Harare. The milling enterprise that is staffed by two full time employees is located at a different shopping complex. In addition to the Milling business, the owner operates a small retail store that is operated by his wife while the motor vehicle and lawn mower businesses together have 5 full time employees though the sons of the owner often provided assistance to the repair business on an ad-hoc basis when they were free.

The Milling business that was the subject of the interview is in the manufacturing sector and specializes in grinding all grains such as maize, rapoko and sorghum to mealie meal. In addition, maize, which is the major grain that is crushed to produce mealie-meal for human feed is also crushed into feeds for chickens. The enterprise was a hive of activity in view of the facts that there was only one competitor at the same shopping complex. The SME is located near a high density catchment areas had a large population of maize growing people and prices of maize meal in the nearby shops and supermarkets were far more expensive compared to growing or purchasing maize grain and grinding it to produce mealie-meal that is the staple food for Zimbabwe. Hence, the two full time employees hardly obtained some rest during the working hours that spanned from 7:30 am to 6:00 pm seven days a week. The owner was never in the habit of keeping any documents about the company profiles, operations of the businesses and did not possess any knowledge about strategic planning though he was endowed with experience in managing all the business operations.

Profile of SME Fourteen

The SME founder and owner rents a small office in the city centre of Harare where he can be found most of the time if he is not in his private vehicle which he uses to follow up his fleet of five commuter buses. He has ten employees that consist of the driver and the conductor of each of the five vehicles. The business is in the service sector of transportation where the vehicles ply the different routes from the city to the residential areas of Harare. Business is most brisk during the early hours of the morning when commuters are going to work and after 4pm when commuters go back home from Monday to Sunday as well as the rainy seasons. However, the returns are determined by the competition on each of the routes that the commuter buses (kombis) ply. The owner manager inherited the business from his late father since he is the eldest son but operations were commenced by the late father in 2009. He looks after his widowed mother, younger brothers and sisters as well as his wife and children.

Profile of SME Fifteen

The business commenced operations in 2007 when the country was still using the Zimbabwe dollar as the official currency. It is a family business that is owned and

managed by a husband and a wife, is in the manufacturing sector and specializes in the sewing and selling of school wear or uniforms for various schools located mainly in Harare and Mashonaland West provinces. The sewing factory is located in Harare in one of the buildings near the main post office. This office has a retail outlet but the SME has another retail outlet in the small town of Chinhoyi which is in Mashonaland West province and 115 km from Harare. The SME has a total employment of twenty two people including the husband and wife owners.

The SME was formed after the family had identified a growing market in school wear following the expansionary education system in Zimbabwe after independence. Indeed the government went into a massive programme to expand the education system as primary school enrolment increased by 84.7% from 1,235,994 in 1980 to 2,283,340 in 1989 while enrolment in secondary schools rose by 767.8% from 74,966 to 650,552 during the same period. The number of primary schools also increased by 43.4% from 3,161 in 1980 to 4,532 in 1989 while secondary schools increased by 670.1% from 197 in 1980 to 1,517 in 1989 (Central Statistical Office December 1990 Quarterly Digest of Statistics). The family indicated to the researcher that this venture was a risk or a gamble in view of the facts that the family did not have the necessary experience, there was a proliferation of school wear vendors in Harare who were competing on low prices for those products while their start-up capital was mobilized from their parents as well as soft loans from close friends and other relatives since they lacked the necessary collateral to approach banks for large loans.

The family team alternates on marketing errands to various schools where they engage the heads of the schools but the researcher observed that such errands were mainly conducted by the wife while the husband mainly remained to manage the Harare retail outlet. The SME indicated that they did not have any documentary reports about the company profile and both admitted that they did not possess any academic knowledge about the strategic planning process though both have amassed a lot of experience in running the business over the years. In addition, the products manufactured that were seen by the researcher during the time of the interview in the retail outlet were of good quality and were sold at competitive prices.

Profile of SME Sixteen

The SME is located in the main vegetable market of Mbare musika in the high density residential area of Mbare that lies in a walking distance of about three to four kilometres to the east of the central business district of Harare. The fresh produce business is in the retail sector and specializes in the sale of various types of fresh produce that include vegetables and fruits. Producers from various areas of the country are the main suppliers of this market where they supply in large quantities at wholesale prices. The SME buys from these producers, repackages the produce into small quantities that are convenient to individual household customers and sell the produce at retail prices. The business started operating in 2009 with only three employees excluding the owner but had grown to a total of six employees who consist of two men and four women. In addition, the owner has three other market places, one in the central business district of Harare and two in the medium density residential areas of Cranborne and Braeside that are located about two and three kilometres respectively from the city centre. It is a family business where family members of the owner often assist by distributing the stocks purchased from the wholesalers to the retail outlets every morning and conducting driving errands to the retail outlets to collect the cash from sales every end of the day. They also take stock of the sales daily when collecting cash and assessing the level of demand for all the types of produce at each market place.

Profile of SME Seventeen

The SME commenced operations in 2010 and is based in both the central business district of Harare and the high density area of Glenview 3 which is located about 20km to the south east of the city. At the Glenview3 shopping centre, the flea market only operates over the weekends where all such businesses pay daily fees to the City Council of Harare. The business is in the retail sector and was registered after the owner completed university education but failed to secure satisfactory employment. He is a discouraged worker who, though economically active, had given up on looking for a job because of poor prospects of employment. This is what motivated him to establish his own business which he initially managed with the assistance of his brothers and sisters as he could not afford to pay adequate wages for the workers. However, at the time of conducting the interview, he had

three permanent employees. The only experience that he possessed was acquired during the one year attachment at one of the companies when he was still studying for his international marketing degree programme.

Profile of SME Eighteen

The company is located in the central business district of Harare and it started operations in 2012. It has three branches that operate from different buildings and floors that are shared with several other different entrepreneurs in order to manage rental costs that cannot be afforded by the husband and wife founders, owners and joint managers. At the time of conducting the interviews, the company had nine permanent employees and three contract workers. The company is in the retail sector and it focuses on the sale of a large assortment of clothing and footwear for men, women and children including toiletries, haberdashery and toys.

Discussions with the founder managers revealed that the business was most brisk a few days before the valentine day of 14 February of each year. Hence they decided to reposition to take advantage of this opportunity by stocking items that they knew were most popular for that occasion and always decorated their premises or spaces with the red colour. In addition, they adopted the strategy of reducing prices of valentine's day products a few days before that day to enhance competitiveness and capitalize on sales volumes when the city of Harare was frenzy about purchasing for their loved ones. After this day, they always reverted their prices to match those of their closest competitors. The husband entrepreneur indicated that he had acquired the necessary experience while working in Bulawayo (the country's second largest city) for a company that closed shop some years back and had always been keen to start his own business.

The family team alternates whenever they travel outside the country to import the necessary stocks and never travel together on the same mode of transport. This is done to ensure that one of them remains behind to manage the business when one is away and to mitigate the risk of possible accidents that can adversely affect the welfare of their children and extended family dependents. Since the company relies on imported merchandise, the managers decried the announcement of statutory instrument number 64 that placed an import embargo on various categories of merchandise as well as the introduction of bond notes that resulted in the

disappearance of foreign currency, especially US dollars in the country. In addition, they indicated that it had become difficult to get foreign currency from financial institutions and they had to rely on the parallel market whose rates were much higher in spite of the government regulation that the official exchange rate between the bond notes and the US dollars should remain at Z\$1 = US\$1. This situation was not conducive to the sustainability of the business.

Profile of SME Nineteen

The SME is located about 20km to the south west of the city of Harare near the high density residential area of Dzivaresekwa township. It is a furniture manufacturing business that commenced operations in 2011 and specializes in the production of various types of wooden items that include chairs, desks, tables, cabinets and wardrobes. The company is a cooperative and an amalgamation of several individual entrepreneurs who had lost their jobs when their large scale furniture manufacturing companies in Harare had closed down. They then each contributed their tools, machinery and equipment in order to start the new venture. The cooperative business had fifty five members or workers in 2016 who share the profits every month. The interview was conducted with the manager who is the major shareholder and who had spearheaded the formation of the company. The business was allocated operating premises by the city council of Harare where they pay monthly rentals. The business often benefits from the Government's indigenization programme for the youth through the receipt of loans at concessionary interest rates to buy the required material inputs such as timber as well as some necessary machinery and equipment.

Profile of SME Twenty

The company is situated about sixteen kilometres to the west of Harare and is located a few metres away from the Harare to Bulawayo highway in the small light industrial area of Tynwald. This is a family business that is in the manufacturing sector and specializes in the manufacture of various types of home and office wooden and metal furniture. The specific products that are made include school and office desks, chairs, wardrobes, tables and cabinets. The company had seventy employees who included the owner manager, as at the time of conducting the interview. The employees included contract workers mainly university students who were on attachment for one year. Besides being cheaper to employ, the owner

manager indicated that there was a symbiotic relationship between the students and the company since the students gained practical experience while imparting theoretical knowledge about various areas such as strategic planning, accounting and risk management. The company was registered under the companies act in 2009 and started operation during the same year though it had fewer employees at that time. It has since grown from a small company to a medium sized company based on the number of employees.

The owner does not advertise the company's products since he considers advertisement costs in either the print or electronic media to be too expensive and prohibitive but has earned a reputation of ability to produce durable and good quality products. As a result of this reputation, it has managed to secure some regional supply contracts in addition to winning domestic supply tenders from several large retailers and institutions in the country. Though he neither possesses higher education academic qualifications nor knowledge about strategic management, he is endowed with vast experience that was acquired some years back from working for a number of large furniture manufacturing enterprises. In addition, the growth of the business hinges on its employment of people with relevant expertise in various disciplines. He is a strict disciplinarian who is task oriented especially where specific deadlines have to be achieved and practices management by walking around. Hence, the company's lunch hour spans for only 30 minutes as opposed to the one hour that is practiced by other businesses and he encouraged his employees to consume their lunch at the work place. Though conservative about the company's success, the flamboyant cars that the researcher saw being driven by him and his wife as well as the were seen by the low density area that he indicated to own his residence persuades any casual observer to conclude that the business is on the growth highway.

3.14 Chapter summary

The chapter commenced with a presentation of the various research philosophies and the research approaches. It then proceeded to provide a summary of the research methodology that was based on the semi-structured interview approach for all the twenty case studies. The discussions were all conducted by the researcher alone and the fifteen questions that were discussed were all based or derived from

the Wheelen and Hunger (2012) strategic management model. The chapter culminated with the presentation of each of the twenty case studies.

CHAPTER FOUR

Findings of the study

4.0 Introduction

This chapter presents the findings of the case studies based on the fifteen questions that were discussed with the respondents. Most of the findings are summarised and presented in tabular form. In some of the tables, the summarised findings are followed by numbers such as 1a, etc. Where there are such numbers, the first number refers to the case study number such as case study number one. The letter after the number refers to the first item of the case study such as (a). This was done to ensure that all the responses were captured as well as avoid repetition and omissions. The percent in each table reflects the percentage out of the total number of responses that were captured. For instance, in table 21, the 35.0% is obtained by dividing 7 by 20. The frequencies in the tables are presented in descending order to facilitate appreciation of the importance of the response to the reader except for the frequencies for the items labelled other.

The researcher was of the opinion that all SME owners or managers were articulate about the strategic management process by virtue of their experience in running the SMEs, hence their inclusion in the sample that was based on the purposive sampling technique. However, as the interview progressed, it turned out that the researcher was in for a rude and disappointing awakening as some of the respondents demonstrated that they were not articulate about some issues though all of them were very cooperative. It showed that experience in managing a SME is not the same thing as knowledge about the strategic management process. Some of the issues on which they even acknowledged their ignorance were about the generic business (competitive) strategies. However, the researcher proceeded to capture their responses as uttered from the horse's mouth. In general, the majority of SMEs did not follow the strategic management process as highlighted by the Wheelen and Hunger (2012) strategic management model and as done by large organisations. In addition, all SMEs were affected by risk related challenges.

4.1 Profile of case studies

The research covered twenty case studies of small and medium size enterprises (SMEs) that conduct business in Harare. The total number of medium sized enterprises that were covered (those with more than 50 employees including the founding directors but excluding the children of the owner-managers since they sometimes only provided assistance on an ad-hoc basis) was two, namely case study number 19 (with 55 employees) and case study number 20 (with 70 employees) while the remainder were small enterprises. Medium sized SMEs represented ten percent of the total sample. The only case study that was represented by a husband and wife team was case study number 15 though the wife was an attentive listener during the interview process. The number of employees of each of the case studies ranged from three to seventy. The SMEs covered a total of six sectors or subsectors that consisted of seven in the retail sub sector (supermarket, building and electric hardware, motor spares, pharmacy, fresh produce, flea market, clothing and footwear); six in the manufacturing sub sector (printing, engineering, milling, school wear, two in furniture business); two in the financial services sub sector (insurance, savings & credit cooperative); two in the transport sub sector (transportation, motor vehicle panel beating & repairs); two in the legal services sub sector (law firms) and one in the advertising services sub sector. Table 21 below summarises the profile of the sub sectors covered.

Table 21: Profile of the sub sectors covered

Sector or sub sector	Number	Percent
Retail (supermarket; building & electric hardware; motor spares; pharmacy; fresh produce; flea market; clothing & footwear)	7	35.0%
Manufacturing (printing; engineering; milling; school wear; two in furniture business)	6	30.0%
Financial services (insurance; savings & credit cooperative)	2	10.0%
Transport (transportation; motor vehicle panel beating & repairs)	2	10.0%
Legal Services (law firms)	2	10.0%
Advertising services	1	5.0%

Total	20	100.0%
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The case studies consisted of fifteen questions that were designed to understand the extent to which the Wheelen and Hunger (2012) strategic management model was being practiced by SMEs. The interviews were done between 14 January and July 2016 after the researcher had obtained ethical clearance from the University of KwaZulu-Natal. However, follow up discussions continued up to February 2017 to clarify some issues and present the written proceedings of the discussions to the respondents for their verification on whether the discussions had been correctly captured. Discussions were held with either the owners or the managers of the SMEs. A total of 17 interviews (85% of the sample) were conducted with male owners or managers, two interviews (20% of the sample) were held with female owners while one interview or 5% of the sample was held with a family that consisted of both the husband and the wife together. The detailed individual case study questions and answers are attached in the appendix.

The respective questions that were asked as well as a summary of the major findings are as follows:

Environmental scanning phase

4.2 External environment factors monitored and frequency:

4.2.1 External environment:

4.2.1.1 Societal environment:

All the twenty respondents of the twenty case studies indicated that they scanned or monitored the political and legal variable of the external environment as well as the economic variable though they focused on different elements of these variables. Fourteen of the twenty SMEs (case studies 1,2,3,4,5,6,7,8,11,13,14,16,19,20) that constituted seventy percent of the sample indicated that they did not monitor the socio-cultural variable of the external environment while three of the SMEs (those numbered 7,8,14) which constituted fifteen percent of the sample indicated that they did not monitor the technological variable of the external environment. Scanning of the task environment was done on a daily basis by one SME (case study number 7 or 5% of the sample) while three SMEs (case study number 2, 17 and 18 or 15% of the sample) scanned the task environment on an ad-hoc basis and

the remainder conducted task environment scanning continuously, monthly or as an on-going exercise. Details are summarized below:

4.2.1.2 Political and legal factors:

All the respondents in all the twenty case studies indicated that they scanned the political and legal variable of the external environment while fifteen case study respondents (75% of the sample) abided by the laws such as tax laws, by-laws by the municipality, rules, regulations and statutory requirements that were required by the authorities to avoid negative legal implications or consequences of non-compliance. Eighteen case study respondents or ninety percent of the case studies revealed that they were or tried to remain apolitical and non-aligned to any political party to facilitate serving all customers without fear or favour. This enabled them to take advantage of opportunities that arose while minimizing any threats as different governments could change. However, behind the scenes they or any of their employees were free to be members of any political party and even vote for the party of their choice. They therefore did not discuss politics at work. Two case study respondents that constituted ten percent of the sample revealed that they were active members of the ruling political party and were of the view that it was the politics that drove business since the current ruling political party had been in power since independence in 1980. In this respect, they went as far as denouncing opposition parties in public and wore party regalia such as T shirts and caps to facilitate taking advantage of opportunities that arose while minimizing any threats that could arise from being labeled a member of the opposition.

Three case studies or fifteen percent of the sample indicated that they monitored changes in the labour laws or rules. One case study respondent or five percent of the sample cited the recent example that employers were allowed to terminate the employment of their employees after giving them only three months notice period and this resulted in most workers going home empty handed if the company did not have the financial resources to pay them as and when the employees left. Another case study respondent or five percent of the sample explained that the authorities included the Law Society of Zimbabwe who had the power to deregister the legal companies if for example they were found to have abused the trust accounts by the external auditors. In addition, legal firms were not allowed by law to advertise for

business and this adversely affected publicity to potential customers. It therefore meant that legal firms had to devise other means to ensure that the public knew about them.

Two case studies (10% of the sample) emphasised that their companies specialized in the sale of clothing, footwear and communication gadgets that were imported from various countries that included the United Arab Emirates (Dubai), China, Tanzania, Zambia, Mozambique, Malawi and South Africa. They were also concerned about their safety and did not enter countries with political unrest, terrorist activities or negative attitudes about Zimbabweans at that particular time. They cited the example that when there was xenophobia or afrophobia in South Africa, they did not go there until the situation was calm. In this respect, they monitored the attitudes of the local people about foreigners before going to any country and they obtained the necessary information from various sources such as the press, internet and the embassies of those countries. They also checked about items not allowed at the foreign borders and did not carry any such things that were illegal. Trade regulations and products exempted from import duties by the Zimbabwe Revenue Authority (ZIMRA) at the border were also monitored.

4.2.1.3 Economic factors:

Ten case study respondents that represented fifty percent of the sample indicated that they monitored the wages and salaries for the various sectors of the economy that were published in the press though one respondent who represented five percent of the sample indicated that they did not necessarily abide by the requirements but paid the employees what they could afford depending on the business generated. The respondent added that the employees appreciated the situation since it was better to get a little from employment than to be completely out of work in this volatile economic environment as they had families to feed yet most big companies were struggling and closing down. The respondent revealed that he was also once employed by a big furniture manufacturing company where he gained some experience but the company had collapsed.

Another factor that was monitored by nine case studies or forty five percent of the sample was the rate of inflation but one SME or five percent of the sample added that of late, prices had generally been stable and in some cases were going down.

Other factors that were monitored included the rate of unemployment in the country and this was highlighted by five case studies (25% of the sample). Some respondents often used contract employees because they were cheaper. Bank interest rates were monitored by 25% of the sample while exchange rates were monitored by 30% of the sample. Focus was mainly on the exchange rates that prevailed between the US dollar and currencies of Zimbabwe trading partners especially for SMEs that imported their stocks. If they were to order stocks from outside the country, the SMEs first checked the prices charged by various external suppliers. One SME that constituted five percent of the sample indicated that they imported their commuter buses from Japan and had to monitor external supplier prices, reliability of the external suppliers, condition of the vehicles and delivery dates using the internet. Two SMEs that represented ten percent of the case studies that were in the business of printing and the manufacture of school wear respectively indicated that they monitored tender advertisements for printing tenders and the manufacture of school wear such as school uniforms that appeared in the press and participated in the tenders as guided by the published requirements. This forced one of the respondents to read various newspapers but mainly bought the Herald newspaper almost every day.

The other factors that were highlighted by two of the case studies (10% of the sample) were membership of the country to regional trade groups and regional trade agreements between Zimbabwe and other Southern African Development Community (SADC) members or even with some countries in the Common Market for Eastern and Southern Africa (COMESA) region since the SMEs imported some of the required parts from Zambia. They were therefore interested in knowing equipment and machinery that was imported duty free. Customs rummage sales, availability and prices of required parts from various car breakers, changes in the salary payment dates by various employers and changes in the gross domestic product of the country were the other economic factors that were mentioned by the respondents. Climate changes, the drought situation and its effects on the economy were also highlighted by three SMEs or fifteen percent of the sample.

4.2.1.4 Socio-cultural factors

The Socio-cultural variables that were monitored by the SMEs are summarised in table 22 below:

Table 22: Summary of socio-cultural variables monitored

Socio-cultural variable	Frequency	Percent
We do not monitor anything.	14	70.0%
Whenever we travel outside the country to import we first familiarize ourselves with the language of the local or foreign people of Zambia or South Africa especially the way they greet other people.	4	20.0%
Population growth rate in the country and in Harare.	1	5.0%
Growth of schools that we serve in terms of class room construction, students enrolments and school population.	1	5.0%
Total	20	100.0%

4.2.1.5 Technological factors

Table 23: Summary of technological variables monitored

Technological variable	Frequency	Percent
Availability of the latest available technology or products in the industry such as till machines, alarms to deter thieves, engines, embroidery machines, cell phones, tablets, ipads, iphones and new medication.	15	75.0%
We do not monitor anything	4	20.0%
Network availability at some of the remote based suppliers places, availability of gadgets that can easily access the remote based suppliers, distance and road accessibility to some of the suppliers.	1	5.0%
Total	20	100.0%

4.2.1.6 Task environment factors:

The task environment for eleven of the case studies (55% of the sample) revolved around an analysis and comparison of the activities of the competitors. The SMEs regularly checked the prices charged by competitors, the market interest rates and loan repayment periods, the nature of credit facilities provided or insurance rates

charged by competitors for similar or identical products that they sold. They then adjusted their prices as they saw fit after taking into consideration the cost of materials, stocks or inputs, cost of capital or any other variables in order to remain competitive or viable. Some of the respondents also monitored the availability of cheap labour but often relied on contract employees mainly university students on attachment for one year. In addition they tried to be different from their competitors in terms of service delivery. They also monitored input supplier prices, promotions and discounts for necessary inputs, offers from input suppliers in the country, SADC and COMESA countries promotions for bulk purchases and took advantage of economies of scale in order to remain competitive.

Ten case study respondents that comprised 50% of the sample indicated their respect for their customers since business viability was all about the customers. Three of the respondents (15% of the sample) respected the customers as part of their culture while two of the respondents (10% of the case studies) indicated that they had customer suggestion boxes that were opened on a regular basis then considered and implemented the suggestions made. One of these respondents emphasised both the importance of the customers and the gravity of ignoring their requirements by indicating the following quotation.

“One day, a friend took me along a path that passes through the graveyards. And there, on one of the graves, was written the words, ‘here lie the remains of so and so who died maintaining his right of way.’ He was right, dead right, but now, he is as dead as if he was wrong. Yes, you can be right, dead right, as you speed along with your argument, but in as far as convincing your customer is concerned, it can be as futile as if you are wrong. So, in business, you should learn to give way to the needs of your customers, even if you may have the right of way. Remember, entrepreneurial graveyards are full of entrepreneurs who failed to take heed to the specifications or requirements of their customers” (Case study nineteen).

Two case study respondents who comprised ten percent of the sample acknowledged that they did not always buy and read the newspapers regularly as a result of limited financial resources. They therefore often relied on important competitor business information and advice from various sources that included distant competitors, fair weather friends and relatives. However, not all advice

received from the various sources was considered to be sound as indicated by the quotation from one of the respondents below:

“However, we do not always accept the advice from the horse’s mouth as it is since some advice may be misleading. Hence, there is need to scrutinize any advice and only accept it with a grain of sand, a pinch of salt or even diplomatically reject it as a shovel of nonsense” (Case study six).

One SME respondent (5% of the sample) provided a lecture and indicated that the task environment consisted of various elements that included the competitors, creditors, customers, employees, labour unions and shareholders. However they did not necessarily monitor all of those elements. Since there were only three employees in their company, they used the focus strategy. Their focus was mainly on three sectors namely the financial sector, the technology sector and the services sector. They then selected specific companies in those sectors and then targeted the information gathering process for those few companies. They first examined the products that they produced then moved on to assess the advertising products and materials produced by competitors for the companies that they had targeted. They mainly obtained their information for those companies from the Zimbabwe Stock Exchange (ZSE), the press as well as any other legal sources. The ZSE was cited as one of the major sources of information since it was difficult to get information about other companies in Zimbabwe. They conducted extensive research for the target companies up to as far as the advertising decisions made, budgets and how the decisions and budgets were reached?, who made the key advertising decisions?, what was his or her position in the company and who should be approached in order to get things moving? They gathered as much information as possible for the target companies and followed the strategic management process as much as possible.

One SME respondent that constituted five percent of the sample indicated that they regularly monitored the medical products supplied for free by the government and international community and new medical products being developed for the treatment of various diseases.

One SME respondent in the transport business who represented five percent of the sample revealed that they regularly checked the prices paid by the commuters, revenue targets set by competitors, ability of the drivers to achieve the set targets

for different routes, number of commuter buses or kombis on the various routes and the amount of bribes demanded by the police for various traffic offenses, charges for insurance of vehicles and fines set by the government for the various traffic offenses.

Another case study SME that represented five percent of the sample indicated that they regularly checked the number of pupils enrolled by their regular customers for form one classes and A – level classes to assess the level of potential demand, prices charged by competitors for similar or identical products that they manufactured and sold as well as prices of sewing materials of different suppliers based in town. They also checked on the availability of discounts provided by different suppliers for bulk purchases in order to take advantage of any economies of scale as well as the quality of materials that the suppliers provided.

Another factor that was monitored was the availability of fresh produce and reliability of the fresh produce suppliers to provide the supplies, availability of discounts for bulk purchases and transport charges or costs to the suppliers. The existence of rivalry of the competitors or cooperation at the different operating premises for the business, changes in demand for various types of produce and perishability of the produce were other issues that were monitored.

One SME respondent revealed that though competitor prices were used as the benchmark, the selling prices were all negotiable but there was a minimum selling price to keep the business viable as they did not go below that reserve price. Some customers made specifications on products that they wanted designed and the SME tried to follow the specifications. In general the SME manufactured basic furniture such as affordable wardrobes, kitchen units, beds and small coffee tables. Though the focus was on such products, they occasionally, manufactured products on demand but the customers had to pay some deposit as commitment fees to ensure that one was serious and would come to collect his or her product and then complete the payment latter. In addition they tried to make products that were different and more appealing to customers than those of their competitors in terms of the design. Monitoring of the task environment process was done as an ongoing

exercise, done on an ad-hoc basis, done as and when necessary or in some cases every day.

4.3 Identification of threats and opportunities

Though all the participants indicated that the process resulted in the identification of some threats and opportunities, seventy percent (70%) indicated that the process was not done in a formal way. It was not documented as they relied on their experience of doing the business and was done either when necessary or as an ongoing exercise. Fifteen percent (15%) of the case studies revealed that the process was well documented, another fifteen percent (15%) indicated that there were more threats than opportunities while ten percent (10%) had a strategic plan document in place that was reviewed once after every five years.

4.4 Internal environment factors monitored and frequency

The responses to the issue about the internal environmental factors that were monitored by the SMEs are summarised in table 24 below.

Table 24: Summary of the internal environmental factors monitored

Internal environment factors monitored	Frequency	Percent
Two issues namely the culture and resources i.e. the financial, material and human resources and culture of doing business. Resources include financials or cash, stock levels, material inputs, rate of depletion or sales of various products, quantities of inputs that are required to produce some level of output, material and the human resources. The culture is that the customer is always the king. All employees are very friendly to all customers or respect all customers and always greet them and give the elders a place to sit. Increase of licence fees by the city council, rentals by the landlord of our premises, their impact on our business and financial resource base. (Cases 1,2,5,9,10,11,12,13,14,15,16,17,18,19,20)*	15	75.0%
Three issues namely the structure, culture and the resources i.e. human, material and financial resources. As a culture we consider the customer to be king or very	3	15.0%

friendly to all customers. (Cases 3,4,6)*		
Financial resources only. (Cases 7,8,)*	2	10.0%
Total	20	100.0%

Note *: Where there are numbers and a letter such as 1a etc, the number represents the case study number while the letter (a) represents the first response.

Seventy five percent of the sample of SMEs revealed that they monitored only two factors namely the resources and the culture of doing business. The resources included the financial, material and human resources while the culture was one of respecting or treating all the customers as the king. Only three of the SMEs that represented fifteen percent of the sample monitored all the three factors of structure, culture and resources while two of the SMEs or ten percent of the sample monitored the financial resources alone. Though sixty five percent of the sample of the case study respondents did not indicate the frequency of monitoring of the internal environment factors, twenty five percent of the sample revealed that the monitoring process was done monthly or was an ongoing exercise, five percent indicated that this was done very often while another five percent indicated that this was done on a regular basis.

4.5 Identification of strengths and weaknesses

All the twenty SMEs participants indicated that the process resulted in the identification of some strengths and weaknesses. Seventy percent indicated that the process was not done in a formal way. It was not documented as they relied on their experience in doing the business and was done as an ongoing exercise. Fifteen percent of the sample revealed that the process was well documented, another fifteen percent (15%) indicated that there were more threats than opportunities while ten percent had a strategic plan document in place that was reviewed once after every five years.

4.6 Major strengths, weaknesses, opportunities and threats (SWOT)

Table 25: Summary of major strengths for the twenty case studies

Strengths	Frequency	Percent
Competent, experienced and very friendly employees.	20	29.85%
Location that is easily accessible.	17	25.37%

Owned operating premise with no rentals, appropriate and reliable machinery or reliable vehicle fleet.	5	7.46%
Strategic location(s) for a large and the right market.	3	4.48%
Long opening hours that stretch from Monday to Sunday every day.	3	4.48%
Operating from more than one premise in the central business district as well as the high density areas where the majority of people or customers reside.	2	2.99%
Use of very small shops. Only the owner is behind the counter and this limits the incident of thefts. Rentals are therefore not exorbitant due to the small size of the shop or space.	2	2.99%
Provision of credit facilities to some customers.	2	2.99%
Others (Sum of strengths issues with a frequency of one for each)	11	16.42%
Total Strengths	67	100.02%

All the twenty respondents showered praises for their employees in terms of their competence, experience and commitment to their work and friendliness to customers. The respondent for case study thirteen expressed this strength as follows:

“Very friendly employees who respect and greet the elders as per our culture then give them a place to sit while they wait for the milling process.”

Table 26: Summary of major weaknesses for the twenty case studies

Weaknesses	Frequency	Percent
Inadequate financial resources that limit growth.	20	39.22%
Rented premises with expensive monthly rentals some of which are large premises.	16	31.37%
Loss of key employees and cooperative members through natural turnover, illness or HIV/AIDS related deaths.	4	7.84%
Both inadequate resources and liquidity risk due to cash shortages in the country.	2	3.92%

Focus on the use of softwood due to unavailability of machinery and equipment to shape hardwood.	2	3.92%
Small premises where customers queue outside. Impatient customers leave if the weather is not good.	2	3.92%
Others (Sum of weaknesses with a frequency of one for each)	5	9.80%
Total Weaknesses	51	99.99%

All the twenty case study respondents highlighted the weakness of inadequate resources that prohibited their organisations from growing as fast as they desired. Two of these SMEs (10% of the sample) were further crippled by liquidity weaknesses. The respondent for case study sixteen expressed this weakness as follows:

“Inadequate financial resources that prohibit the company from growing as fast as we may desire. Financial resources can never be enough.”

Table 27: Summary of major opportunities for the twenty case studies

Opportunities	Frequency	Percent
Large pool of cheap labour due to closure of companies, rising unemployment, availability of university students on attachment and new labour laws of 2016 that enable easy firing at short notice.	25	37.88%
Cheap imports due to favourable exchange rates or appreciation of the currency i.e. the US dollar being used by the country and depreciation of currencies of trading partners.	12	18.18%
Rising demand for business due to various reasons that include starting of new companies and acquisition of assets such as motor vehicles that require insurance, literate population that is quick to buy medication for various ailments than rely on traditional medication, resistance to change social behaviour resulting in diseases, the local community that is growing and purchasing furniture products, etc.	6	9.09%
Competition between suppliers leading to reduction in	3	4.55%

prices.		
Local timber inputs availability from the eastern highlands.	2	3.03%
Government support by way of free maize distributions in times of drought and free supply of medication such as Anti-Retroviral drugs (ARVs) for the HIV/AIDS epidemic.	2	3.03%
Proliferation of automatic vehicles that result in traffic congestion and accidents on the roads.	2	3.03%
Others (Sum of opportunities with a frequency of one for each)	14	21.21%
Total opportunities	66	100.00%

The opportunities were all derived from the external environment but some of them were both opportunities in one way but threats in terms of their consequences. Seventeen out of twenty or 85% of the sample highlighted that Harare was characterized by rising unemployment that had created a large pool of cheap labour from which the SMEs could easily hire contract employees. This situation afforded the businesses the opportunity for cost management. For instance, one respondent described one of the opportunities as follows.

“There is a large pool of cheap labour arising from the rising unemployment situation in the country” (Case study one).

Another respondent described the rising unemployment situation in the country as a threat as follows:

“The economy has not been performing well and both the government and local authorities have not been able to create employment opportunities or a conducive operating environment. This has resulted in the closure of companies and rising unemployment which is in turn negatively affecting our business as commitment to pay insurance premiums by clients is seriously compromised” (Case study two).

Table 28: Summary of major threats for the twenty case studies

Threats (summarised)	Frequency	Percent
Load shedding by Zimbabwe Electricity Supply Authority (ZESA). Erratic water supply or supply of	24	17.65%

dirty water by the local authority.		
Downturn in the economy due to various factors that include rising unemployment, companies closing down, climate changes and the drought.	18	13,24%
Operational risks arising from various reasons such as failed or inadequate systems, policies, people (thefts and fraud by either the employees, customers together with the security guards) and external events such as fire or rains.	12	8.82%
Rising rental charges or costs for operating premises by landlords.	8	5.88%
Interest rate risk due to large borrowing rates by banks and small deposit rates that discourage savings.	7	5.15%
Corruption by law enforcement agencies and middlemen who demand bribes and kickbacks.	7	5.15%
Competition due to identical nature of products traded.	6	4.41%
Unavailability of loans due to absence of the required collateral.	6	4.41%
Delays in receiving salaries by employers or inability of the Grain Marketing Board (GMB) to pay farmers on time for produce delivered.	5	3.68%
Nature of rivalry between competitors that result in either cooperation or competition.	5	3.68%
Imports embargo arising from the implementation of Statutory Instrument number 64 of 2016 by the Government.	4	2.94%
Absence of insurance for either the premises or products and under insurance against fire or damage.	3	2.21%
Zimbabweans have become religious and sometimes resort to the use of either prayers or juju to enhance sales.	3	2.21%
Liquidity risk problems affecting the country.	3	2.21%
Credit or default risk by customers due to various reasons.	2	1.47%

Introduction of bond notes that has catalysed the disappearance of the US dollars in the country.	2	1.47%
Delays in receiving imports for various reasons that include transporters and requirements at the border or inefficiency by the Zimbabwe Revenue Authority (ZIMRA).	2	1.47%
Traffic congestion on the roads especially during peak hours due to reasons that include poor state of the roads and vehicle accidents.	2	1.47%
Changes in the labour law by Parliament that result in easy firing of labour and rising unemployment in the country.	2	1.47%
Others ((Sum of threats with a frequency of one for each)	15	11.03%
Total threats	136	99.72%**

Note** Rounding errors prohibited the percentage to become 100%

All the threats consisted of a combination of external environment factors over which the SMEs had no control and risk related issues over which some of the SMEs had the capacity to put in place some risk mitigation strategies. The respondent for case study one described one such threat as follows:

“Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects perishable products in the refrigerators.”

The same respondent explained why mitigation for this threat was partly effective as follows:

“The problem of load shedding by the Zimbabwe Electricity Supply Authority still continues and our generator is not designed to operate for long hours. So the solution was partly effective” (Case study one).

Seventy five percent of the case study respondents highlighted the problem of erratic water supply and the provision of dirty water by the city council of Harare. They indicated that the water was unsafe for drinking and thus created a potential health hazard.

Thirteen out of twenty or 65% of the sample indicated that one of their threats was the rising unemployment situation in Harare that was adversely affecting the demand for their products.

Forty percent of the SMEs highlighted the problem of corruption either as a challenge or a threat though one SME classified corruption as both a challenge and a threat. This problem was perpetrated by law enforcement agents as well as middlemen in different businesses.

Twenty five percent of the respondents (five case studies) highlighted the risk of destruction of their property and the resultant huge losses in the event of fire since the SMEs operating premises were crowded. Some of them also indicated that this risk was magnified by the absence of insurance for both their premises as well as the products that they produced in addition to the slow reaction by the Harare city council's fire brigade whenever disaster struck.

One respondent (5% of the sample) explained that

“Our attempt to seize opportunities from the jaws of the threats was an episode of trial, tragedy and triumph by an entrepreneur leading an assembly of partially experienced but enthusiastic and determined colleagues who are all united by the desire of minding our own business” (Case study five).

One respondent (5% of the sample) was superstitious about the causes of the declining demand for products and stated that,

“Relations between people can change every day as a result of jealousy. Zimbabweans have become more spiritual and religious. As you may be aware, Jesus was reported to have said that hate is the shadow of fear and revenge is the mask of cowardice. This sometimes results in the use of witchcraft, magic or juju by some competitors on our produce and this can result in the decline of demand. However, even when we suspect the use of such malpractices by alleged enemies, the witchcraft suppression act prohibits us from taking any legal action or pointing a finger at anybody” (Case study sixteen).

Strategy formulation phase

4.7 Trigger events and guidelines for formulating or review of the vision and the mission statements

The responses to the issue above are summarised in table 29 below.

Table 29: Trigger events for formulating the vision and mission statements

Trigger events for formulating the vision and mission	Frequency	Percent
There is no vision or mission statement. We do not do any strategic management as it should be done but changes in the operating environment and the laws affect the company.	10	50.0%
Changes in any laws that may affect the company.	5	25.0%
No trigger events since we never formulate any written vision or mission statement but we desire to remain in business and grow.	4	20.0%
The non-conducive external environment in which the business is operating triggers the formulation of the vision and the mission statements but the company does not have any specific guidelines.	1	5.0%
Total	20	100.0%

4.8 Frequency of formulating or reviewed the vision and mission statements in the past five years and the reasons thereof

The responses to the issue above are summarised in the table 30 below.

Table 30: Frequency of review of vision and mission in last five years and the reasons

Case Study	Review frequency in last 5 years	Reasons for review/not reviewing
1	Zero since 2005	Not provided
2	Zero	No trigger events

3	Zero since 1993	Not provided
4	Zero since 2012	Company not yet five years old
5	Zero since 2011	To review later in 2016
6	Once in 2009	Country had adopted a multi-currency system that stabilized the hyper inflationary environment.
7	Zero	No vision & mission. No strategic management done formally
8	Zero	No vision & mission. No strategic management done formally but had a corporate planning retreat in 2015 to examine the challenges being encountered.
9, 17	Zero since 2010	Not provided
10,11,12,14	Zero since 2009	Not provided
13	Zero since 2000	Never formulated any vision or mission since 2000
15	Zero since 2009	Nothing formulated or reviewed since 2009. Though I have a vision in my mind, there are no written vision and mission statements.
16, 20	Zero since 2009	Never formulated any vision or mission statements since 2009
18	Zero since 2012	Not provided
19	Zero since 2011	No vision & mission. No strategic management done formally

None of the case study respondents had reviewed the vision or the mission statements in the past five years. However, only one case study respondent that represented five percent of the sample indicated that the last review was done in 2009 when the country adopted the multi-currency system that was dominated by the use of the US dollar in violation of their company policy that stated that reviews had to be done once in every five years. The reason for the review in 2009 was that the adoption of the multi-currency system had stabilized the hyper inflationary environment. Another SME indicated that though there was no review during the

past five years, the company had conducted a corporate planning retreat in 2015 to examine the challenges that were being encountered.

4.9 Rationale for and guidelines for the review of the corporate objectives and strategies. Types / levels of strategies available.

The responses to the issue above are summarised in table 31 below.

Table 31: Availability of guidelines, corporate objectives, corporate strategies and business strategies

SME	Review guidelines	Corporate objective	Corporate strategy	Business strategy
1	None	The ideal is to make profits	Growth	Differentiation, Cost leadership or both
2	None	Survival	Discuss issues with influential people	Do not know
3	Based on external environment	Growth if optimistic but Stability if pessimistic	Growth	Competition
4	None	Profitability	Growth	Focus
5	None	Profitability	Growth	Cost leadership
6	None	Profitability. The ideal is stability or survival	Not provided	Differentiation, Cost leadership or both
7	None	Profitability	Not provided	Focus
8	None	Profitability	Not provided	Not provided
9,10	None	Profitability	Growth	a) Cash sales; b) Small mark-up & high turnover; c) Cost leadership
11	None	Profitability	Growth	a) Prompt panel

				beating & allow insured vehicles to be collected without full payment b) Deposit for non- insured & under insured vehicles
12	None	Growth	Growth	None
13	None	Profitability	Growth	Competition
14	None	Profitability	None	Competition, Cooperation or both
15	None	Profitability	Growth through vertical integration	Competition
16,17,18	None	Growth, Profitability or both	Growth	Cost leadership, Cooperation or both
19	None	Growth, Profitability or both	None	Focus
20	None	Growth	None	Differentiation, Cost leadership or both

Nineteen case study respondents (95% of the sample) did not have any guidelines for the review of the corporate objectives and strategies.

Sixteen respondents (85% of the sample) indicated corporate objectives with an element of making profits alone or in conjunction with others. Two case study respondents (10% of the sample) had growth alone while one respondent (5% of the sample) indicated that the corporate objective was survival. However, one respondent was vague since his response was that the following strategic planning seminar would make the decision though the seminar was expected to decide on

growth if it was optimistic about the external environment but decide on stability if the seminar members were pessimistic about the environment.

The most popular corporate strategy was growth as revealed by thirteen respondents of the case studies (65% of the sample). Three of the respondents (15% of the sample) revealed that their companies did not have any corporate strategies while another fifteen percent did not specify any. The respondent for case study two (5% of the sample) appeared not to be sure about what their corporate strategy was since his response was as follows:

“We approach people who can influence others in our community informally and discuss any issues that we consider to be necessary such as the importance of having insurance for various businesses to enable our business to survive as a strategy.”

The specific responses to the question relating to the types or levels of strategies that were used are summarised in table 32 below.

Table 32: Types or levels of generic business strategies used

Generic competitive strategy	Frequency	Percent
Cost leadership, differentiation or both	3	15.0%
Cost leadership, Cooperation or both	3	15.0%
Competition	3	15.0%
Focus	3	15.0%
Cost leadership plus other	2	10.0%
Do not know / Not specified	2	10.0%
Competition, cooperation or both	1	5.0%
Cost leadership	1	5.0%
None	1	5.0%
Other	1	5.0%
Total	20	100.0%

Nine case study respondents that represented forty five percent of the sample used a combination of two business strategies, thirty five percent of the sample relied on only one business strategy while the remaining twenty percent of the sample indicated other non-generic strategies, had none, did not know or did not specify the

strategies used. One respondent (5% of the sample) acknowledged that they did not have any knowledge about types or levels of strategy that may be available since they were not academics.

4.10 What is formulated or reviewed first between strategies and policies and reasons thereof.

The findings to the issue above are summarised in table 33 below.

Table 33: Priority of formulation between strategies and policies

Response and case study	Frequency	Percent
Strategies (Cases 1, 4, 6,9,10,11,13,15,18)	9	45.00%
Policies (Cases 2,3,5,12)	4	20.00%
Words strategy and policy are used interchangeably (Cases 7,8,14,17)	4	20.00%
Strategies and Policies are set at the same time (Cases 16,19,20)	3	15.00%
Total	20	100.00%

The majority or nine respondents (45% of the participants) indicated that they formulated the strategies first and then the policies later. One main reason for this was that they believed that the strategies were the means to achieving the objectives and hence strategies were of higher priority compared to the policies in terms of achieving the set objectives. In addition, the strategies were supposed to guide the policy formulation process so that there was no conflict between the strategies and the policies though the latter were the rules of the company designed to maintain discipline, law and order at the workplace.

The respondent for case study one, one of the nine proponents of formulating the strategy ahead of the policy had this to say.

“We believe strategies should be set prior to policies since they are supposed to guide the policy formulation process. The implementation phase is the stage that defines the success or failure of the company. Unlike manufacturing companies that are being adversely affected by cheap imports from the rest of the world, our supermarket is presented with an opportunity of competition between manufacturers and wholesalers of similar products. Once we budget the amount that should be used to purchase various fast moving consumer goods (FMCG) stocks, the owner or

whoever goes to procure the stocks is empowered not to religiously follow the specific budgets. For instance, suppose we have budgeted to spend \$200 on washing detergents that should last for two weeks, the buyer may unexpectedly come across say a sales promotion by the wholesaler of say 40% discount on some other product say toothpaste that we had not even budgeted for and the promotion may last for that day alone. The buyer is empowered to spend \$100 on the toothpaste and use the remaining \$100 on detergents whose stocks could then last for only one week instead of two weeks. Since the retail business is characterized by very small margins but driven by high turnover, the business will certainly make faster sales on the toothpaste based on lower prices compared to that of competitors since the stocks were also procured at lower prices than normal. In all such cases we then require the buyer to immediately make a written justification report of that decision which the owner and other team members consider and ratify resulting in a precedent for future similar decisions. So the strategy of empowerment of the buyer supports the policy of quick turnaround in decision making by a frontline agent to make fast procurement decisions that take advantage of any opportunities in this volatile environment. This empowerment strategy also supports the main objective of profits or survival. Unlike in large companies, violation of the budgets before formal approval may result in disciplinary action such as dismissal or suspension of the buyer and this partly explains why some large companies are losing business to the competitors resulting in company closure and/or liquidation” (Case study one)

However, four of the participants (20% of the sample) indicated that they formulated the policies ahead of the strategies. One of these participants (the respondent for case study three) explained that though he was aware of the strategic management process that formulated the strategy ahead of the policy, he was of the view that this was not appropriate in this country since the country respected policy more than strategy. He explained that if any strategy violated some policy, there was a tendency that one would simply be told that this was not the company policy or country policy since policies came from the top officials of the business or country, were based on the laws and were like the rules. He stressed that one should remember that the third edition of the Cambridge Advanced Learners Dictionary (2008) defined policy as

*“a set of ideas or a plan of what to do in a particular situation that has been agreed **officially** by a group of people, a business organisation, a government or a political party e.g. the EC common foreign and security policy. The same source defined*

strategy as a detailed plan for achieving success in situations such as war, politics, business, industry or sport or the skill of planning for such a situation” (Case study three).

He emphasised that though the two definitions were similar in terms of the word plan which appeared in both definitions, the word official was missing in the definition of strategy. Hence, he was persuaded to think that in the strategic management models, policies were supposed to be set ahead of strategies and the latter were not supposed to violate the policies.

He went further to explain the importance attached to any country’s foreign policy as an example as follows:

“Suppose the country’s foreign policy prohibits companies in the country from exporting to say country Y and you are a company in that country that has complied. Suppose your corporate objective is say to increase profits by a specific percentage and the corporate strategy is to charge premium prices on some specific product that is exported to interested companies. What would you do? You would not export to country Y even if the buyers there have offered premium prices which accomplish the strategy that would enable achievement of the corporate objective in violation of the corporate and country foreign policy. I have given you a practical example because I know that if you access a loan from the Arab Bank for Economic Development in Africa (BADEA) that is based in Sudan, one of their policies is that beneficiaries of these loans should never import any machinery or equipment from Israel, otherwise the loan facility will not be approved by the authorities based in Sudan” (Case study three).

He proceeded to explain that in the same way, in 2014 Zimbabwe and other COMESA countries agreed on a policy to prohibit cheap chicken imports from Brazil because it had been discovered that Brazil was preserving the chickens using the same chemicals as those used for corpses of dead human bodies and this caused cancer to people who consumed such chickens. This meant that even though chicken traders wanted to make more profit on chickens, they had to respect the policy ahead of the strategy because of health reasons which was the major concern of the COMESA countries. Otherwise the importing companies would face prosecution from their respective countries for violating the policy.

The other participant (the respondent for case study five) justified this when he argued that page 18 of the CZI manufacturing survey report of 2013 indicated that

“...it remains to be seen whether the Industrial Development Policy (IDP) will achieve the overall objective of restoring the manufacturing sector’s contribution to GDP from 15 percent to 30 percent and its contribution to exports from 26 percent to 50 percent by 2015” (Case study five).

Based on this, he was of the view that the policy was the means to achieving the objective and was therefore supposed to be formulated ahead of the strategy and that was what their company was doing. He however stressed that strategies should never violate company policies and the two should work in harmony. That is why industrialists in Zimbabwe were always pleading with the government to put in place policies that protected the local industry to achieve growth. In addition, policies were like rules or laws that should always be obeyed by all employees of the company and the employees were supposed to know the company policies without fail. Another participant (case study two) made reference to the Indigenisation Policy of Zimbabwe that required that in cases of joint ventures between local and foreign companies, local companies had to have a 51% shareholding while the remaining 49% would go to the foreign company. This was a policy that had to be complied with by all businesses ahead of any strategies.

Other four respondents that constituted 20% of the sample were in the habit of using the words strategies and policies interchangeably in their companies and the two words were just semantics. Both words were means or ways of achieving something. One case study indicated that

“...We say the strategy is to focus on labour law cases but this means the same as the policy is to focus on labour law cases” (Case study seven).

Another case study stated that

“...The strategy which is also the policy is to focus on all types of cases that come our way and this includes labour law cases, criminal law cases and conveyancing. Since the economy is dynamic, we can no longer afford to focus on any particular legal business because of the dynamic operating environment” (Case study eight).

Finally, three of the case studies that constituted 15% of the sample indicated that strategies and policies were equally important to their businesses. They had the same weight and were therefore formulated at the same time.

Strategy implementation phase

4.11 Determination of the budgets and the responsible people.

The responses to the first part of the question that requested to understand how the budgets for each programme were determined are summarised in the table 34 below.

Table 34: Variables considered in coming up with the budgets.

Variables considered in determining the budgets	Frequency	Percent
Costs from suppliers, percent mark-up, stock levels, rate of sales. (Case study number 1,4,9,10,12,14,15,20)	8	40.0%
Costs from suppliers, perishability of the different types of produce, the demand and supply situation at the various operating places, availability of the financial resources, profit margin for each type of produce, small percentage mark-up, quantities of the specific types of products that should be ordered from the suppliers, stock levels for various products, rate of sales. (Case study number 16,17,18,19)	4	20.0%
Overhead costs. (Case study number 2,8,13)	3	15.0%
Availability of funds, average loan sizes, costs of programmes, priority given to most important things to deliver core business, satisfy customers and keep business going. (Case study number 3,5)	2	10.0%
Zero based budgets, corporate objectives and costs. (Case study number 6,7)	2	10.0%
Costs, small percentage mark-up, various budgeting policies that are in place. (Case study number 11)	1	5.0%
Total	20	100.0%

The responses to the second part of the question that sought to understand who conducted the budgeting process are summarised in the table 35 below.

Table 35: Who conducts the budgeting process?

Who conducts the budgeting process	Frequency	Percent
Owner in liaison with the team members. Owner has final say.	11	55.0%
Owner alone	3	15.0%
Budget committee approves the budgets	3	15.0%
Each department generates its own budget and inter departmental meetings then consider and approve the budgets	1	5.0%
The partners together as a team	1	5.0%
The manager of every department in liaison with the employees. Finally, there is a budget committee that considers and approves all the annual departmental budgets before they are consolidated into one annual budget.	1	5.0%
Total	20	100.0%

One respondent who unilaterally conducted the budgeting process provided the following explanation.

“I cannot budget for any revenue though I have different revenue sources because I do not know how much I will receive. Hence, what I call budget are only the costs that I have to pay from money that is currently available since I know all the overheads. They include rentals for the premises, electricity and water charges, wages for employees, groceries for my family as well as school fees for my children. I have a safe at home where I keep my money and I do not keep any at the bank because I may suddenly require it for emergencies when the banks are closed for business” (Case study thirteen).

4.12 Availability of procedures for all major activities and frequency of their review or amendment.

A total of sixteen case studies which constituted 80% of the total indicated that there were no procedure manuals for all the major activities. In the case of legal

firms, each partner advised the others or the secretary where one was going. For the rest of the SMEs, each employee or team member simply had to consult or get permission from the owner to do the major duties that included leaving the business premises for any reason, selling anything on credit to specific customers or going for leave. The owners generally encouraged the employees to seek the permission personally since most owners or partners were almost always at the work place every day. However, in exceptional cases, the owners or partners provided the permission through the phone. The remaining 20% of the case studies revealed that there were procedure manuals available for all the major activities and the manuals were reviewed and updated either as and when considered necessary or at least once every year. One SME (5% of the total) indicated that the purpose of the review was to try to do the right thing the first time and to empower all the employees to come up with decisions on how they could improve the processes. Another SME (5% of the total) revealed that the review was done by each department.

4.13 Major challenges encountered during strategy implementation

The major challenges that were encountered during the process of strategy implementation are summarised in table 36 below.

Table 36: Major challenges in strategy implementation

Summarised responses on major challenges	Frequency	Percent
Indiscipline by some employees who come late or never turn up for work yet all employees are aware of their job descriptions and the conditions of service.	13	13.83%
Default risk by customers	10	10.64%
Shrinking demand due to economic downturn, climate changes or the drought. Zimbabwe had become a nation of traders that was quick to embrace regional trade agreements. Therefore, there was little productive activities or value addition by the remaining large manufacturing companies. In addition, the rains that came in some areas came late in terms of the normal farming season. We thank God that the country was using other country currencies that could not be manipulated by printing money and	9	9.57%

quickly loose value, otherwise there would be hyper-inflation as what happened in 2008.		
Erratic and expensive supply of electricity and water	8	8.51%
Liquidity risk arising from various factors that include delays in payment or abrupt changes in salary payment dates by employers of some customers	8	8.51%
Loss due to accepting fake currency notes	7	7.45%
Operational risks and loss through various reasons that include fire and rain.	5	5.32%
Interest rate risk due to high borrowing rates from banks	5	5.32%
Corruption and demand for bribes or kickbacks by middlemen or law enforcement agents.	3	3.19%
Thefts even if we employ some security guards. Some of them may be conniving with the thieves to steal.	3	3.19%
Perception risk about the company	2	2.13%
Proliferation of automatic vehicles that induce some people to drive without licences and contribute to negligence, accidents and traffic congestion. Poor road infrastructure.	2	2.13%
Loss of data due to computer viruses	2	2.13%
Miscalculation of customer tastes resulting in either shortages or excess supply of products sold.	2	2.13%
Delays by the Grain Marketing Board (GMB) in paying farmers some of whom are our customers which in turn delays payment.	2	2.13%
Long turnaround in the repairs of vehicles and grinding mill machinery.	2	2.13%
Staff loss due to various reasons that include retrenchments, resignations and deaths.	2	2.13%
Others (Sum of challenges that have a frequency of 1 each)	9	9.57%
Total*	94	100.01%

*Note: The column 3 total has exceeded 100% due to rounding off figures.

The most frequent challenges were those of operational risks arising from the commissions or omissions of the employees and this was highlighted by thirteen SMEs or sixty five percent of the sample.

One respondent (5% of the sample) highlighted that

“It should be noted that strategic management is sometimes likened to the Biblical Moses who led the children of Israel out of Egypt to the Promised Land. Along the way, there was Pharaoh’s army to contend with, there was also the red sea to cross as well as the desert that had no water to cross. These were the risks that could prevent Moses and the children of Israel from reaching the Promised Land or achieving their objective if they were not managed or mitigated. Hence, strategic management and risk management have a strong relationship.” (Case study four).

One respondent (5% of the sample) specified that

“Some of the items that are manufactured here are sometimes modified in response to the many customer compliments and few complaints about issues such as the quality of workmanship and durability of the products. However, customers are not always consistent. For example, one customer who once expressed displeasure with the durability of our coffee tables in the presence of four other customers returned the following month to pay an advance deposit for five more coffee tables for her retail furniture shop downtown” (Case study nineteen).

4.14 a) Activities done by the company to resolve the challenges

Several mitigation strategies were put in place by the SMEs to address the challenges most of which were risk related challenges. Some of the mitigation strategies for the challenges above are explained below but these solutions do not cover all the challenges since the category of others has not been included. Readers who may be interested in the specific mitigation strategies for each case study as well as the category of others are referred to the specific detailed questions and answers for each case study in the appendix.

- a) Loss as a result of accepting fake currency notes in the form of United States dollars as well as South African rands was addressed through the purchase of fake currency note detectors during the early days of using the foreign currency. However, as time went on due to experience, most SMEs owners and managers or employees were able to distinguish a fake currency from a genuine currency

without the use of fake currency note detectors by mere visual glancing at the currencies. The use of fake currency note detectors was extremely effective for all the SMEs that purchased and used them.

- b) Indiscipline by employees who were in the habit of either coming to work late or never coming at all was addressed through disciplinary action based on the policies of the SMEs. The disciplinary action included advising the workers to wake up early in order to avoid delays resulting from police roadblocks or traffic congestion, giving both verbal and written warnings that they risked losing their jobs, placing the employees on indefinite unpaid leave, deduction of wages or salaries for the period the employees were absent from work and firing the employees and replacing them with either other permanent or contract workers. The use of disciplinary action was generally effective in addressing the challenge. The SME respondents also indicated that all the employees were aware of their respective job descriptions and conditions of service since these were availed to them upon assumption of their duties.

One SME owner explained his duty of effecting disciplinary measures as follows:

“In as much as the government is expected to provide a conducive operating environment for businesses, the SME owners should also provide a good working environment for the employees and act like a father to the children. The father is not like a great and supreme bookkeeper who is chiefly engaged in making damaging entries against his erring children, debit entries of indiscipline and mistakes to be used against them when he subsequently sits in judgement upon them as the just judge of the children or employees. At the same time, the father is not a lax, loose or foolishly indulgent parent who is ever ready to condone indiscipline and recklessness. The father should create a working environment that does not stagger under the guilt of complaints without compliments, power without conscience, wealth without work and pleasure without restraint” (Case study one).

Another respondent justified taking disciplinary action on employees as follows.

“Our disciplinary action is effected by myself alone as the owner but is based on the conditions of service and is fair and impartial. Though justice is upheld, it is also my duty never to let justice destroy what mercy can save. We spend most of our time here at work and end up understanding each other, including even one’s personal problems encountered at home. So naturally, we are patient and sympathetic to each

other. Remember, no one is perfect since we all make mistakes in our lives. However, mercy on employees also has some limits especially when the customer has been inconvenienced” (Case study twenty).

- c) The challenge of erratic supply of electricity and water was still a thorn in the flesh of SMEs and some of them did not do anything about it as they could not afford to purchase electric generators. Those that bought generators in order to continue business and sometimes save perishable foods from deterioration indicated that the generators were not designed to operate for very long periods such as 24 hours since in some cases there was no electricity for that long. The other challenge was that in the absence of electricity, there was also no water supply since electricity was required to pump water. In addition, the water was sometimes dirty and undrinkable. Efforts by the local authority by way of supplying water using water bowsers partly mitigated the challenges but were not enough to completely resolve the problems.
- d) In order to reduce the default risk by customers the SMEs reduced the use of credit sales and insisted on cash sales. In some cases litigation was used as a last resort as this method was time consuming, expensive or not worth it due to the small amounts involved. However, one SME was unable to do anything because of the nature of the products sold namely medication that had very close expiry dates. If the medication had to be sold before the expiry dates and if most of the customers did not have the cash, it was wise to sell the medication before the expiry dates on credit then follow up on repayments since after expiry, the medication would be thrown away resulting in losses. In another case study, schools were the major customers of the school wear. The SME indicated that most of the schools had a policy that all school wear had to be purchased by the school children from the school and not from elsewhere. This forced the school wear SME to supply the schools with the school wear on credit and the schools would in turn sell it on behalf of the SME to the school children at some mark up in order to make a profit. Some of the schools would then default on paying the SME for the school wear but there was no option since the SME wanted to increase sales. Hence nothing could be done to mitigate the default risk.

- e) On interest rate risk the SMEs lodged complaints with their bankers about the large disparity between bank lending rates and deposit rates to no avail. The Reserve Bank of Zimbabwe also appealed to the banks on several occasions to review their rates but there was no response. As a result most SMEs no longer borrowed money from the banks.
- f) Liquidity risk. Nothing was done to mitigate the liquidity risk as it was affecting the whole economy. Some of the customers who were also companies had policies on payment approval bureaucracy that could not be changed by the SMEs. Since they had done business with some of the customers very well in the past for a long time, they simply continued to remind and plead with the customers to pay as soon as they received some money. The SMEs indicated that they understood the problems and sympathised with the plight of their customers and that is why they had to remain patient in the face of delays in payment. They did not want to over react and take drastic action against the customers because they risked losing some of the customers for ever when the economic situation normalised in the future. Meanwhile, they did not charge any interest for overdue payments.
- g) Perception risk. One SME indicated that they continued to educate the potential clients about the purpose and advantages of having insurance policies for property at schools and business forums but they did not advertise in the press or television because of limited liquidity and budgets and this was an uphill task. The only insurance policies that most people possessed and appreciated was life assurance policies because they knew that one day they would surely die. In addition, they had seen buses and vehicles from large life assurance companies such as Nyaradzo, Doves and Moonlight burying their parents, relatives and friends at various graveyards. However, they were partly successful. The other SME did not do anything about the challenge or advertise due to unavailability of funds. They indicated that they did not have the machinery or equipment to use on hardwood, hence they always used softwood when making furniture but that was not very durable and could easily break down when not handled with care especially by the children. Whenever that happened, the customers would question their expertise and skills and were therefore finding it difficult to address the resultant perception risk.

- h) The challenge of miscalculation of tastes of the customers about the products or sizes required by the market that often resulted in either shortages or excess supply was difficult to address. The SMEs indicated that they sometimes only went out to purchase specific products or sizes that had specific orders. However, if the customers who had given specific orders were desperate, they would buy from elsewhere before the SMEs had come back from their shopping trips and the customers would end up not buying extra products from the SMEs. That is why the SMEs were in the habit of requesting the customers to pay some deposit for the orders as commitment fees but still some customers came and requested their deposits and told the SMEs that they had purchased from elsewhere because they could not wait. This then resulted in excess supply. However, having shortages was not a major challenge because the SMEs could always make more orders as long as they were still in business.
- i) Shrinking demand due to economic downturn, climate changes or the drought was not addressed. Subdued demand was a result of various factors that included closure of companies, rising unemployment and movement of people or customers to other places, towns and countries in search of employment and nothing could be done about this by the SMEs as this was beyond their control and was affecting the whole economy. Climate changes and the drought affected even dams and boreholes which were the major water supply sources for the fresh produce suppliers when these water sources dried up. This in turn affected the supply of produce and drove prices up as a result of the forces of supply and demand. Even in times of normal fresh produce supplies, the subdued demand could not be addressed if the economy was in a downturn and characterized by rising unemployment.
- j) The reduction in the number of cooperative members as a result of retrenchments, deaths and natural staff turnover was addressed depending on the cause but there was no success. The SMEs ran awareness campaigns about the HIV/AIDS epidemic to mitigate the number of AIDS related deaths but this did not mean that all the members would change their social behaviour. There was nothing that could be done about staff retrenchments because it was the prerogative of the employer to downsize and right size when the economic environment was not conducive to

doing business. Within a period of six months one SME lost a total of 500 members as a result of retrenchments by the employer. The problem of natural staff turnover was being addressed through recruitments of both permanent and temporary employees as the need arose.

- k) The loss of data as a result of computer viruses was addressed. The SMEs were in the habit of scanning the computers using up to date anti-virus software. They no longer allowed the employees to use personal memory sticks or flash disks. They also conducted regular back up for all the information that they had. One SME indicated that at one time the laptop hard disk crashed and they lost all the data but some information was later recovered using the hard copies that they had printed.
- l) The challenge of power surges that affected or damaged equipment was successfully resolved through the purchase of power surge protectors to protect the equipment.
- m) Corruption. This problem was not addressed by any of the SMEs and was on the increase. It came in various forms and was perpetrated by law enforcement agents themselves who demanded some bribes or the middleman who also demanded some kickbacks for giving or recommending business to the SMEs. Since the SMEs were in desperate situations either to avoid the law or to get business, they were often vulnerable and ended up paying the bribes though there was often room for negotiation about the amounts of bribes or kickbacks that were paid. Bribes or kickbacks often significantly reduced the profitability of the SMEs yet the bribe takers did not have any overheads to pay.
- n) Various mitigation strategies were employed to address the operational risks or loss from thefts, mysterious cash disappearances, fire, fraud and rain. One SME indicated that the employee who was caught in the act of theft was suspended from work pending firing since they ended up engaging the police to institute criminal charges. Another SME stated that nothing was done about alleged thefts if the commuter bus driver and conductor had achieved their daily or monthly revenue

targets but the owner often reviewed and raised the daily or monthly revenue targets if he believed that the targets were too low. If the bus crew was not comfortable with the new targets, the owner would fire them and employ a new crew because there were a lot of drivers looking for employment. Though some of the SMEs employed security guards, they were of the view that the employment of guards overnight to watch over the premises was not effective because thefts were still continuing. They believed some of the security guards connived with the thieves to steal from the business. In order to mitigate the problem of mysterious cash disappearance, the SME owner indicated that they no longer gave change to people who were not their customers and this had become one of the company policies. The most popular strategy to guard against loss from fire, fraud and rain on the premises, products and material inputs that was generally agreed by other SMEs but not implemented for various reasons was to have insurance policies. The reasons for not implementing this strategy included the following. i) They could not take insurance for the premises as individuals because there were many SMEs who operated from the premises and had to all agree and make some contributions. If some of the operators were not willing to take insurance, it meant that they would all continue to operate without insurance. ii) Some did not have insurance because they did not have the financial resources to pay for comprehensive insurance. However, even if they had the financial resources, they did not take the risk of fire or any disaster seriously. They believed that other disasters may or may not happen and this was like gambling and they did not want to lose money unnecessarily. Hence, the only insurance policy that they had and that they considered to be necessary was life assurance policies for themselves and their families because they knew that one day they would surely die.

- o) Accidents, traffic congestion, poor road infrastructure, negligence, machinery breakdown. The reaction to these problems was as follows: i) Nothing could be done to prevent accidents from happening. The best that was done as mitigation was to employ drivers who had defensive driving certificates and ensure that all the vehicles were insured as required by the law but this did not stop the accidents from happening. Some of the accidents were not a result of the fault of the drivers but of other reasons such as the poor state of the roads which was beyond the control of the SMEs. They indicated that they sometimes conducted occasional prayers

whenever the vehicles were hired to transport commuters for long distances. This was not unusual since even cross border buses such as Intercape also always sought divine intervention and requested someone to pray to God before the journeys commenced from Harare to Johannesburg in South Africa. In some cases when they experienced above normal accidents, the owners hired prophets to conduct some prayers or even traditional healers to exorcise evil spirits and the effects of juju or witchcraft by some enemies. ii) Nothing could also be done by the companies about traffic congestion, number of accidents and the increasing number of imported automatic vehicles that were easy to drive which were sometimes driven by drivers who did not have driver's licences. iii) The SME that experienced frequent machinery breakdown of their engine indicated that they serviced the diesel engine at regular intervals and had stopped the use of borehole water which had a lot of lime for cooling purposes since the lime would block the water ways and this had partly addressed the challenge.

- p) There was nothing that the SMEs could do about the delays by the Grain Marketing Board (GMB) in paying farmers some of whom were the SMEs customers. The payment delays lasted for several months and they adversely affected business. The GMB finally managed to pay for the grain delivery whenever the Government managed to overcome the liquidity challenges that she was experiencing.
- q) The problem of absence of skills or expertise to repair automatic vehicles, loss of key employees and a long time taken to repair or get the supplies was difficult to address. The staff turnover problem was normal and could not easily be addressed. There was massive brain drain as most experienced people were leaving the country and going to other countries in search of employment opportunities and this contributed to the shortage of skills in the country. The SMEs addressed this by hiring mechanics from other companies to come and assist in the repair of these automatic vehicles or engines at a cost but they only came as and when they managed to get the time. In some cases, the suppliers of the necessary spare parts sometimes had to import spares which could take long to arrive. The repair turnaround time was therefore beyond the control of the SMEs.

- r) Intense competition due to identical products traded. The competition resulted in declining sales revenue, reduced profits and sometimes resulted in losses. Nothing could be done about the problem of high competition because Zimbabwe had become a country of traders as a result of economic hardships. The SMEs sometimes invited prophets to conduct prayers or even traditional healers to exorcise some evil spirits that they thought affected business.
- s) The strategy of reducing prices to a maximum of the cost prices was indeed very effective in attracting customers. Most customers however queried if the medication was effective and why the medication had suddenly become cheaper than that sold by other competitors. Customers only bought the medication after the SME had explained to them the true reasons for reducing the prices to a maximum of the cost levels in the name of clearance sales.

4.14 b) Extent of the effectiveness of the solutions to the challenges

The extent of the effectiveness of the solutions to the challenges that were encountered are summarised in table 37 below.

Table 37: Effectiveness of the solutions in addressing the major challenges

Major challenges	Effective	Not effective	Partly	Total
Employees indiscipline who come to work late or never come	10=76.92%	2=15.38%	1=7.69%	13=100%
Default risk by customers	4=40.00%	4=40.00%	2=20.00%	10=100%
Shrinking demand due to economic downturn, climate changes or the drought. Zimbabwe had become a nation of traders that was quick to embrace regional trade agreements. There was therefore little productive activities or value addition by the	0	9=100%	0	9=100%

remaining large manufacturing companies. In addition, the rains that came in some areas came late in terms of the normal farming season. We thank God that the country was using other country currencies that could not be manipulated by printing money and quickly loose value otherwise there would be hyper-inflation as what happened in 2008.				
Erratic and expensive supply of electricity and water	0	5=62.50%	3=37.50%	8=100%
Liquidity risk arising from various factors that include delays in payment or abrupt changes in salary payment dates by employers of some customers	0	7=87.50%	1=12.50%	8=100%
Loss due to accepting fake currency notes	7=100.00%	0	0	7=100%
Operational risks and loss through various reasons that include thefts, mysterious cash disappearance from the till, fraud, fire and rain.	0	5= 100%	0	5=100%
Interest rate risk due to	0	5=100%	0	5=100%

high borrowing rates from banks				
Corruption and demand of bribes or kickbacks by middlemen or law enforcement agents.	0	3=100%	0	3=100%
Thefts even if we employ some security guards. Some of them may be conniving with the thieves to steal.	1=33.33%	2=66.67%	0	3=100%
Perception risk about the company	0	1=50.00%	1=50.00%	2=100%
Proliferation of automatic vehicles that induce some people to drive without licences and contribute to negligence, accidents and traffic congestion. Poor road infrastructure.	0	1=50.00%	1=50.00%	2=100%
Loss of data due to computer viruses	2=100%	0	0	2=100%
Miscalculation of customer tastes resulting in either shortages or excess supply of products sold.	0	2=100%	0	2=100%
Delays by the Grain Marketing Board (GMB) in paying farmers some of whom are our customers which in turn delays payment.	0	2=100%	0	2=100%
Long turnaround in the	0	2=100%	0	2=100%

repairs of vehicles and grinding mill machinery.				
Reduction in number of cooperative members or staff loss due to retrenchments, deaths and natural staff turnover.	0	1=50.00%	1=50.00%	2=100%
Others (sum of challenges with a frequency of 1 each)	2=22.22%	4=44.44%	3=33.33%	9=100%
Total	27=28.72%	54=57.45%	13=13.83%	94=100%

The majority of the solutions (57%) that were put in place by the SMEs to resolve the challenges were like wresting victory from the jaws of defeat and were crowned by failure. The degree of effectiveness of the solutions was mainly a function of both the nature of the challenge and the capacity of the SME to put in place any solutions. For instance, the challenge of erratic and expensive supply of electricity and water were issues that were beyond the control of the SMEs. Even though some SMEs had purchased electricity generators, such gadgets were not designed to operate for long periods such as twenty four hours to provide the required electricity. Hence, one respondent explained that

“Nothing was done to address the risk of erratic and expensive provision of public goods as this is beyond our control” (Case study two).

4.15 Performance measures or indicators set and monitored by the company and frequency of monitoring done

The responses to the question about performance indicators are summarised in table 38 below.

Table 38: Performance indicators set

Performance indicators Set	Frequency	Percent
Profitability: No specific figures, as long as we cover overheads	11	55.0%
None: As long as we cover overhead costs, restock, get	3	15.0%

subsistence		
Production deadlines that we promise customers	2	10.0%
Financial targets	2	10.0%
Loan disbursements and loan recovery rates	1	5.0%
Revenue targets	1	5.0%
Total	20	100.0%

Fifteen of the case study respondents (75% of the sample) indicated that they set and monitored financial performance targets but no specific figures were set as they were contented with only covering overheads, being able to restock and remain with little profits for subsistence since the economy was volatile and in a downturn.

One respondent justified the importance of focusing on profitability as follows:

“Sometimes some customers complain that our products are too expensive. However, customers do not appreciate that we get the foreign currency to purchase our products from the black market since banks no longer provide the required foreign currency at the official exchange rate of one is to one between the bond note and the US dollar. Hence, since the black market foreign currency exchange rates are both expensive and fluctuate daily, we have to price our products in bond currency accordingly to enable us to restock from outside the borders of the country. We charge the same products differently based on whether the customer pays in US dollars or in bond notes. However, we do not insist that payment should be in US dollars alone because that would mean shooting ourselves in the foot since not all customers have the US dollars” (Case study seventeen).

Another respondent concurred with the one above as he provided the following explanation.

“I have to be profitable in order to remain in business even though some customers often complain that my prices are too high. Such customers may not come back if they manage to get the same products at cheaper prices elsewhere. My prices are generally between three to five times higher than those for the same products outside the country. However, if I factor in other costs such as transportation costs, black market foreign currency exchange rates where I get the foreign currency as well as

accommodation charges and customs duties that I pay at the border, you will realize that my mark up on the products is not too high” (Case study eighteen).

Two respondents (10% of the sample) set and monitored production targets that were intended to satisfy the customers while the remaining three case study respondents or fifteen percent of the sample did not have any performance indicators. They were also contented with just covering their overhead costs, being able to restock and remain with a little profit for subsistence in order to just survive as a business.

The responses to the question about the frequency of monitoring of the performance targets are summarised in table 39 below.

Table 39: Frequency of monitoring of the performance targets

Frequency of monitoring of performance targets set	Frequency	Percent
Monthly or ongoing	14	70.0%
Monthly	3	15.0%
Monthly or weekly	1	5.0%
Monthly or daily	1	5.0%
Quarterly or ongoing	1	5.0%
Total	20	100.0%

All the case study respondents indicated that monitoring of the performance indicators was done either monthly or as an ongoing exercise.

Performance evaluation and control phase

4.16 Reconciliation of actual performance and desired performance

The responses to the question that sought to understand the activities done to reconcile actual to desired performance are summarized in table 40 below.

Table 40: Action taken to reconcile actual to desired performance

Action taken	Frequency	Percent
We focus on cost management measures, use resources sparingly since we will not know when we will get further financial resources in order to at least break even or make a small profit. This means that we often lay off some of the contract employees during slack periods and employ them when it becomes necessary. In addition, we reduce the habit of selling on credit where we can. (Case studies: 1,4,5,12,13,15)	6	30.0%
We revise the targets as we see fit and the performance measures after analyzing the reasons for the unsatisfactory performance and sometimes only focus on cost management in order to at least break even or make a small profit. (Case studies: 3,9,10,11,17)	5	25.0%
We review and revise the revenue targets, performance measures based on various variables that include the condition of the vehicle, season and the police situation. We revise the situation after analyzing the reasons for the poor performance and sometimes only order what we think can all be sold on each particular day. Sometimes only focus on cost management in order to at least break even or make a small profit. (Case studies: 14,16,18)	3	15.0%
We work overtime without extra pay to meet the production deadlines that we promise customers or if necessary hire contract workers. (Case studies: 19,20)	2	10.0%
We only focus on cost management and use the financial resources that we manage to get sparingly because we will not know when we will get further financial resources. (Case studies: 7,8)	2	10.0%
We go back to the drawing board, revise the targets if they are not realistic and also focus on cost management in order to at least break even or make a small profit. (Case study 6)	1	5.0%

We go back to the drawing board and scale down the departmental budgets as we review the income level that is available. (Case study 2)	1	5.0%
Total	20	100.0%

4.17 Some SME managerial implications

Some of the SME owners and managers from the study were clearly not aware of any academic literature about any strategic management process. Hence they did not practice all the details of the four phases of the Wheelen and Hunger (2012) strategic management model. However, the SMEs were all were determined to achieve their respective objectives that included making profits, achieving growth or survival of their businesses. This observation is consistent with the statement by Courtney (2013, p. 34) who argues that there are good and bad strategies and every organisation has a strategy whether it realises it or not. However, all the SME owners and managers were aware of the risk related challenges that confronted and frustrated their efforts to achieve the desired objectives. Some of the resultant dangers that could arise from this situation are listed below.

- a) Most SMEs close shop when the owner runs out of capital or encounters liquidity problems (Wheelen and Hunger, 2012) and the revelation that
- b) Formal strategic planning is less effective and seldom used by SMEs in Zimbabwe due to the environmental volatility (Nyamwanza, 2013).

In the wake of the environmental volatility prevailing in Zimbabwe, some of the strategies that may be worth consideration by the SMEs owners and managers to facilitate survival include the following:

- a) Adoption of an integrated approach for strategic management and risk management since there is symbiosis or shared processes between the two. This will assist the SMEs to be more flexible and adaptive to change and enables them to put in place risk mitigation measures to cushion the impact of the abrupt operating environmental changes (Dixon Hughes Goodman LLP, 2016).
- b) Adoption of a stability strategy instead of a growth strategy to enable the SME to create employment for the family members and provide them with a decent standard of living (Wheelen and Hunger, 2012).

- c) Provision of a variety of products and services and competitive pricing (Bowen, Morara and Mureithi, 2009).
- d) Adoption of diversification strategies into unrelated businesses (conglomerate diversification) to enhance business survival and ability to provide social security to the owners (Nyamwanza, 2013) and
- e) Empowerment of employees to make on the spot decisions such as violation of the agreed restocking purchase budgets in order to take advantage of short term wholesaler sales promotions as explained by one SME as follows. “Suppose the SME had budgeted to spend say \$200 on the purchase of washing detergents that would last for two weeks, the buyer may unexpectedly come across a one day sales promotion by the wholesaler of say 40% discount on some other product say toothpaste that is not on the budget. The buyer is empowered to spend \$100 on the purchase of washing detergents whose stocks would then last for one week instead of two weeks and use the balance of \$100 on the purchase of toothpaste that was not on the budget. This enables the SME to set more competitive prices for toothpaste since the product was procured at a lower price. Such an empowerment strategy enhances higher turnover based on lower prices for toothpaste than those charged by the competitors” (Case study number one).

4.18 Chapter summary

The responses were presented in both qualitative form and quotations as well as in quantitative form. The quantitative form was done mainly through the use of tables that comprised both rows and columns. There were twenty tables and seventeen of them (85% of the tables) have three columns each with different numbers of rows. The columns consisted of the summarised response to the question, the frequency of the responses and the percentage of the total frequency respectively. The frequencies were presented in descending order. All different responses that had a frequency of one each were summed up under the term ‘other’ in the last row. It can safely be concluded that all the twenty case study respondents practised some, but not necessarily all the variables (elements) of the strategic management model whether or not the respondents were aware of the model. The degree to which the respondents followed the Wheelen and Hunger (2012) model therefore differed significantly. Though all of the case studies conducted the environmental scanning

phase of the model, they focused on different variables or elements. In addition, though all the SMEs conducted some SWOT analysis, none ever used the SWOT to develop either the IFE or the EFE matrix which is the ultimate purpose of conducting the SWOT analysis in the first place.

All of the twenty case studies had either a corporate or business (competitive) strategy or both in place but the frequency of the review of the strategies was close to zero during the last five years for different reasons. The words 'strategy' and 'policy' were often used interchangeably by some of the case studies. However, all the case studies had budgets to facilitate the implementation phase of the strategic management process though they differed in the budgeting process. All the twenty SMEs encountered risk related challenges during the strategic planning process and they had different risk mitigation strategies whose effectiveness also differed depending on the nature of the risk that was encountered and the capacity of each SME to put in place some risk mitigation measures. Finally, all the twenty case studies reviewed and monitored their performance and implemented different strategies to reconcile actual to desired performance. However, none of the SMEs went as far as revising the objectives, policies or strategies in the reconciliation process as recommended by literature. All of the SMEs tended to focus on cost management measures or the review of targets as part of the corrective action of the reconciliation of actual to desired performance.

CHAPTER FIVE

Discussion of results

5.0 Introduction

This chapter discusses the major findings of the study by comparing them with the literature review. The discussions set the precedent for both the conclusions and the recommendations that follow and are presented according to the four phases of the Wheelen and Hunger (2012) strategic management model.

5.1 Environmental scanning phase

5.1.1 Purpose of environment analysis

Wheelen and Hunger (2012) as well as David (2013) argue that the purpose of conducting an environmental scanning is to conduct the SWOT analysis and formulate appropriate strategies to take advantage of the operating environment and mitigate adverse factors. Though the SWOT was indeed identified by all the twenty case study respondents, they did not take it to its logical conclusion of using it to conduct both an external factor evaluation (EFE) matrix and an internal factor evaluation (IFE) matrix that are useful in the development of sustainable competitive advantages or strategies. A synthesis of the EFE and IFE analysis facilitates organisations to assess how well they are responding to the external environment over which they do not have any control and the internal environment over which companies have some control. Hence, it appears that the SMEs did not understand or appreciate the purpose of conducting the external and internal environment analysis.

5.1.2 Task environment scanning

Sixteen SME respondents (80% of the sample) indicated that they regularly conducted a competitor analysis especially for prices of identical and similar products as theirs. This facilitated the setting of appropriate selling prices. A study conducted by Ates and Bititci (2009, p. 1) in 2006 to 2007 using the semi-structured face to face interviews with senior and middle managers in four manufacturing sector SMEs in the United Kingdom concluded that

“SMEs seem to be putting more emphasis on external environment scanning (customers, suppliers, competitors, universities, and lenders) and then defining grand

strategy and goals. This implies that SME strategy process is characterised by more of Market Based View (MBV)."

Abosedo, Obasan and Alese (2016) report that the research by Manurung and Kosasih (2013) conducted in Indonesia revealed that strategic management accounting in SMEs focused on the collection of competitor information on prices, costs, sales and market share among other information. Michael Porter concurs that the major competitive forces that drive any industry are the threat of new entrants, substitutes, bargaining power of both buyers and sellers as well as the relative power of unions, the government and any pressure groups. Contrary to the approaches by both Porter and the Wheelen and Hunger (2012) model, the latter indicates that research suggests that few SMEs conduct much competitor analysis.

5.1.3 Effective communication

Even though all the twenty SME case study respondents indicated that it was their habit to scan the political-legal variable of the external environment, seventy five percent of the sample indicated that they complied with the laws and regulations required. It was observed that some of the critical issues therein were elusive to them. For instance, from February 2017, the researcher visited the SMEs that had been interviewed in 2016 with a hard copy of the interview proceedings to enable them to proof read and amend any issues that they felt had not been captured correctly. Only three case study respondents (case study number 9, 14 and 19 that represented 15% of the sample) highlighted that the Zimbabwe Revenue Authority (ZIMRA) had transmitted a statement using both the print media and the electronic media using the radio and the Zimbabwe Broadcasting Corporation (ZBC) requesting all SMEs to register for purposes of paying tax before the end of June 2017 or risk stiff penalties for failure to comply. Some of the SMEs had missed this directive since they indicated that they neither bought newspapers everyday due to financial constraints nor watched the ZBC since some of them had satellite dishes and preferred to watch other television channels at home. The SMEs that had read the ZIMRA directive explained that it was an attempt to increase revenue to the fiscus by curbing leakages through tax evasion that is a criminal offense. In addition, discussions between the researcher and the respondents noted that not all SME owner managers of the sample had email addresses even though the city of Harare has several internet cafes. However, all the SME owner managers had cell

phones for communication purposes and hence, communication that is more effective could be achieved through use of these gadgets by the ZIMRA authorities. The research findings by Muhoho and Margret (2016) that emanated from a study conducted in Kenya revealed that strategy implementation could be enhanced through improvement of communication systems and information flows.

Bernabè (1998), the CEO of Eni indicates that communication is vital in getting things done. The Harvard Business review (1998, July – August, p. 80 - 96) quotes him as stating that,

“I was used to preparing reports but those are not effective communication tools. People can fall asleep after two minutes of reading. The only way to combat this noise of transmission is to communicate directly with everyone involved and to make simple points. That requires enormous patience but it is the only way.”

Concisely, the message by Bernabè (1998) about the leader’s characteristics can be summarised as follows:

- a) Communication at all levels of the organisation in formats that include dialogues and speeches.
- b) Physical presence to take direct responsibility of tough decisions, project his or her personality and character so that the followers can see the real person with whom they can identify.
- c) The leader must do as he or she is asking others to do.
- d) Getting ownership of the message and individual decisions by colleagues.

5.1.4 Corruption

Forty percent of the SMEs highlighted the problem of corruption as either a challenge or a threat though one SME classified corruption as both a challenge and a threat. This problem was perpetrated by law enforcement agents as well as intermediaries in different businesses. Two years after the interviews, the commissioner of police disbanded the police traffic branch as part of efforts to combat the escalation of cases of corruption (Newsday, 24 September 2018). In addition, since the current government assumed power from November 2017, several high ranking officials have been nabbed by the law enforcement agents on various cases of corruption. It appears that the challenge or threat of corruption that

was highlighted by some of the SMEs was a positive statement that had recourse to facts (Lipsey and Chrystal, 2010, p. 21).

5.1.5 Erratic and dirty water supply and load shedding

Seventy five percent of the case study respondents highlighted the threat of erratic water supply and the provision of dirty water by the city council of Harare. They indicated that the water was unsafe for drinking and thus created a potential health hazard. Almost two years after the interviews, from August to September 2018, Harare was ravaged by the outbreak of the cholera disease mainly resulting from the unclean water that was provided by the Harare city council. The disease had claimed the lives of forty-nine people in Harare and left 6,645 people hospitalised by 26 September 2018 at a time when the country was financially handicapped to deal with the scourge (Newsday, 27 September 2018). Though threats are not necessarily the same as accurate prophecies, it appears that some of the issues highlighted by the SMEs were positive statements (Lipsey and Chrystal, 2010, p. 21) that were quite valid, causes for national concern and their consequences had the potential to come to pass as what finally transpired. Though Saunders *et al.* (2012, p. 287) argue to the contrary that purposive (judgemental) samples as those used in this study are not considered to statistically represent the total population, it appears that in this particular situation, their argument was not supported by the evidence that transpired for Harare.

Fifty five percent of the case study respondents highlighted the threat of electricity load shedding that was adversely affecting their businesses in various ways that included capacity underutilisation, production of goods and services as well as storage of consumer goods. These findings are consistent with the 2013 and 2015 CZI survey findings on risks that affected companies in Zimbabwe (see table 10 above). Bowen, Morara and Mureithi (2009) indicate that some of the challenges facing SMEs in Kenya include power interruptions. Almost three years after the interviews, the Newsday daily newspaper (2019, 14 May, p. 1) reported that Zimbabwe had unveiled a schedule of power cuts that would last for up to eight hours during peak hours the day they are effected commencing from 13 May 2019. The crippling load shedding was expected to adversely affect all businesses (including SMEs) by worsening their production targets and exports.

5.1.6 Unemployment situation

Eighty five percent of the sample highlighted the unemployment situation as an opportunity. Harare (and Zimbabwe) was characterized by rising unemployment that had created a large pool of cheap labour from which the SMEs could easily hire contract employees. This situation afforded the businesses the opportunity for cost management. On the other hand, thirteen out of twenty SMEs or 65% of the sample indicated that one of their threats was the rising unemployment situation in Harare that was adversely affecting the demand for their products. Though economists estimated the unemployment situation at more than 80%, the government maintained a conservative rate of eleven percent. However, there was consensus between the disputing parties that the country was indeed characterised by an above natural rate of unemployment though they are at variance about both the magnitude of the unemployment rate and the threshold for the natural rate of unemployment. Lipsey and Chrystal (1995, p. 506) also state that estimates of the natural rate of unemployment

“Are difficult to obtain and are often a source of disagreement among economists.”

Woods and Pack (2007, p. 6) indicate that Socrates, the ancient Greek philosopher argued that people never disagree on issues relating to facts such as what item is heavier or lighter, bigger or smaller as such disputes could quickly be resolved by recourse to measurement. Hence, sources of disputes often hinged on personal opinions.

5.1.7 Culture

It appears the meaning of the word *culture* as understood by the SMEs only referred to how the company management and employees related to the customers. Fifty percent of the respondents respected their customers while fifteen percent of the SMEs had a culture or habit of being friendly to the customers, greeting and treating them with dignity and respect even if they did not know them or even disagreed with them. The respondent for case study nineteen emphasised both the importance of the customers to the business and the gravity of ignoring their requirements by indicating the following quotation.

“One day, a friend took me along a path that passes through the graveyards. And there, on one of the graves, was written the words, ‘here lies the remains of so and so who died maintaining his right of way.’ He was right, dead right, but now, he is as dead as if he was wrong. Yes, you can be right, dead right, as you speed along with your argument, but in as far as convincing your customer is concerned, it can be as futile as if you are wrong. So, in business, you should learn to give way to the needs of your customers, even if you may have the right of way. Remember, entrepreneurial graveyards are full of entrepreneurs who failed to take heed to the specifications or requirements of their customers” (Case study nineteen).

Literature abounds that defines *culture* in terms of both the leadership style in the SMEs and the leader’s relationship with the employees as well as how the SME or company as a whole relates to the customers. For instance, the customer perspective by Kaplan and Norton (1996) as well as Porter as quoted by the Wheelen and Hunger (2012) model focuses on everything that the company should do in order to retain and improve the customer base, market share and profitability.

Dowd (2017, p. 7) argues that people should work to live, not live to work and that the interests of the producers should be the means to achieving the needs of the consumers. Dowd (2017) quotes Smith (1981, p. 660) as indicating that the only purpose of production is consumption. Hence,

“Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer” (Dowd, 2017, p. 5).

Ballou and Srivastava (2009, p. 94) highlight the importance of the customer to the business by challenging entrepreneurs with the following quotation.

“Anyone who thinks the customer isn’t important should try doing without him for a period of ninety days” (Anonymous).

One case study respondent alluded to the importance of giving better treatment to customers ahead of employees by providing the following explanation.

“Our disciplinary action is effected by myself alone as the owner but is based on the conditions of service and is fair and impartial. Though justice is upheld, it is also my duty never to let justice destroy what mercy can save. We spend most of our time here at work and end up understanding each other, including even one’s personal problems encountered at home. So naturally, we are patient and sympathetic to each

other. Remember, no one is perfect since we all make mistakes in our lives. However, mercy on employees also has some limits especially when the customer has been inconvenienced” (Case study twenty).

Some SMEs appear to be only concerned about the needs of the customers as they always treat the customer as king while the SME owners or managers are not much worried about the leadership style of the manager in relation to the employees. The owner of case study one highlighted the importance of giving empowerment to front line agents on prompt decision making as part of culture by the following quotation:

“Once we budget the amount that should be used to purchase various fast moving consumer goods (FMCG) stocks, the owner or whoever goes to procure the stocks is empowered not to religiously follow the specific budgets. For instance, suppose we have budgeted to spend \$200 on washing detergents that should last for two weeks, the buyer may unexpectedly come across say a sales promotion by the wholesaler of say 40% discount on some other product say toothpaste that we had not even budgeted for and the promotion may last for that day alone. The buyer is empowered to spend \$100 on the toothpaste and use the remaining \$100 on detergents whose stocks could then last for only one week instead of two weeks. Since the retail business is characterized by very small margins but driven by high turnover, the business will certainly make faster sales on the toothpaste based on lower prices compared to that of competitors since the stocks were also procured at lower prices than normal. In all such cases, we then require the buyer to immediately make a written justification report of that decision which the owner and other team members consider and ratify resulting in a precedent for future similar decisions. So the strategy of empowerment of the buyer supports the policy of quick turnaround in decision making by a frontline agent to make fast procurement decisions that take advantage of any opportunities in this volatile environment. This empowerment strategy also supports the main objective of profits or survival” (Case study one).

The same owner of case study one highlighted the importance of the provision of a good working environment for the employees by providing the following explanation.

“In as much as the government is expected to provide a conducive operating environment for businesses, the SME owners should also provide a good working

environment for the employees and act like a father to the children. The father is not like a great and supreme bookkeeper who is chiefly engaged in making damaging entries against his erring children, debit entries of indiscipline and mistakes to be used against them when he subsequently sits in judgement upon them as the just judge of the children or employees. At the same time, the father is not a lax, loose or foolishly indulgent parent who is ever ready to condone indiscipline and recklessness. The father should create a working environment that does not stagger under the guilt of complaints without compliments, power without conscience, wealth without work and pleasure without restraint” (Case study one).

Dess, Lumpkin and Eisner (2010, p. 401) emphasise empowering staff at all levels. Hence, the concerns of the employees should never be ignored by the SMEs.

5.2 Strategy formulation phase

5.2.1 Frequency of review of the vision, mission and objectives

None of the case study respondents had reviewed the vision or the mission statements in the past five years. However, only one case study respondent that represented five percent of the sample indicated that the last review was done in 2009 when the country adopted the multi-currency system that was dominated by the use of the US dollar in violation of their company policy that stated that reviews had to be done once in every five years. The reason for the review in 2009 was that the adoption of the multi-currency system had stabilised the hyper inflationary environment. Another SME indicated that though there was no review during the past five years, the company had conducted a corporate planning retreat in 2015 to examine the challenges that were being encountered.

In addition, nineteen case study respondents who represented ninety-five percent of the sample did not have any guidelines for the review of the corporate objectives and strategies.

Though most of the SMEs could be said to have adopted the habit of conducting some aspects of the strategic management process, they appeared to be not serious about the strategy formulation phase or the review and evaluation of their visions, mission statements as well as their corporate objectives even when performance was not compatible with plans as summarised in chapter four.

This was consistent with the statement made by Wheelen and Hunger (2012, p. 23-24) that

“... After much research, Henry Mintzberg discovered that strategy formulation typically is not a regular, continuous process. Research does indicate that most large organisations tend to follow a particular strategic orientation for about 15 to 20 years before they make a significant change in direction.” (Wheelen and Hunger, 2012, p. 23 – 24)

These authors cite the same five possible triggering events that act as stimulus for a change in strategy that are summarised follows.

- a) New CEO asking a series of embarrassing questions that forced people to question the reason for the company’s existence.
- b) External intervention such as a bank suddenly refusing to approve a new loan or a key customer complaining about a serious product defect.
- c) Threat of a change in ownership.
- d) Performance gap when performance failed to meet expectations and.
- e) Strategic inflection point due to any factors including the introduction of new technologies, a different regulatory environment and a change in customer values.

Jama and Jin (2012, p. 1) share a similar view when they indicate that SMEs’ failure can be attributed to management inexperience, incompetence and lack of appropriate strategy planning.

5.2.2 Types / levels of strategies that SMEs have

Five percent of the sample did not indicate any business strategy while fifteen percent of the respondents indicated their types or levels of strategies as follows:

- a) Cash sales
- b) Small mark-up & high turnover
- c) Prompt panel beating & allow insured vehicles to be collected without full payment
- d) Deposit for non- insured & under insured vehicles

However, Wheelen and Hunger (2012) define the three generic business strategies as differentiation; cost leadership; and focus strategies which were different from how some of the case study respondents defined their generic business strategies. It appears that some of the respondents did not understand the meaning of strategy. Porter shares the same view and argues that to be successful; a company or business unit must use at least one generic strategy to avoid being stuck with no competitive

advantage which can result in achieving below average performance. In addition, Porter also agrees that a single competitive generic strategy does not guarantee success. He adds that though successful companies emphasise only one strategy, other researches suggest that some combination of two competitive strategies of low cost and differentiation may also be successful.

5.2.3 Discrepancy of trigger events for change in strategy

Wheelen and Hunger (2012) cite five major trigger events for change in strategy that are cited in item 5.2.1 above. However, none of these trigger events tally with the findings of the research as summarised in chapter four. The issues highlighted by the research findings were as follows:

- a) There was no vision or mission statement and hence SMEs did not do any strategic management as it should be done though changes in the operating environment and the laws affected the companies.
- b) Changes in any laws that affected the companies.
- c) No trigger events since the SMEs never formulated any written vision or mission statements though they desired to remain in business and grow and
- d) The non-conducive external environment in which the business is operating triggers the formulation of the vision and the mission statements but the company does not have any specific guidelines.

5.2.4 Model modification proposal on strategies and policies

In spite of the fact that the Wheelen and Hunger (2012) strategic management model maintains that the formulation of strategy should precede that of policy, Yin (2014, p. 63 - 65) argues to the contrary that a case study's design can and should be modified based on any new information that emerges. Four of the responses to question 9 which constituted 20% of the sample support Yin's argument as they appear to be logical in Zimbabwe's external environment. For instance, the respondent for case study three literally gave the researcher a lecture in his attempt to justify why in Zimbabwe, in his opinion policies should be formulated prior to strategy formulation. The respondent explained that

*“ ... Remember, the third edition of the Cambridge Advanced Learners Dictionary (2008) defines policy as a set of ideas or a plan of what to do in a particular situation that has been agreed **officially** by a group of people, a business organisation, a*

government or a political party e.g. the EC common foreign and security policy. The same source defines strategy as “a detailed plan for achieving success in situations such as war, politics, business, industry or sport or the skill of planning for such a situation. But though the two words are similar, in terms of the word plan which appears in both definitions, the word official is missing in the definition of strategy. Hence, I am persuaded to think that in the strategic management models, policies should be set ahead of strategies and the later should not violate the policies. Just imagine how much weight is given to any country’s foreign policy as an example. Suppose the country’s foreign policy prohibits companies in the country from exporting to say country Y and you are a company in that country that has complied. Suppose your corporate objective is say to increase profits by a specific percentage and the corporate strategy is to charge premium prices on a specific product that is exported to interested companies. What would you do? You will not export to country Y even if the buyers there have offered premium prices which is the strategy that would enable achievement of the corporate objective in violation of the corporate and country foreign policy” (Case study three).

The respondent further explained that

“I have given you a practical example because I know that if you access a loan from the Arab Bank for Economic Development in Africa (BADEA) that is based in Sudan, one of their policies is that beneficiaries of their loans should never import any machinery or equipment from Israel, otherwise the loan facility will not be approved by the authorities based in Sudan. In the same way, in 2014 Zimbabwe and other Common Market for Eastern and Southern African (COMESA) countries agreed on a policy to prohibit cheap chicken imports from Brazil because it had been discovered that Brazil was preserving the chickens using the same chemicals as those used for embalming corpses of dead human bodies and this causes cancer to people who consume such chickens. This means that even though chicken traders may want to make more profit on chickens, they have to respect the policy ahead of the strategy for health reasons; otherwise they will face prosecution from the country for violating the policy. In this cooperative, one of our policies is First come First Served but there is also another policy that states that the elders or those above sixty years of age should not stand in a queue. That means that if a younger person arrives first and the elders arrive later, you will give priority to the elders even if they arrived later to be served. So one policy can override another policy but a strategy should never violate a policy” (Case study three).

In another example, the respondent for case study two highlighted that the Indigenisation policy requires that any joint venture operations between local and foreign companies should have a 51% shareholding by the local companies while the foreign owned businesses should at most have 49% shareholding. In this respect, joint venture strategies should never violate the stipulated policies that are based on the laws of the country and case study number two shares the same opinion. In this respect, it appears logical that policies should be formulated ahead of the strategies in the case of Zimbabwe.

The respondent for case study five justified this when he argued that page 18 of the CZI manufacturing survey report of 2013 indicated that

“...it remains to be seen whether the Industrial Development Policy (IDP) will achieve the overall objective of restoring the manufacturing sector’s contribution to GDP from 15 percent to 30 percent and its contribution to exports from 26 percent to 50 percent by 2015” (Case study five).

Based on this, he was of the view that the policy was the means to achieving the objective and was therefore supposed to be formulated ahead of the strategy and that was what their company was doing. He however stressed that strategies should never violate company policies and the two should work in harmony. That is why industrialists in Zimbabwe were always pleading with the government to put in place policies that protected the local industry to achieve growth. In addition, policies were like rules or laws that should always be obeyed by all employees of the company and the employees were supposed to know the company policies without fail.

The above explanations illustrate why Greenly (1994, p. 392) indicates that although principles of strategic planning should have universal application, there may be national differences in strategic planning, country dependent influences from business culture and influences from different national trading conditions. Hence the results of relevant studies that were done elsewhere in the world cannot be generalised to the situation in Zimbabwe.

5.3 Strategy implementation phase

5.3.1 Risk related challenges during implementation

The research revealed that the major challenges encountered during the implementation phase were mainly risk related and classified into four major categories namely operational risks, market risks, credit or default risk and perception risks. The research by Bowen, Morara and Mureithi (2009) also revealed similar challenges encountered by SMEs in Kenya some of which were addressed by focusing on the niche market and competitively pricing their products and services. The study by Tinarwo (2016) that was conducted in Zimbabwe revealed similar challenges that forced some SMEs to engage in illegal activities such as buying cheap stolen products from the formal sector in order to overcome them and in the process manage their costs. Wheelen and Hunger (2012) acknowledge that risks affect the performance of companies and they advise that firms must develop methods of assessing the impact of risks and decide on the mitigation strategies for the most important ones. The Aon Risk Management Global Surveys of 2013 and 2015 that were conducted around the world unveiled the existence of a plethora of risks that affected the performance of companies (see appendix table 1). Other two different surveys about risks that affect companies that were conducted in 2013 and 2015 by the Confederation of Zimbabwe Industries revealed that strategic planning in Zimbabwe was affected by the presence of several risks. The US based consultancy firm, Dixon Hughes Goodman L.L.P. (2016) concurs that there is a symbiotic relationship between strategic planning and risk management since there are risk and strategy shared processes that must be managed. Hence, the findings of this study that there are several risks that affect the strategic management process is extensively supported by literature.

All the twenty case study respondents highlighted the weakness of inadequate financial resources that prohibited their organisations from growing as fast as they desired. Two of these SMEs (10% of the sample) were further crippled by liquidity weaknesses. In addition, twenty five percent of the sample encountered the challenge of inability to access funding from the commercial banks due to prohibitive borrowing rates. These weaknesses and challenges are consistent with the Resource Based View (RBV) to strategy formulation (Grant, 2008, p. 127; Volberda *et al.*, 2011, p. 20 – 22; Louw and Venter, 2014, p. 24). Grant (2008, p. 127) argues that,

“In general, the greater the rate of change in a firm’s external environment, the more likely it is that internal resources and capabilities will provide a secure foundation for long term strategy” (Grant, 2008, p. 127).

Given the volatile external environment that prevailed in Zimbabwe during the research period, the whole sample faced difficulties in basing their strategy on internal resources. Hence, the argument by Grant (2008, p. 127) does not appear to be supported by facts based on all the twenty case study respondents who encountered financial challenges.

One respondent (5% of the sample) highlighted that

“It should be noted that strategic management is sometimes likened to the Biblical Moses who led the children of Israel out of Egypt to the Promised Land. Along the way, there was Pharaoh’s army to contend with, there was also the red sea to cross as well as the desert that had no water to cross. These were the risks that could prevent Moses and the children of Israel from reaching the Promised Land or achieving their objective if they were not managed or mitigated. Hence, strategic management and risk management have a strong relationship” (Case study number four).

Almost two and a half years after conducting the interviews, following the 150% fuel price hike that became effective at midnight on 13 January 2019, the gravity of the risk related issues and the volatility of the operating environment on strategic management came to the forefront. Wildcat protests in Harare (the study site) as well as other towns were reported from 14 to 16 January 2019. During the riots, retail outlets that were open for business were looted and several vehicles (including commuter buses) were damaged while more than thirty cars were set ablaze. The costs of the damage was estimated at about Z\$300 million but the most disturbing issue was that insurance does not compensate victims of riots (Herald, 17 January 2019). The protests culminated in the shutdown of all retail and internet services in the country. Econet wireless, one of the internet service providers transmitted an SMS message to all subscribers that read as follows.

“Further to a warrant issued by the Minister of State in the President’s Office for national Security through the Director General of the President’s Dept, acting in terms of the Interception of Communications Act, Internet services are currently

suspended across all networks and Internet Service providers. We are obliged to act when directed to do so and the matter is beyond our control. All inconveniences are sincerely regretted” (Econet, 16 January 2019).

During the three days shutdown period, while the government was conveying a message to the international community to the effect that ‘Zimbabwe is open for business’; to the contrary, the country was closed for business.

After a day’s relaxation of the shutdown of the internet services on 17 December 2019 following the resumption of normal business activities, the internet service was shutdown again. Econet wireless then transmitted another SMS message to all subscribers that read as follows.

“At 22:05 17/01/19, we were served with another directive for total shutdown of the internet until further notice. Our lawyers advised we are required to comply with the directive pending the courts decision on its legality. The earlier directives are already the subject of a pending High Court Application. We sincerely apologize for all inconvenience caused by the acts of government which are beyond our reasonable control” (Econet, 18 January 2019).

5.3.2 Procedures

The Wheelen and Hunger (2012) model emphasises the need for procedures during the implementation phase of the strategic management process. However, the study revealed that eighty percent of the case studies did not have procedure manuals for all the major activities. The absence of procedures can adversely affect the delivery of services or performance of the business in the event that the owner, manager or individual responsible for a specific task is not available at the work place for any reason since the other employees may not know how to perform the specific task.

5.3.3 Missing links on targets

Lipsey and Chrystal (2010) define total profits as being derived from total revenue minus total costs while Grant (2011) concurs and defines profit as the surplus of revenues over costs available for distribution to the owners of the firm. However, the research findings observed that though most or sixty-five percent of the SMEs focused on setting financial targets for profits, there was absence of revenue targets and Nyamwanza (2013) shares the same opinion based on his separate research findings even though the businesses budgeted for total costs.

A case study research by Nyamwanza (2013) that was conducted in Zimbabwe revealed that there are neither backward nor forward linkages between the strategy formulation and implementation phases and that each phase is treated as an end in itself rather than part of a process. In addition, SMEs do not benefit from accumulated knowledge and experience. For instance, Nyamwanza (2013) indicates that one SME imported three trucks from the UK but no funds were set aside for the clearance of the trucks from Namport in Namibia. The clearance required \$30,000. The vehicles remained under the custody of the Namibian clearance authorities accumulating storage charges for a period of four months. There was no consideration taken about resource availability.

5.3.4 Focus on the financial perspective on targets

During the implementation phase, the research findings revealed that most or seventy five percent of the SMEs in the sample concentrated on setting financial targets but they tended to overlook the other three perspectives that are highlighted by the Kaplan and Norton (1996) Balanced Scorecard namely the customer perspective, Internal business processes and the Learning and growth perspective. The respondent for case study seventeen justified the importance of focusing on profitability as follows:

“Sometimes some customers complain that our products are too expensive. However, customers do not appreciate that we get the foreign currency to purchase our products from the black market since banks no longer provide the required foreign currency at the official exchange rate of one is to one between the bond note and the US dollar. Hence, since the black market foreign currency exchange rates are both expensive and fluctuate daily, we have to price our products in bond currency accordingly to enable us to restock from outside the borders of the country. We charge the same products differently based on whether the customer pays in US dollars or in bond notes. However, we do not insist that payment should be in US dollars alone because that would mean shooting ourselves in the foot since not all customers have the US dollars” (Case study seventeen).

The respondent for case study eighteen concurred with the one above as he provided the following explanation.

“I have to be profitable in order to remain in business even though some customers often complain that my prices are too high. Such customers may not come back if they manage to get the same products at cheaper prices elsewhere. My prices are generally between three to five times higher than those for the same products outside the country. However, if I factor in other costs such as transportation costs, black market foreign currency exchange rates where I get the foreign currency as well as accommodation charges and customs duties that I pay at the border, you will realise that my mark up on the products is not too high” (Case study eighteen).

The other three perspectives that are overlooked are important to SMEs as they contribute to their welfare and growth. They assist the SMEs to avoid being entrapped on short-term fixes such as profitability that may leave the business vulnerable to long run competitive inroads and decline of the SMEs market share (Eccles, 1991). The Harvard Business Review (2014, January – February) indicates that Martin argues that discussions by management and board members tend to be focused on how to squeeze more profit out of existing revenue rather than how to generate new revenue sources. This is dangerous for the company’s future.

5.3.5 Job descriptions and task assignments

Courtney (2013, p. 250) argues that some literature suggest that failure to implement strategies is often not a problem of the planning process itself but is often due to lack of commitment from staff because they were not involved in the strategy formulation process. However, discussions by the researcher and the respondents that emanated from the case studies revealed that whether or not the employees were involved in the strategy formulation process, they were given job descriptions upon assumption of duties. The job descriptions emphasised specific tasks that had to be performed and often indicated that any additional duties could be assigned to the employees as seen fit by their respective supervisors. If the employees failed to perform the specific tasks as specified in their job descriptions or any other tasks assigned to them by their supervisors, the employees would face disciplinary action that ranged from warnings (written or verbal), suspension from work (with or without pay) and dismissal from work. This approach is consistent with the traditional approaches to motivating staff that were pioneered by early writers on organisation who included Frederick W. Taylor in 1911 and Henry Fayol in 1916. The basic assumptions of their approach are summarised (Courtney, 2013, p. 43) as follows

- The average human being inherently dislikes work and will avoid it if he or she can.
- Most people have to be forced, controlled, directed and threatened with punishment to get them to work to achieve organisational goals.
- The average human being dislikes responsibility, has little ambition and prefers to be directed but wants job security first and foremost.

Hence in Zimbabwe, in the wake of the increasing rate of unemployment and the fact that no employee is indispensable, the major issue is not whether or not the employees have been involved in the strategy formulation stage, but to perform their duties well based on their respective job descriptions. In view of the amendments of the labour act in 2016 that empowered employers to fire employees immediately without any terminal benefits and the volatile external environment that resulted in many people migrating to other countries such as South Africa, Botswana and the UK to seek employment, the focus of employees has become to protect their scarce jobs that are often their only sources of income by performing assigned tasks and those specified in their job descriptions instead of being worried about being involved in the strategy formulation process.

5.3.6 Incentive plans and performance motivation

The research findings revealed no evidence about the provision of incentives to employees for achievement of targets. Kohn (1993) argues that the use of incentive plans to motivate employees to achieve targets is not effective in spite of the nearly forty years of thinking that it is effective. Incentives only serve to enhance temporary compliance and once the incentives run out, employees revert to their old behaviour. In some studies, the introduction of incentive plans proved to be worse than doing nothing at all. Results of 98 studies revealed that training and goal setting programmes had a far greater impact on productivity than did pay-for performance plans. Kohn (1993) quotes Herzberg, a distinguished Professor of Management at the University of Utah's Graduate School of Management arguing that

“Just because too little money can irritate and demotivate does not mean that more and more money will bring about increased satisfaction, much less increased motivation.” (1993, Harvard Business Review, September–October, p. 54 - 63).

Kohn (1993) concludes his argument by indicating the following points

- Pay is not a motivator.
- Rewards punish. When fines were charged for parents who came late to pick their children from childcare centres, lateness became more frequent than when there was only a general admonition.
- Rewards destroy relations and teamwork.
- Rewards ignore reasons for problems encountered by the company.
- Rewards discourage risk taking and creativity and are the enemy of exploration.
- Rewards undermine interest i.e. people work because they love what they do, not because they desire to collect a paycheque.

Lipsey and Chrystal (2010, p. 100) share the same opinions expressed by Kohn (1993) and indicate that one research suggested that more and more money increases happiness up to a certain threshold beyond which there is no increase in happiness. Happiness depends on how well one is doing compared to one's reference group, which may not be everyone. Contrary to the arguments above, Wheelen and Hunger (2012) argue that in order to ensure congruence between the needs of the company and the rest of the employees, the company should develop an incentive programme that rewards desired performance. Wheelen and Hunger (2012) further indicate that research results reveal a positive correlation between provision of incentives and performance of the employees. The two authors suggest that incentive plans should be linked to the corporate and divisional strategy. These scholars state that Ansoff, an authority on strategic management shares the same opinion.

5.3.7 Budgeting and planning

None of the SMEs ever indicated that the budgeting process was done after the planning process or was based on the plans. The Wheelen and Hunger (2012) model shows that the budgets are the costs of the programmes or costs of the activities required to achieve the plans. In other words, plans have to specify all such activities and they should then be budgeted for to arrive at the annual budgets. It appears that the budgeting process was divorced from the planning process.

5.4 Evaluation and control phase

5.4.1 Performance evaluation and control

David (2013) argues that corrective action to reconcile actual to desired performance can include the revision of objectives, policies, strategies and developing performance incentives or even replacing specific individuals. However, this study revealed that none of the SMEs went as far as revising the objectives, policies and strategies as advocated by the literature. Neither did any of the SMEs replace employees who were perceived to share a different vision from that of the owner or manager. Separations between the SMEs and the employees were only based on indiscipline, coming to work late or never turning up for work.

Bernabè, the Chief Executive Officer (CEO) of Eni (a successful Italian company), argues (1998, Harvard Business Review, July – August, p. 80 - 96) that,

“ ... Strategic thinking is one of the critical skills a leader must have. In difficult times, he seeks consultation from others but ultimately makes all important decisions alone so as not to be buffeted by the needs, emotions or agendas of others. A leader cannot take the weighted average of other people’s opinions and make them his own. A person who has to make important decisions has to make them alone. When you are part of a crowd, you have an entirely different feeling from when you are apart from it. You have to organize the information you receive, analyse it, make your decision, and then move to the next problem. Such solitude is one of the burdens – and the necessities – of leadership.”

Having established the vision for Eni, Franco Bernabè proceeded to replace hundreds of managers with new ones who shared his vision of Eni becoming a typical commercial enterprise.

CHAPTER SIX

Conclusions and recommendations

6.0 Conclusions

All the conclusions that follow are directly derived from chapter five issues in their chronological order.

6.1 Environmental scanning phase

6.1.1 Purpose of environment analysis

Though the SWOT was indeed identified by all the twenty case study respondents, they did not take it to its logical conclusion of using it to conduct both an external factor evaluation (EFE) matrix and an internal factor evaluation (IFE) matrix that are useful in the development of sustainable competitive advantages or strategies. Hence, it appears that the SMEs did not understand or appreciate the purpose of conducting the external and internal environment analysis.

6.1.2 Task environment scanning

Sixteen SME respondents (80% of the sample) indicated that they regularly conducted a competitor analysis especially for prices of identical and similar products as theirs to facilitate the setting of appropriate selling prices. This view is supported by several other research findings. However, contrary to this, Wheelen and Hunger (2012) indicate that research suggests that few SMEs conduct much competitor analysis.

6.1.3 Effective communication

Even though all the twenty SME case study respondents indicated that it was their habit to scan the political-legal variable of the external environment, seventy five percent of the sample indicated that they complied with the laws and regulations required. It was observed that some of the critical issues therein were elusive to them. There was lack of effective communication between the country's authorities and the SMEs about some pertinent issues. Since some of the SMEs owner managers neither bought the newspapers everyday nor watched the ZBC television channel frequently as they preferred to watch other television channels since they had satellite dishes at their homes, they were likely to miss some of the news bulletins that were targeted to them by the regulatory authorities. All SMEs owners and managers had cell phones but few had email addresses.

6.1.4 Corruption

Forty percent of the SMEs highlighted the problem of corruption either as a challenge or a threat though one SME classified corruption as both a challenge and a threat. This problem was perpetrated by law enforcement agents as well as middlemen in different businesses.

6.1.5 Erratic and dirty water supply and load shedding

Seventy five percent of the case study respondents highlighted the threat of erratic water supply and the provision of dirty water by the city council of Harare. They indicated that the water was unsafe for drinking and thus created a potential health hazard. The researcher did not establish whether or not the issues had been communicated to the relevant authorities for their consideration and attention. In addition, fifty five percent of the case study respondents highlighted the threat of electricity load shedding that was adversely affecting their businesses in various ways that included capacity underutilisation, production of goods and services as well as storage of consumer goods.

6.1.6 Unemployment situation

Seventeen out of twenty respondents or 85% of the sample highlighted that an opportunity was that the country was characterized by rising unemployment that had created a large pool of cheap labour from which the SMEs could easily hire contract employees. This situation afforded the businesses the opportunity for cost management. On the other hand, thirteen out of twenty SMEs or 65% of the sample indicated that one of their threats was the same rising unemployment situation in the country that was adversely affecting the demand for their products.

6.1.7 Culture

The meaning of the word *culture* as understood by the SMEs mainly referred to how the company management and employees related to the customers and ignored the management style of the leader and the importance of the employees to the SMEs.

6.2 Strategy formulation phase

6.2.1 Frequency of review of the vision, mission and objectives

None of the case study respondents had reviewed the vision or the mission statements in the past five years. In addition, nineteen case study respondents who represented ninety five percent of the sample did not have any guidelines for the review of the corporate objectives and strategies.

6.2.2 Types/levels of strategies that SMEs have

Five percent of the sample did not indicate any business strategy while fifteen percent of the respondents did not understand the meaning of the words business strategy according to Porter's three generic strategies of differentiation, cost leadership and focus.

6.2.3 Discrepancy of trigger events for change in strategy

None of the trigger events for change in strategy that were highlighted by the respondents tallied with those cited in the literature by the Wheelen and Hunger (2012) strategic management model.

6.2.4 Model modification proposal on strategies and policies

While 45% of the SMEs indicated that they formulated strategies ahead of policies, 20% of the sample justified why doing the opposite (as they did) was more appropriate for Zimbabwe. However, the other 20% of the sample was in the habit of using the words strategy and policy interchangeably while 15% indicated that both were formulated at the same time. Based on the discovery of new information and the argument by Yin (2014) in chapter three, the researcher is persuaded to conclude that in some cases, it was reasonable and logical for SMEs to establish policies prior to some strategies in compliance with the operating external environment.

6.3 Strategy implementation phase

6.3.1 Risk related challenges during implementation

The research revealed that the major challenges encountered during the implementation phase were mainly risk related and classified into four major categories namely operational risks, market risks, credit or default risks and perception risks. In addition, the study revealed that there was some relationship between strategic management and risk management in relation to the management or mitigation of risks that was important to both processes.

6.3.2 Procedures

The study revealed that eighty percent of the case studies did not have procedure manuals for all the major activities. This can have negative repercussions on conducting some activities in the event that the owner, manager or any key person in charge of some specific activity or function was not available at work for any reason beyond his or her control.

6.3.3 Missing links on targets

The research findings observed that sixty five percent of the SMEs focused on setting financial targets for profits but there was absence of revenue targets even though the businesses budgeted for total costs. However, revenues were the basis for making profits after deduction of the total costs.

6.3.4 Focus on the financial perspective

The research revealed that sixty five percent of the SMEs in the sample concentrated on setting financial targets but they tended to overlook the other three perspectives that are highlighted by the Kaplan and Norton (1996) Balanced Scorecard namely the customer perspective; internal business processes; and the learning and growth perspective.

6.3.5 Job descriptions and task assignments

The research revealed that employees were more concerned about their ability to perform their tasks either according to their job descriptions or as expected by their supervisors and less worried about whether or not they had been involved in the strategy formulation process since they valued protecting their jobs the most.

6.3.6 Incentive plans and performance motivation

The research revealed no evidence about the provision of rewards or incentives for the achievement of set objectives or individual employee targets though the SMEs often punished employees for failure to perform through warnings, suspension from work or even dismissals.

6.3.7 Budgeting and planning

There was no evidence from the whole sample to the fact that either the planning process preceded the budgeting process or that the budgets were based on the plans.

6.4 Evaluation and control phase

6.4.1 Performance evaluation and control

This study revealed that none of the SMEs went as far as revising the objectives, policies and strategies as advocated by the literature in order to reconcile actual to desired performance. In addition, none of the SMEs ever replaced any employees for having a vision different from that of the owner.

6.5 Recommendations

All the recommendations that follow are derived from the conclusions above and are presented according to each of the four respective phases of the Wheelen and Hunger (2012) strategic management process.

6.5.1 Environmental scanning phase

6.5.1.1 Purpose of environment scanning

It is recommended that the SMEs should take the SWOT analysis to its logical conclusion of using it to conduct both an external factor evaluation (EFE) matrix and an internal factor evaluation (IFE) matrix that are useful in the development of sustainable competitive advantages or strategies.

6.5.1.2 Task environment scanning

SMEs should continue to conduct task environment especially on competitor prices for identical and similar products to avoid pricing themselves out of the market.

6.5.1.3 Effective communication

Since all SMEs owners and managers had cell phones while few (if any) had email addresses, the authorities should make targeted communication intended for SMEs by using the cell phones (as done by telecommunication companies) to improve communication. In addition, owners or managers of SMEs should develop the habit of communication of vital information about the corporate direction to the employees. This can be done through formal occasional meetings with the employees.

6.5.1.4 Corruption and the erratic and dirty water supply

SMEs should develop the habit of reporting all cases of pertinent issues such as corruption as well as the potential health hazard of the erratic and dirty water supply to the relevant authorities for their consideration, attention or action to mitigate some of the challenges that they encounter.

6.5.1.5 Culture

SMEs should expand the meaning of the word *culture* and include important stakeholders such as both the customers and employees. For instance, they should empower employees to address customer complaints with little red tape and

develop the habit of conducting regular surveys to unveil the latent and emerging customer needs. In addition, they should also address complaints by their employees as they are the front line agents in the operation of their businesses. Finally, the SMEs owners or managers should not forget to provide compliments to the employees for any good performance.

6.5.2 Strategy formulation phase

6.5.2.1 Frequency of review of the vision, mission and objectives

SMEs should review the vision, mission statements, objectives and strategies when necessary. In addition, they should develop guidelines for the review of these issues.

6.5.2.2 Model modification proposals on strategies and policies

In some cases, literature should be flexible and allow SMEs to establish policies prior to strategies as dictated by the operating external environment.

6.5.3 Strategy implementation phase

6.5.3.1 Risk related challenges during implementation

Since there is symbiosis between strategic management and risk management, SMEs should adopt an integrated strategic and risk management approach to mitigate some of the risks that are often encountered during the implementation phase of the strategic management process.

6.5.3.2 Procedures

SMEs should develop procedure manuals for all major activities. The procedure manuals should be reviewed and updated at regular intervals as and when considered to be necessary.

6.5.3.3 Missing links on targets

SMEs should set logical targets for profits that are derived from targets for total revenue *minus* the total costs that are in their planning budgets.

6.5.3.4 Focus on financial perspective

SMEs should set targets for the other three perspectives namely the customer perspective, internal business processes and the learning and growth perspective.

6.5.3.5 Incentive plans and performance motivation

Since SMEs often punished employees for failure to perform through warnings, suspension from work or even dismissals, they should also introduce rewards or incentives for the achievement of set objectives or individual employee targets.

6.5.3.6 Budgeting and planning

SMEs should ensure that the planning process is done ahead of the budgeting process and that the budgets were based on the plans.

6.5.4 Evaluation and control phase

6.5.4.1 Performance evaluation and control

SMEs should develop the habit of revising their objectives, policies and strategies as advocated by the literature in the event of discrepancies between actual performance and desired performance.

6.6 Limitations of the study

This research was subject to some limitations. Pushpakumari and Watanabe (2009) appropriately summarised that the results were subject to the limitations commonly associated with surveys with respect to the reliability and accuracy of information. In terms of the reliability or accuracy of the information that was gathered through the interviews, the researcher requested documentary evidence if any. Where it was readily available, some of the respondents provided it and this information mainly included company profiles and registration certificates that were hanged in the offices of the respondents. However, where the respondents indicated that the information was kept outside their offices, the researcher often did not worry the hosts with the information and hence entirely relied on the interview information. However, only one case study namely case study number four was ready to show the researcher the complete strategic plan that was on his laptop computer.

In terms of access to documentary evidence of the strategic planning process, the researcher mainly relied on documents that included the company profiles as well as the vision, mission and core value statements that were hanged at the premises of some of the SMEs. Most case study respondents indicated that they did not have strategic plan documents to prove the extent to which the strategic planning process was conducted. Whether this was genuine absence or diplomatic reluctance to provide documentary evidence for cross checking what they said was done could not be verified by the researcher and was outside his control. It should be borne in mind that some documents may be considered sensitive for fear that the information may fall in the wrong hands.

In addition, financial constraints also affected the researcher in relation to conducting very long interviews that would warrant the researcher to stay in lodges in Harare for more days than what he had budgeted. However, follow ups were done by the researcher over the phone about any issues that the researcher deemed to be pertinent, especially information such as the number of employees in the SMEs. Some SMEs were ready, eager and waiting to explain the whole strategic management process that was conducted but due to time constraints, the researcher sometimes moved over to the next question after collecting what he thought to be necessary.

6.7 Areas for further research

6.7.1 Strategies and policies

One of the conclusions of this thesis is that all policies by the country are respected by all businesses as much as the laws are respected and this might imply that businesses have to comply with all policies and should never violate them when they formulate any strategies that they may want to pursue. Greenly (1994) argues that though principles of strategic planning should have universal application, findings from one country cannot be replicated in different countries that have different cultures, country dependent influences and national differences. Yin (2014) shares the same opinion and emphasises that the researcher can and should draw cross-case conclusions, modify theory and develop policy implications based on new emerging information. However, Wheelen and Hunger (2012), David (2013) and Courtney (2013) who are all gurus or renowned experts in the field of

strategic planning maintain that businesses should formulate strategies ahead of policies and they indicate no flexibility about what should come first between strategies and policies. Hence, the researcher is persuaded to cling to the opinion that more research may be required about the most appropriate strategic management model for SMEs in Zimbabwe.

6.7.2 Sequence of the Wheelen and Hunger (2012) model

The research revealed that a plan (specific activities to be implemented) could be aborted at short notice whenever the conditions prevailing in the operating environment were no longer conducive to the achievement of the objective. For instance, the owner of case study number sixteen abandoned the fresh produce business in order to take advantage of the opportunity of venturing in the Command Agriculture programme that he figured would give him more profits. In addition, the owner of case study number one argued that employees were empowered to suddenly unilaterally change agreed purchase budgets to take advantage of short term supplier promotions that had potential to increase the profits. Given the fact that 80% of the SMEs had the making of profits as the corporate objectives, it could be discerned that the sequence (or importance) of the strategic management phases was as follows.

- a) Strategy formulation
- b) Environmental scanning
- c) Strategy implementation and
- d) Evaluation and control

In contradiction to the Wheelen and Hunger (2012) model, the pattern that appeared to emerge complied with the model by David (2013) that commences with strategy formulation. However, in view of the argument by Saunders *et al.* (2012, p. 287) that the weakness of purposive (judgemental) samples is that they are not considered to statistically represent the whole population, the research did not establish the most appropriate strategic management sequence for SMEs in Zimbabwe beyond any reasonable doubt. Hence, the establishment of the correct strategic management sequence of phases that is followed by most SMEs in Harare could be an area for further research.

6.7.3 Strategy formulation sequence

While fifty percent of the SMEs indicated that they had neither vision nor mission statements, only five percent of the sample had reviewed the vision and mission statements in the last five years yet all the SMEs had a corporate objective. It appears that within the strategy formulation phase, the motive of the formation of most SMEs was achievement of the corporate objective while the formulation of the vision or mission statements, if ever they are there, are subservient to the achievement of the objective. In other words, the corporate objective was formulated ahead of the vision and mission statements. Empirical evidence shows that even Wal-Mart Pvt Ltd, the largest retailer in the world with more than 11,500 stores (as at October, 2016) does not have a formal mission statement (David, 2013, p. 233). This sequence is contradictory to the Wheelen and Hunger (2012) model that maintains that the vision or mission statements should be formulated ahead of the corporate objective. Once again, this view is subject to further research to establish the most appropriate sequence for SMEs in Zimbabwe.

6.7.4 Review of the Resource Based View for SMEs in Zimbabwe

The Resource Based View (RBV) argues that each organisation is a collection of unique resources and capabilities which work as the springboard for the formulation of the firm's strategy and its ability to earn above average returns (Volberda *et al.*, 2011, p. 20 – 22; Louw and Venter, 2014, p. 24). Grant (2008, p. 127) argues that

“In general, the greater the rate of change in a firm's external environment, the more likely it is that internal resources and capabilities will provide a secure foundation for long term strategy.”

All the twenty case study respondents highlighted the weakness of inadequate financial resources that prohibited their organisations from growing as fast as they desired. Two of these SMEs (10% of the sample) were further crippled by liquidity weaknesses. In addition, twenty five percent of the case studies encountered the challenge of inability to access funding from the commercial banks due to high borrowing rates. The research by Nyamwanza (2013) that was conducted in Zimbabwe revealed that the effectiveness of the use of formal strategic planning is a function of the nature of the environment in which the SME is operating. Formal strategic planning models are mainly effective in environments that are stable and

are less effective and seldom used in Zimbabwe where the environment is volatile and does not allow the business to focus on long term plans. Based on these revelations, SMEs in Zimbabwe may generally not be in a position to leverage most of their desired strategies based on the internal resources. Hence, the argument by Grant (2008, p. 127) does not appear to be supported by facts based on all the twenty case study respondents who encountered financial challenges. The researcher was of the opinion that the applicability of the RBV to the situation in Zimbabwe might require further exploration.

6.8 Conclusions

Wiid and Diggines (2009, p. v) emphasise that research is important in the supply of information that facilitates planning and decision making. Saunders *et al.* (2012, p. 7) highlight that in addition to the mere provision of understanding and knowledge, research should go beyond this and address specific issues and practical problems for the benefit of the stakeholders. In this respect, the researcher is of the opinion that all the research objectives were addressed through the provision of some valuable recommendations based on the research findings as follows.

- a) The first research objective was addressed by the provision of some recommendations from item 6.5.1.1 to item 6.5.1.5.
- b) The second research objective was addressed by recommendations in items 6.5.2.1 and item 6.5.2.2.
- c) The third research objective was addressed by recommendations in items 6.5.3.1 to item 6.5.3.6.
- d) The fourth and last research objective was addressed by recommendation 6.5.4.1.

Though the researcher is of the opinion that more research may be required about the most appropriate strategic management model for SMEs in Zimbabwe and that there may be need for flexibility about what should be formulated first between strategies and policies, he still believes that the rest of the Wheelen and Hunger (2012) model is generally appropriate for large companies if the external environment is stable. However, the strategy evaluation phase for SMEs should consider the establishment of objectives for all the four perspectives suggested by Kaplan and Norton (1996). These four perspectives are the customer perspective, financial perspective, internal business processes and the learning and growth

perspective. Though the research did not establish any evidence to this effect, Kaplan and Norton (1996) argue that such objectives will enhance effectiveness in the strategic management process. Finally, it appears that there may be need for more integration between strategic management and risk management processes since there is symbiosis between the two processes.

ANNEXURES

Details of the twenty case studies

Case study one

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1. External environment:

1.1 Societal environment:

1.1.1 Political and legal

As a company we try to remain apolitical or non-aligned to any political party to facilitate serving all customers without fear or favour to facilitate taking advantage of opportunities that may arise while minimizing any threats that may arise as different governments change. However, behind the scenes I or any of the employees may be a member of some political party and even vote for any party of one's choice. We do not discuss politics at work. In addition, we abide by any laws such as tax laws, by-laws by the municipality, rules, regulations and statutory requirement that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

We monitor wage and salary regulations from the government that are published for this sector as well as rates of inflation. But of late, prices have generally been stable and in some cases have been going down.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We monitor the availability of the latest available technology in the industry and as you can see, we are using the latest till machines like any other large company to enable us to serve customers quickly. Scanning of the external environment factors is done as a continuous process.

1.1.5 Task environment

We regularly check the prices charged by competitors for similar or identical products that we sell and adjust prices as we see fit after taking into consideration the cost of the stocks. We also have a customer suggestion box that I open at least once every quarter. In addition we try to be different from our competitors, as you

can see we have benches for customers outside the shop to sit and rest unlike our competitors who have nothing of that sort.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, but the process is not documented but is done as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 As a service industry, the customer is always the king. We monitor the resources especially stocks, the rate of depletion of various products as this will also facilitate reordering before we run out of the products completely. We also monitor cash resources very often and do our banking once a week but of course we do not bank all our money. The limited banking is only done in case we might require a loan from the bank but as you may be aware of, banking these days is also associated with a lot of bank charges that ultimately reduces the balances that you have compared to a long time ago when banking deposit rates were attractive. The bulk of the cash is therefore kept somewhere safe to enable us to quickly take advantage of any opportunities that may arise. Monitoring is done every month or is ongoing.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes though this is not documented.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent employees. b) Location that is easily accessible. c) Operating premise that is owned by the company where we do not pay rentals to anybody. **Weaknesses:** a) Inadequate resources that prohibit the company to grow as fast as we may desire. b) Loss of key or reliable employees through various reasons that include natural staff turnover and illness mainly arising from the HIV/AIDS pandemic. **Opportunities:** a) Large pool of cheap labour arising from the rising unemployment situation in the country. b) Competition between manufacturers and wholesalers or suppliers of various products that has presented us with cheap imports from other countries that include South Africa and China. **Threats:** a) Sporadic load shedding by the Zimbabwe Electricity Supply Authority

that affects perishable products in the refrigerators. b) Constant cuts in water supplies by either the local City Council or as a result of cuts in electricity.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 Changes in any laws that may affect the company.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 Nothing was reviewed since 2005 when we started operating as a micro finance lending company even though I latter started to operate a supermarket in 2010.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. However, naturally our ideal corporate objective is to make profits by any legal means. The corporate strategy is growth while the business strategies are either differentiation or cost leadership or both but certainly not focus strategies. Hence we reduce costs where we can to attract more customers from our competitors and at the same time try to be different from our competitors where we can. However, in this current volatile economic environment where the economy has become more dynamic for the Economists, we are contented with a corporate strategy of stability or just survival. We mainly have corporate strategies as well as business strategies.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 Strategies. "We believe strategies should be set prior to policies since they are supposed to guide the policy formulation process. The implementation phase is the stage that defines the success or failure of the company. Unlike manufacturing companies that are being adversely affected by cheap imports from the rest of the world, our supermarket is presented with an opportunity of competition between manufacturers and wholesalers of similar products. Once we budget the amount that should be used to purchase various fast moving consumer goods (FMCG) stocks, the owner or whoever goes to procure the stocks is empowered not to religiously follow the specific budgets. For instance, suppose we have budgeted to spend \$200 on washing detergents that should last for two weeks, the buyer may unexpectedly come across say a sales promotion by the wholesaler of say 40% discount on some other product say toothpaste that we had not even budgeted for and the promotion

may last for that day alone. The buyer is empowered to spend \$100 on the toothpaste and use the remaining \$100 on detergents whose stocks could then last for only one week instead of two weeks. Since the retail business is characterized by very small margins but driven by high turnover, the business will certainly make faster sales on the toothpaste based on lower prices compared to that of competitors since the stocks were also procured at lower prices than normal. In all such cases we then require the buyer to immediately make a written justification report of that decision which the owner and other team members consider and ratify resulting in a precedent for future similar decisions. So the strategy of empowerment of the buyer supports the policy of quick turnaround in decision making by a frontline agent to make fast procurement decisions that take advantage of any opportunities in this volatile environment. This empowerment strategy also supports the main objective of profits or survival. Unlike in large companies, violation of the budgets before formal approval may result in disciplinary action such as dismissal or suspension of the buyer and this partly explains why some large companies are losing business to the competitors resulting in company closure and/or liquidation.”

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs plus a small percentage markup, stock levels of various products and the rate of sales of the various fast moving products. They are determined by the owner in liaison with the team members every month.

**Q11 Does the company have procedures for all the major activities – (Yes/No)?
If so, how often are the procedures reviewed or amended?**

A11 No procedures for the major activities nor procedure manuals are available. Each team member just consults or gets permission from the owner because the owner is almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly operational and risk related challenges as listed below:

- a) At one time we were adversely affected by accepting fake currency notes since the Till Operator could not distinguish the genuine from the fake notes until I purchased a fake note detector. However, the detector was mainly used during the early days of the introduction of multi-currencies. As a result of experience,

all the employees can distinguish a fake note from a genuine note without the use of a detector by merely looking at the note.

- b) We once encountered a problem of indiscipline by one worker who either always came to work late or did not come at all in spite of the fact that all the employees are aware of their job descriptions and conditions of service as these were availed to them upon commencement of their duties. The worker is currently on suspension through an indefinite unpaid leave.
- c) Erratic and expensive provision of public goods such as electricity and water by the authorities. Though a risk mitigation strategy was taken through the acquisition of an electricity generator to save perishable products from deterioration in times of load shedding, the situation sometimes adversely affects the business because the generator is not designed to operate 24 hours yet there may be no electricity for that long. When the electricity is restored, sometimes the voltage is very high which results in damage to some of our electrical equipment.
- d) Interest rate risk. If you borrow money from the banks, the interest rate is very high and in the region of more than 20% yet the same banks will give you less than 1% for your deposits. Bank lending rates are punitive and discourage borrowing while their low deposit rates equally discourage depositing funds. Even when we desperately require funding, we end up not borrowing from them at all for purposes of investment and I think the responsible authorities should do something about this huge gap between lending and deposit rates.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The purchase of a fake note detector was effective since we have not encountered similar problems of accepting fake currency notes since then. b) The use of disciplinary action on the employee who used to come to work late or never turned up was effective because discipline for the rest of the staff has since improved. In as much as the government is expected to provide a conducive operating environment for businesses, the SME owners should also provide a good working environment for the employees and act like a father to the children. The father is not like a great and supreme bookkeeper who is chiefly engaged in making damaging entries against his erring children, debit entries of indiscipline and mistakes to be used against them when he subsequently sits in judgement upon

them as the just judge of the children or employees. At the same time, the father is not a lax, loose or foolishly indulgent parent who is ever ready to condone indiscipline and recklessness. The father should create a working environment that does not stagger under the guilt of complaints without compliments, power without conscience, wealth without work and pleasure without restraint. c) The problem of load shedding by the Zimbabwe Electricity Supply Commission still continues and our generator is not designed to operate for long hours. So the solution was partly effective. The erratic water supply situation has been alleviated by the city council that now provides some water to businesses using water bowsers. We also run around to get more water from willing neighbours who have wells or boreholes on their premises. We have purchased some power surge protectors to protect some of our electrical equipment from power surges when the electricity is restored. d) The challenge of the huge gap between bank lending rates and deposit rates is beyond our control and we can do nothing about it though we continue to highlight it to our bankers but to no avail. We have stopped borrowing from the banks.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done –(Monthly/Quarterly/Semi-annually/Annually/Other – specify --)?

A14 No performance measures are set. If we are able to pay our overhead costs, restock and get a little for subsistence so as to make a small profit or just survive as a business, then we will be fine. Monitoring is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We only focus on cost management measures in order to at least break even or make a small profit.

Case study two

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 External environment:

1.1 Societal environment:

1.1.1 Political and legal

The company does not have control over the insurance rates that are charged as these are determined by the Insurance Council of Zimbabwe (ICZ). We try to remain apolitical or non-aligned to any political party to facilitate serving all customers without fear or favour and enhance chances of taking advantage of opportunities that may arise while minimizing any threats that may arise since governments may change after elections. However, behind the scenes I or any of the employees may be a member of some political party and even vote for any party of one's choice. We do not discuss politics at work. In addition, we abide by any laws such as tax laws, by-laws by the municipality that include opening and closing times, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

We monitor unemployment levels in the country, bank interest rates and wage or salary regulations that are published for this sector though we often use contract employees because they are cheaper. We also monitor rates of inflation and the general climatic conditions as these affect the farming community and clients who rely on those businesses.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We monitor the arrival of or the availability of the latest available technology in the industry that may give our competitors some competitive advantage. Scanning or monitoring of the variables of the external environment is done as a continuous process.

1.1.5 Task environment

We regularly check the various insurance rates that are charged by our competitors for similar or identical products that we have and the ability of clients to pay the rates depending on their various sources of income and adjust prices as we see fit. We also monitor the nature of credit facilities provided by competitors. We also monitor the availability of cheap labour but often rely on contract employees who are mainly university students on attachment for one year. This process is done on an ad-hoc basis or as and when necessary.

Q2 Does the process result in the identification of any threats and/or

opportunities – (Yes/No)?

A2 Yes, the process results in the identification of both threats and opportunities but of late there have been far more threats than opportunities. The process is not documented.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We mainly focus on our resources and culture of doing business. We constantly monitor the impact of the review of the increase of licence fees by the city council as well as rentals by the landlord of our premises on our business and financial resource base. Our business culture is to ensure that all contract employees are very friendly to the customers.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes, of late we are getting more weaknesses than strengths.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent employees. b) Location that is easily accessible. c) Ability to invest all the monthly premiums for 60 to 90 days before remitting the same premiums to respective insurers to generate more revenue. d) Working with different insurers creates a wide product range which can cater for any client who gets into contact with the business. Hence, the company becomes a one-stop shop for all the insurance requirements of the client and this enables clients to choose insurance companies and products of their choice in one office. e) Price flexibility by the SME where it customizes insurance products to suit clients incomes. f) Possibility of expansion locally, regionally and internationally if the revenue base grows. g) Possibility to diversify into other financial activities or even merge with other companies. **Weaknesses:** a) Inadequate financial resources that prohibit the company to grow as fast as it may desire. b) Loss of key or reliable employees through various reasons that include natural staff turnover. c) Premises that are not owned where the company pays expensive monthly rentals that translate to high operating costs. **Opportunities:** a) Large pool of cheap labour that can be hired on contract. b) rising demand for insurance products arising from various reasons that include employment of people, starting of new companies, acquisition of properties/assets such as motor vehicles and the statutory requirement that such

assets have to be insured. c) Government support for youth initiatives through the Ministry of Youth Development, Indigenisation and Empowerment. d) The agrarian reform programme that provided new people with both farms and farming machinery and equipment. **Threats:** a) The economy has not been performing well and both the government and local authorities have not been able to create employment opportunities or a conducive operating environment. This has resulted in the closure of companies and rising unemployment which is in turn negatively affecting our business as commitment to pay insurance premiums by clients is seriously compromised. b) Financial institutions have not been able to fund even some viable project proposals submitted by most of our clients resulting in limited ability by our clients to pay their insurance premiums as they are in turn affected by limited financial resources. Clients end up opting for self-insurance and most of them are under insured. In the event of a loss by some paid up clients, the company is unable to honour payment obligations or in some cases payment is done but not on time. This tarnishes our image. c) The company insures even farmers against various risks arising from climate changes but the farmers are not able to pay their premiums due to various reasons. For example, some farmers deliver their crops to the grain marketing board (GMB) but are paid several months late and this also affects their preparation for the rainy season as well as their payment of insurance premiums. Insurance business is like gambling. If the client is not involved in a loss, it means the premiums that he/she could have paid are not refundable and he/she views this as a loss since he could have used those funds for some pressing need. In other words the opportunity cost for the paid premiums is high for clients and next time the client will be unwilling to take insurance or increase the insurance premiums. d) Even though there could be potential business, clients are no longer innovative or prepared to take risks by taking advantage of possible business opportunities. e) Complete dependence of the business on the political and economic external environment which can suddenly turn sour. f) Unfriendly competitor rivalry prevailing in the industry. g) Loss of experienced manpower through the HIV/AIDS pandemic.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 Changes in any laws that may affect the company.

Q7 How often have you formulated or reviewed the vision and mission

statements in the past five years and what were the reasons for doing that?

A7 We have not reviewed the vision or mission statement for a very long time because there hasn't been any trigger events.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 Objectives and strategies have not been reviewed for a long time and have therefore been stagnant since our financial resource base is limited or constrained and we do not have any specific guidelines for the review of both our objectives and strategies. The corporate objective is survival but the business environment is just not conducive to doing business regardless of the strategies we may decide to use in this industry. However, we approach people who can influence others in our community informally and discuss any issues that we consider to be necessary such as the importance of having insurance for various businesses to enable our business to survive as a strategy. We do not have any knowledge about types or levels of strategy that may be available since we are not academics.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 Policies. We consider policies to have more weight than strategies and hence policies are formulated prior to strategies. Strategies should not violate the policy framework. For example, "Zimbabwe has an Indigenisation policy that states that if foreign companies intend to enter into joint ventures with indigenous companies, the local companies should have a 51% shareholding in the joint venture. Hence, business or corporate strategies such as joint ventures between local and foreign companies should never violate the indigenous policy framework that is set or established by the Government." The company therefore follows suit by formulating policies that are consistent with Government policy ahead of our own company strategies because there are severe penalties for violating the law. We may not be academics but we are definitely law abiding citizens of the country.

Q10 How are budgets for each programme determined and who does this process?

A10 Each department generates its own budget for the year based on costs but we then conduct inter departmental meetings to consider and approve the budgets.

Q11 Does the company have procedures for all the major activities- (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 Yes we have procedures for all the major activities which are reviewed as and when necessary.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly operational and risk related challenges as listed below:

- a) Liquidity risk or inadequate funds to pay claims because some clients may not have paid up their insurance premiums or because the premises landlord may have increased monthly rentals. Some clients could be relying on funding of their project proposals from banks to get the insurance premiums to pay but banks are turning down a lot of proposals especially those that involve some production or manufacturing activities because the clients do not have the required collateral.
- b) At one time we were adversely affected by accepting fake United States dollar notes.
- c) Erratic and expensive provision of public goods such as electricity and water by the authorities.
- d) Default risk. Long queues at the banks which sometimes result in failure by some of our clients to get the required cash or end up getting limited cash from banks sometimes prevents our clients from paying their premiums. Travelling with a lot of cash is also risky for some of our clients who have often fallen prey to thieves. Remember, banks are currently not providing cheque books to their clients as this would alleviate the cash challenge.
- e) Interest rate risk. If you borrow money from the banks, the interest rate is very high and above 20% yet the same banks will give you less than 1% for your deposits. Bank lending rates are punitive and discourage borrowing while their low deposit rates equally discourage depositing funds. Even when we desperately require funding, you end up not borrowing from them at all and I think the responsible authorities should do something about this huge gap between lending and deposit rates. We therefore end up not borrowing for purposes of investment or paying claims.
- f) Naturally, when we approach some potential customers to discuss insurance issues they have a perception that we are crooks. It does not matter how literate the potential customers are because their perception is the same. Some even start to challenge us to name the individuals that we have assisted who had insurance. The only insurance that most people have and appreciate its importance is life insurance

policies because they know that one day they will surely die and they have seen buses and cars from large life assurance companies such as Nyaradzo, Doves and Moonlight coming to bury people at various graveyards and some of the people being buried would be their parents, friends and relatives

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The limited cash constraint by our clients has not been addressed as this is beyond our control. Nothing can be done to address the liquidity risk of inadequate funds to pay claims because this is beyond our control since the clients who are the source of funds could in turn have been adversely affected by changes in salary payment dates from their employers or even lost their jobs as a result of the economic down turn. b) The Company bought a fake note detector to identify fake notes and this solution was effective especially during the early days of the introduction of multi-currencies. Today the employees can tell if the note is fake by visual glancing at the notes. c) Nothing was done to address the risk of erratic and expensive provision of public goods as this is beyond our control. d) In cases of default risk by some clients, the company often engages debt collectors to follow up outstanding premiums. In some cases there is litigation which is time consuming and expensive as this is done for a fee which the company may not have at that time. e) Nothing was done about the challenge of the huge gap between bank lending rates and deposit rates since this is beyond our control but we have highlighted it to our bankers on several occasions to no avail. The Reserve Bank of Zimbabwe even pleaded with the banks to review the gap between lending and deposit rates on several occasions but no action was taken. We therefore no longer borrow from the banks. f) We continue to educate the potential clients about the purpose and advantages of having insurance policies for property at schools and business forums but we do not advertise in the press or television because of limited liquidity and budgets and this is an uphill task. We have partly been successful.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 Financial targets for each department are set and monitoring is done at least once a week or monthly.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We go back to the drawing board and scale down the departmental budgets as we review the income level that is available.

Case study three

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 External environment:

1.1 Societal environment:

The external environment is generally divided into two namely the societal environment and the task environment. The societal environment consists of four broad variables namely the political and legal, economic, socio-cultural and technological variables. I will try to give you some highlights on each variable as far as our business is concerned since I also have some passion for strategic management.

1.1.1 Political and legal

Though individual cooperative members can be members of any political party of their choice, the Savings and Credit Cooperative is not aligned to any political party and this enables it to serve all customers without bias, prejudice fear or favour. In this way it enables us to remain professional and take advantage of opportunities that may arise while minimizing any threats from anybody. However, behind the scenes I or any of the employees may be a member of some political party. We do not discuss politics at work. In addition, we abide by any laws such as tax laws, by-laws of the Municipality of Harare, rules, regulations, practices and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

We monitor wage and salary regulations that are published for this sector and comply with them. We also monitor payment dates for the municipality since they change on a regular basis.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We monitor the availability of the latest available technology in the industry and as much as possible, move with the times to enable the cooperative to serve customers more efficiently and effectively. Monitoring of the external environment is done on a continuous basis.

1.1.5 Task Environment

As you may be aware, the task environment consists of various elements that include the competitors, creditors, customers, employees, labour unions and shareholders. However we do not necessarily monitor all of those elements. Our focus is mainly on the interest rates and loan repayment periods used by competitors in the industry for similar or identical products that we provide. We then make adjustments as we see fit after taking into consideration the cost of capital. We also have a customer suggestion box that I open at least once every quarter. In addition we try to be different from our competitors in terms of service delivery and as you can see we have an open door policy. We reduce bureaucracy as much as possible and both customers and employees do not have to make appointments in order to discuss business issues with management. Monitoring of the external environment is done monthly or as an ongoing exercise.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, and both the process as well as the Opportunities and Threats are documented in the strategic plan document that is produced and reviewed once every five years.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We basically scan three issues namely the structure of the cooperative, the culture and the resources which are the human, material and financial resources. Monitoring of the internal environment is also done monthly or as an ongoing exercise.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes and both the process as well as the Strengths and Weaknesses are documented in the strategic plan document that I said is produced and reviewed once every five years.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent and dedicated employees. There are only nine permanent employees and three contract employees. b) Location that is easily accessible for all the members in Harare. **Weaknesses:** a) Inadequate resources that prohibit the company from growing as fast as we may desire. b) Reduction of the total number of cooperative members as a result of the natural staff turnover, retrenchments by the municipality of Harare and of course deaths that are mainly AIDS related. During the past six months we lost a total of 500 members and currently there are 2,000 members. c) Location that is rented where the company pays expensive rentals for the premises every month. **Opportunities:** a) Availability of a large pool of labour from which the company can hire cheap contract employees. **Threats:** a) We are still lagging behind in terms of the use of the latest technology. For example, the Harare City Council by-laws prohibit the cooperative to effect salary stop orders from the source which is the Municipality of Harare. We have to wait for the municipality to deposit a member's salary into his or her account. In some cases, by the time we go to the member's bank to withdraw the agreed loan installments from the members bank account, some members would by then have transferred all their salary out of their bank account using Econet's Ecocash system and this leaves the member's bank account in debit as the member goes into arrears. Of course we treat this kind of behaviour by the member as fraud but it adversely affects our cash flow, budgeting, liquidity situation as well as our investments. b) Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects the business continuity of our desktop computers. c) Abrupt changes of salary payment dates by the Municipality of Harare to their employees who are our members. This delays the cooperative to recover loans extended to members but since this is not the member's fault, the cooperative cannot charge interest for delays in the loan repayment. d) Erratic water supplies by the local City Council which is a health hazard as this affects the use of toilets and general hygiene at the work place. Of course, the erratic water supply is also caused by load shedding because pumping of water by the city council makes use of electricity.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 Changes in any laws that may affect the cooperative.

Q7 How often have you formulated or reviewed the vision and mission

statements in the past five years and what were the reasons for doing that?

A7 Nothing was reviewed since 1993 when we were incorporated but business was extremely low, volatile and nothing to talk about until 2009 when the country adopted the multicurrency system that is dominated by the use of the United States dollar. For your information, the vision, mission and core values are as follows: a) **Vision** – To be a leader in the member oriented financial services by 2017. b) **Mission** – To mobilise and manage financial resources to empower our members. c) **Core values** – transparency, integrity, democracy, equality, teamwork and responsibility.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 The review of the corporate objectives and strategies are guided by the external environment in which we are operating and we have no control over that environment. For example, it is difficult to achieve our vision of leadership in an environment in which our membership is declining as a result of retrenchments by the employer since our membership loans only focus on employees of the Municipality of Harare. The vision will have to be reviewed during the next strategic management meeting. Hence the most realistic corporate objective and strategy could be about growth of some agreed variables. Since it is the whole economy that is depressed or in a downturn it is still possible to achieve growth in a declining industry and this can be the basis for both the new objective and strategy if we remain optimistic. If we are pessimistic, we should be thinking about both an objective and strategy of stability or survival. We have corporate and business strategies. The corporate strategy that we have is about growth and the business strategy that we have is about competition.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 Policies. Literature on strategic management states that Strategy should be formulated prior to Policy but this is not what we do here. Let me just explain the reasons. It appears we are not alone since most people and organisations in this country respect Policy more than Strategy. If any strategy violates some policy, there is a tendency that you will simply be told that this is not the company Policy or country policy since policies come from the top officials of the business or

country and maybe are based on the laws and are like the rules. It appears Policy is respected in the same way that laws are respected. Hence, in this cooperative I believe the Policy should be set ahead of the Strategy. “Remember, the third edition of the Cambridge Advanced Learners Dictionary (2008) defines policy as a set of ideas or a plan of what to do in a particular situation that has been agreed **officially** by a group of people, a business organisation, a government or a political party e.g. the EC common foreign and security policy”. The same source defines strategy as “a detailed plan for achieving success in situations such as war, politics, business, industry or sport or the skill of planning for such a situation”. But though the two words are similar, in terms of the word plan which appears in both definitions, the word official is missing in the definition of strategy. Hence, I am persuaded to think that in the strategic management models, Policies should be set ahead of Strategies and the later should not violate the policies. Just imagine how much weight is given to any country’s foreign policy as an example. Suppose the country’s foreign policy prohibits companies in the country from exporting to say country Y and you are a company in that country that has complied. Suppose your corporate objective is say to increase profits by a specific percentage and the corporate strategy is to charge premium prices on a specific product that is exported to interested companies. What would you do? You will not export to country Y even if the buyers there have offered premium prices which is the strategy that would enable achievement of the corporate objective in violation of the corporate and country foreign policy. I have given you a practical example because I know that if you access a loan from the Arab Bank for Economic Development in Africa (BADEA) that is based in Sudan, one of their policies is that beneficiaries of their loans should never import any machinery or equipment from Israel, otherwise the loan facility will not be approved by the authorities based in Sudan. In the same way, in 2014 Zimbabwe and other Common Market for Eastern and Southern African (COMESA) countries agreed on a policy to prohibit cheap chicken imports from Brazil because it had been discovered that Brazil was preserving the chickens using the same chemicals as those used for embalming corpses of dead human bodies and this causes cancer to people who consume such chickens. This means that even though chicken traders may want to make more profit on chickens, they have to respect the policy ahead of the strategy for health reasons, otherwise they will face prosecution from the country for violating the policy. In this

cooperative, one of our policies is First come First Served but there is also another policy that states that the elders or those above sixty years of age should not stand in a queue. That means that if a younger guy arrives first and the elders arrive later, you will give priority to the elders even if they arrived later to be served. So one policy can override another policy but a strategy should never violate a policy.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the average loan sizes and the availability of funds. There is a budget committee that approves the budgets.

Q11 Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 Yes, there are policy and procedure manuals for all the major activities. The procedures are reviewed at least once a year.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 Some of them have been mentioned when we were discussing the Strengths, Weaknesses, Opportunities and Threats but these are mainly operational and risk related challenges as listed below:

- a) Interest rate risk. If you borrow money from the banks, the interest rate is very high and in the region of more than 20% yet the same banks will give you less than 1% for your deposits. Bank lending rates are punitive and discourage borrowing while their low deposit rates equally discourage depositing funds. Even when we desperately require funding, we end up not borrowing from them at all and I think the responsible authorities should do something about this huge gap between lending and deposit rates.
- b) Default risk. By the time we go to the member's bank to withdraw the agreed loan instalment from the members bank account, some members would by then have transferred all their salary out of their bank account using Econet's Ecocash system and this leaves the member's bank account in debit as the member goes into arrears. We treat this kind of behaviour by the member as fraud but it adversely affects our cash flow, budgeting, liquidity situation as well as our investments.
- c) Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects the business continuity of our desktop computers.

- d) Liquidity risk from abrupt changes of salary payment dates by the Municipality of Harare for their employees who are our members. This delays the cooperative from recovering loans extended to members but since this is not the member's fault, the cooperative cannot charge interest for delays in the loan repayment.
- e) Erratic water supplies by the local City Council which is a health hazard as this affects the use of toilets and general hygiene at the work place. The water cuts are sometimes a result of load shedding by the Zimbabwe Electricity Supply Authority (ZESA).
- f) Reduction of the total number of cooperative members as a result of the natural staff turnover, retrenchments by the municipality of Harare and of course deaths that are mainly AIDS related.
- g) Loss of data when our computers have been affected by viruses.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The challenge of the huge gap between bank lending rates and deposit rates is beyond our control and we can do nothing about it but we continue to highlight it to our bankers to no avail. We no longer borrow from the banks for investment purposes because we noticed that since the banks were not prepared to take heed to appeals from the Reserve Bank of Zimbabwe to review the gap between lending and deposit rates, this was a losing battle. b) On default risk, we treat such deliberate defaults as fraud and we use litigation measures to recover the money with interest. Though it may be time consuming, it is indeed effective and one such member was charged by the courts last month. c) On sporadic load shedding by the Zimbabwe Electricity Supply Authority, we recently procured one laptop computer just to enable us to continue business and save our data. We also now have a generator but our generator is not designed to operate for long hours. So the solution was partly effective. d) The abrupt changes of salary dates is beyond our control so nothing can be done about it. e) The erratic water supply situation has been alleviated by the city council that now provides some water to businesses using water bowsers. We also run around to get more water from willing people in various places and people who have wells or boreholes on their premises. f) The solution to the reduction of the number of members depends on the cause. We run awareness campaigns about the HIV/AIDS epidemic but this does not mean that all the members will change their social behaviour. There is nothing that we can do

about staff retrenchments because it is the prerogative of the employer to downsize and right size when the economic environment is not conducive to doing business. The problem of natural staff turnover is being addressed through recruitments of both permanent and temporary employees as the need arises. g) We are now in the habit of scanning the computers using up to date anti-virus software. In addition, we no longer allow the employees to use personal memory sticks or flash disks. We also conduct regular back up for all the information that we have.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 We set financial targets on loan disbursements as well as loan recovery rates. Monitoring is done every month.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We review the targets as we see fit.

Case study four

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

We scan all the four variables of the external environment that are the political and legal, economic, socio-cultural and technological variables.

1.1 Societal environment

1.1.1 Political and legal

As a company we try to remain apolitical or non-aligned to any political party to facilitate serving all customers without fear or favour to take advantage of opportunities while minimizing any threats that may arise. We abide by any laws such as tax laws, by-laws, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance. We also monitor labour rules that are announced by the courts. For example employers are now allowed to terminate the employment for their employees just after giving them only three months' notice period and as a result most workers are going home empty handed. In addition, since we pay licensing fees to a South African company every year, we also monitor any laws or

amendments that relate to repatriation of fees to another country in order to maintain compliance.

1.1.2 Economic

The major elements that are monitored include the unemployment rates, the country gross domestic product (GDP), inflation and interest rates.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We monitor the availability of the latest available technology in the industry and new methods of advertising or marketing that appeal to our target customers. Monitoring of the variables of the external environment is done continuously.

1.1.5 Task Environment

The task environment consists of various elements that include the competitors, creditors, customers, employees, labour unions and shareholders. However we do not necessarily monitor all of those elements. Since there are only three employees here including myself, we use the focus strategy. Our focus is mainly on three sectors namely the financial sector, the technology sector and the services sector. We then select specific companies in those sectors and then target the information gathering process for those few companies. We first examine the products that we produce then move on to assess the advertising products and materials produced by competitors for the companies that we target. We mainly get our information for those companies from the Zimbabwe Stock Exchange (ZSE), the press as well as any other legal sources. The ZSE is one of the major sources of information since it is difficult to get information about other companies in this country. We conduct extensive research for the target companies up to as far as what are the advertising decisions and budgets and how are the decisions and budgets reached?, who makes the key advertising decisions?, what is his or her position in the company and who should we approach in order to get things moving?. We gather as much information as possible for the target companies and follow the strategic management process as much as possible.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, and the Opportunities and Threats are documented in our 2016 strategy document that we have produced as you can see on this laptop and this is done as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We scan three things namely the structure of our company, the culture and the resources which are the human, material and financial resources. Monitoring of the internal environment is also done monthly or as an ongoing exercise.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes and the Strengths and Weaknesses are documented in our 2016 strategy document that we have already produced.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent and dedicated employees. b) Location that is easily accessible. **Weaknesses:** a) Inadequate financial resources that prohibit the company to grow as fast as we may desire. b) Operating from rented and expensive premises where the company pays rentals every month. **Opportunities:** a) Availability of a large number of people looking for employment and ability to hire cheap contract employees especially university students who are on attachment. **Threats:** a) Delays in payment by our customers as a result of bureaucracy or red tape. Sometimes we fail to pay our suppliers of materials which is mainly the paper that we use for our advertising business during the 30 days that they require because our customers delay in paying us. We become financially crippled. b) Interest rate risk. If you borrow money from the banks, the interest rate is very high and in the region of more than 20% yet the same banks will give you less than 1% for your deposits. Bank lending rates are punitive and discourage borrowing while their low deposit rates equally discourage depositing funds. Even when we desperately require funding, we end up not borrowing from them at all and I think the responsible authorities should do something about this huge gap between lending and deposit rates. c) Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects our operations especially the use of the laptops because in some cases the electricity cuts can be for long periods. d) Abrupt cuts in water supplies by the local Harare City Council which can be a health hazard.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 The external environment especially any changes in any laws that may affect the company.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 We only started operating in 2013 so we are not yet five years old. Hence we have not yet reviewed the vision and mission statements.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 If the actual performance differs from our plans we will certainly review the corporate objectives and strategies but at present there are no written guidelines for the review. As indicated earlier, we use the focus strategy because as a small company we are certainly not able to cover all the companies in the country or even in the financial services sector. In addition, our objective is to be profitable but there are no targets on the level of profitability since the economy is currently very volatile. We have two levels of strategy which is the corporate strategy of growth and the business strategy of focus.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 We formulate strategy first and policy later because this is what the books and literature on strategic management indicate. Policies should not be in violation of the strategies.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs plus a small percentage markup and they are determined by myself as the owner in liaison with the team members.

Q11 Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each team member just consults or gets permission from the owner because the owner is almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 They emanate from the volatile economic environment and are mainly risk related challenges most of which have been discussed in the strengths, weaknesses, opportunities and threats as listed below:

- a) Interest rate risk. If you borrow money from the banks, the interest rate is very high and in the region of more than 20% yet the same banks will give you less than 1% for your deposits. Bank lending rates are punitive and discourage borrowing while their low deposit rates equally discourage depositing funds. Even when we desperately require funding, we end up not borrowing from them at all and I think the responsible authorities should do something about this huge gap between lending and deposit rates.
- b) Liquidity risk from delays in payment by our customers as a result of bureaucracy or red tape. Sometimes we fail to pay our suppliers of materials on time and these are mainly the paper suppliers for the paper that we use for our advertising business during the 30 days that they require to be paid because our customers would have delayed in paying us.
- c) Erratic and expensive provision electricity by the Zimbabwe Electricity Supply Authority which adversely affects our business. Load shedding is still continuing and is a problem for the whole economy.
- d) Electricity supply power surges which affects some of our equipment.
- e) Abrupt water cuts by the Harare City Council which can be a health hazard on the use of the toilets.
- f) Since we spend most of the time on the internet researching about the target companies, our computers are sometimes affected by viruses that sometimes result in loss of key information or data. At one time the laptop hard disk crashed and we lost all the data though some information was recovered using the hard copies that we had printed.

The respondent highlighted that “It should be noted that strategic management is sometimes likened to the Biblical Moses who led the children of Israel out of Egypt to the Promised Land. Along the way, there was Pharaoh’s army to contend with, there was also the red sea to cross as well as the desert that had no water to cross. These were the risks that could prevent Moses and the children of Israel from reaching the Promised Land or achieving their objective if they were not managed

or mitigated. Hence, strategic management and risk management have a strong relationship.”

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) Interest rate risk. We have highlighted our plight to our bankers on several occasions but nothing has been done about it. We have therefore stopped borrowing from the banks. b) The problem of delays in payment by our customers is beyond our control though we remind them about the arrears and the need to pay as soon as they receive some money. Some of the customers are large companies that have policies on payment approval bureaucracy that we cannot change. Since we have done business with some of the companies in the past very well, we understand their processes and sympathize with them. In addition, we do not want to take drastic action against the customers and risk losing the customers for ever because the economic situation can become normal in the future. c) Nothing has been done about the erratic and expensive power supplies and as a small company we cannot afford to buy a generator. d) We purchased some power surge protectors to protect our equipment and yes, the challenge has been addressed. e) The problem of erratic water cuts has not been addressed. f) As regular users of the internet, we use anti-virus software and do data backups to avoid loss of data.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 We set financial targets on profitability but we do not specify the profits that we would want to make because we are operating in a volatile economy and may end up with stress. As long as we make some profits or even break-even, that would be fine. We only get worried when there are some losses. Monitoring is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We only focus on cost management where we can in order to at least break-even.

Case study five

Q1 What external environmental factors do you scan and monitor and how

often is this process conducted?

A1 1. External environment

1.1 Societal environment

1.1.1 Political and legal

As a printing company that does all kinds of printing work for various customers, we try to remain apolitical to facilitate serving all customers without fear or favour and take advantage of opportunities that may arise while minimizing any threats. However, behind the scenes, I or any of the employees may be a member of any political party of one's choice but we do not discuss politics at work. We also respect the laws such as tax laws, by-laws by the Harare municipality, rules, regulations and statutory requirement that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

We monitor tender advertisements from the press and participate in the printing tenders, salary and wage regulations that are published for this sector, interest rates information published by the banks, rates of inflation and gross domestic product information. This forces us to read various newspapers but we mainly buy the herald almost every day.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We monitor the availability of the latest products or technology used in the industry. Acquisition of the products enables us to serve customers more efficiently and quickly. We monitor the factors of the external environment on a continuous basis.

1.1.5 Task Environment

We regularly check the prices charged by competitors in the printing industry for similar or identical products that we produce and adjust prices as we see fit after taking into consideration the cost of the inputs. We also monitor offers from our input suppliers especially those who supply us with paper.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, but the process is not documented in any systematic way though we do it as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We scan the resources i.e. the financial, material, human and the culture of doing business. As a culture, the customer is always the king. We also monitor the resources especially the quantities of inputs that are required to produce some level of output and the stock levels.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes though this is not documented.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent and hardworking employees. b) Location that is easily accessible. **Weaknesses:** a) Inadequate financial resources that prohibit the company from growing as fast as we may desire. b) Premises that are rented where the company pays expensive rentals every month. **Opportunities:** a) Availability of many people looking for employment as a result of the rising unemployment and ability of the company to employ cheap contract employees especially university students who are on attachment. b) Availability of seasonal printing jobs such as calendars at the beginning of each year. c) Competition between suppliers of different inputs such as paper that often results in the reduction of prices. d) Cheap imports of inputs from South Africa and China mainly due to the strong currency that we use compared to our trading partners. **Threats:** a) Regular load shedding by the Zimbabwe Electricity Supply Authority that affects printing business. b) Volatile economic environment triggered by closure of several companies and rising unemployment that has resulted in capacity under-utilization of our machinery. c) Erratic cuts in water supplies by the local City Council. d) Delays in receiving inputs when we import directly. The delays emanate either from the local transport companies at the border as a result of long queues or from the Zimbabwe Revenue Authority (ZIMRA) inefficiency. e) Declining local demand of our products as a result of company closures and general downturn in the economy.

The respondent explained that “Our attempt to seize opportunities from the jaws of the threats was an episode of trial, tragedy and triumph by an entrepreneur leading

an assembly of partially experienced but enthusiastic and determined colleagues who are all united by the desire of minding our own business.”

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 The non-conducive external environment in which the business is operating triggers the formulation of the vision and the mission statements but the company does not have any specific guidelines.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 We commenced business in 2009 but we have not reviewed the vision and mission statements yet. We will do it this during the first quarter of 2016.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. However, the corporate objective is to be profitable. The corporate strategy is growth and the business strategy is to win business from the competitors by charging lower prices.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 We formulate the policies first then the strategies later but the two should not be in conflict. Let me show you the CZI manufacturing survey report of 2013 which I have here. Page 18 indicates that “It remains to be seen whether the Industrial Development Policy (IDP) will achieve the overall objective of restoring the manufacturing sector’s contribution to GDP from 15 percent to 30 percent and its contribution to exports from 26 percent to 50 percent by 2015”. To me it implies that the policy is the means to achieving the objective and should therefore be formulated ahead of the strategy and that is what we do in this company. That is why we industrialists are always pleading with the government to put in place policies that protect the local industry to achieve growth. In addition, policies are like rules or laws that should always be obeyed by all employees of the company and the employees should know the company policies without fail. But as I said, strategies should not violate the company policy and the two should work in harmony.

Q10 How are budgets for each programme determined and who does this

process?

A10 The budgets are based on the availability of funds as well as the costs of what the company needs to do. We give priority to what is most important to deliver our core business, satisfy the customers and keep the business running. The budgets are discussed by all of the eight employees together including contract employees if there are any but obviously, I as the owner will have the final say in every decision.

Q11 Does the company have procedures for all the major activities – (Yes/No)?

If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each team member just consults or gets permission from the owner because the owner is almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly risk related challenges as listed below:

- a) Corruption. Some of the brokers as well as those who award tenders that will have been published in the press often demand bribes. Some of the bribes eat a lot into our profits to the extent that the brokers end up getting more than us the printers who have some overhead costs to pay. This is discouraging but we have to give them the bribes in order to secure the printing jobs because we would be desperate for jobs. However, we often negotiate with them on the amount of bribes that we can afford. The risk is that in future those tender awarders will never award us tenders if we refuse to pay the bribes and this is the environment in which we are operating.
- b) Interest rates that are charged by banks when we approach them to borrow some money are too high yet the same banks pay us peanuts for our deposits. In addition, banks charge a lot of various other charges for the accounts that we maintain with them and they are not prepared to review both the borrowing rates and the deposit rates. This discourages customers from keeping money in the bank accounts. A long time ago, customers were delighted by the deposits that they used to get but the situation has now completely changed. It appears as if customers are being punished for keeping money in the banks and the only reason for keeping the money in the bank is that one day you may require a loan and the bank always requests a bank statement for at least three months to prove that your business is viable.

- c) Erratic load shedding by the Zimbabwe Electricity Supply Commission which negatively affects our printing jobs.
- d) Erratic water supply by the Harare City Council which is a risk to our health. In some cases the water is also dirty and we cannot drink it.
- e) Liquidity risk from delays in payment for the jobs that we do for our customers which in turn sometimes inconveniences us in paying the rentals for the business premises and other overheads. This also affects the dates of paying my employees who in turn are threatened by their landlords where they stay. It is a chain reaction and everybody is having some liquidity problems in this economy.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The problem of corruption has not been addressed and it has actually grown not only to the bone but to the bone marrow. I do not know when or if anyone will be able to resolve this challenge. b) The large disparity between bank borrowing and deposit rates which discourages investment is still prevailing. Nobody appears to be willing to address this challenge because banks are benefiting from it. The Reserve Bank of Zimbabwe even appealed to the banks to review the gap between lending and deposit rates some time back but no action was taken. We therefore no longer borrow from the commercial banks. c) As a small printing company, we cannot afford to buy a generator that can handle our printing machines to mitigate the problem of load shedding. d) The erratic and sometimes dirty water supply challenge has also not been resolved. e) The delays in payment for jobs that we do for our customers is escalating and we do not know what to do about it. It is a problem affecting the whole economy.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 We only set financial performance measures on profitability but there are no specific figures, so as long as we manage to be profitable we will be happy. Monitoring is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We focus on cost management strategies in order to at least break even or make a small profit.

Case study six

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Societal environment

1.1.1 Political and legal

As an engineering manufacturing company that is in the business of manufacturing various products such as hammer mills, peanut butter machines etc. for all interested customers in the whole country, we do not engage in politics. In other words we are not linked to any political party. This stance enables the company to serve the interests of all customers without fear, bias, prejudice or favour and also facilitates taking advantage of opportunities that may arise while minimizing any threats. However, any individual employee can be a member of any political party and that has nothing to do with the company. Hence, we discourage the employees from discussing politics at work or during working hours among themselves or with customers. In addition, we abide by any laws such as tax laws, by-laws by the municipality, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

We monitor various variables such as salary and wage regulations that are published for this sector, interest rates in the market, unemployment situation, inflation, and any economic variables that is beyond our control. We also monitor regional trade agreements between Zimbabwe and other Southern African Development Community (SADC) members or even with some countries in the Common Market for Eastern and Southern Africa (COMESA) region because we import some of the required parts from Zambia. Therefore we will be interested in knowing equipment and machinery that is imported duty free.

1.1.3 Socio-cultural

Language of the local people of Zambia and the way they greet other people.

1.1.4 Technological

We monitor the availability of the latest available technology being used in the industry. We scan the external environment continuously.

1.1.5 Task Environment

We regularly check the prices charged by competitors for similar or identical products that we sell and adjust prices as we see fit after taking into consideration the cost of production. We also compare the input prices of various suppliers from all the supply sources including countries in the SADC and COMESA regions. We examine the ability of our local market to pay for the products and of course try to make our employees happy. We monitor government regulations on wages and salaries for this sector. Some of the information and advice is obtained from relatives, distant competitors and even fair weather friends. He indicated that “However, we do not always accept the advice from the horse’s mouth as it is since some advice may be misleading. Hence, there is need to scrutinize any advice and only accept it with a grain of sand, a pinch of salt or even diplomatically reject it as a shovel of nonsense.”

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, and the process is well documented and done as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We look at three variables namely the structure, culture and resources i.e. human, material and financial resources. As a culture we consider the customer to be king. The process is always ongoing or if you like, done every month.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes and the process is also documented.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent employees. b) Location that is easily accessible. c) Location that is owned where the company does not pay any rentals. **Weaknesses:** a) Inadequate financial resources that prohibit the company from growing as fast as we may desire. b) The company policy of not selling the products on credit to some extent affects our business. If we had some credit terms, once the customer gets some money, we would be assured of some payments but management was afraid of default risk arising from the volatile economic environment. **Opportunities:** a) We import some of the parts such as heads for hammer mills from Zambia. We are using the United States dollar as one of the currencies but in this country it is

overvalued. Economists estimate that the US dollar is overvalued to the tune of 25% and this makes it cheaper for us to import but of course our exports would be more expensive if we were to export but we do not export anywhere. b) The exchange rate changes are in our favour because the US dollar has gradually been appreciating against the Zambian kwacha for the past few months and this makes it cheaper to import from Zambia. c) Availability of a large pool of people looking for employment from which the company can hire cheap employees. This includes university students on attachment whom we often employ on contract. **Threats:**

a) Low and declining capacity utilization for our machinery and equipment as a result of declining demand for our products in the local market. b) Rising unemployment resulting from closure of companies which is negatively affecting the demand for our products. Some of the companies that have not closed shop are struggling to pay their employees and this is also affecting our business. New and unfavourable labour laws that allow employers to retrench at very short notice such as three months for even very long serving employees who end up going home empty handed are also contributing to the rising unemployment situation. There is no more security of tenure at the place of employment. c) The drought. Zimbabwe is a farming country and the major part of our market are the farmers who were affected by the drought and this in turn negatively affected our business. d) Delays by the Grain Marketing Board (GMB) to pay for grain that was delivered. The delays in paying some of the farmers was for more than eleven months and this negatively affected our business. e) Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects our business because we rely on electricity. f) High voltage electricity power surges that has destroyed some of our equipment g) Unreliable supply of water by the Harare City Council. In some cases the water that is supplied is very dirty and not safe for drinking. h) Interest rates that are charged by banks when we approach them to borrow some money are too high yet the same banks pay us peanuts for our deposits. In addition, banks charge a lot of various other charges for the accounts that we maintain with them and they are not prepared to review both the borrowing rates and the deposit rates. This discourages customers from keeping money in the bank accounts. A long time ago, customers were thrilled by the deposits that they used to get from the banks but the situation has now completely changed. It appears as if customers are being punished for

keeping money in the banks. i) Thefts of some parts by employees since not all employees are reliable and honest.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 The operating environment and changes in any laws that may affect the company.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 The review and formulation process was last done in 2009 but our policy states that reviews should be done once in every five years. The reason for the review in 2009 was that the country had adopted a multi-currency system that stabilized the hyper inflationary environment.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. However, our corporate objective is to make profits every year and the business or competitive strategies are both differentiation and cost leadership. We have indeed been reducing the price of our products very often since the costs of materials imported have been going down as a result of the appreciation of the United States dollar against the Zambian kwacha. Hence we reduce costs where we can and we also conducted a restructuring exercise which resulted in the retrenchment of some employees to reduce costs. At present there is a staff complement of 28 employees from the 50 that we used to have in the past. In order to attract more customers we design products that are different from our competitors. However, in this current volatile economic environment where the economy has become very dynamic, we would be contented with a corporate objective of stability and survival.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 We formulate strategies first then policies later. Strategies are designed to achieve the set objectives and hence they come first whereas policies are designed to bring order and should not be in conflict with the strategies. Policies are communicated to all employees because they are the basis for discipline in the workplace whereas strategies are not for consumption by every employee. Every employee reads and signs that they have read and understood the company policies

but not everyone may know the strategy. It also makes it easy for management to take disciplinary action whenever policies are not adhered to. We have a policy that states that only specific people from our public relations department are allowed to talk to the press about the company. This assists the company to be consistent in the communication process with the public and has helped to build our public image.

Q10 How are budgets for each programme determined and who does this process?

A10 Each department formulates its own zero based budget with the corporate objective and the costs in mind. Thereafter we conduct budget meetings which are chaired by the budget committee to consider and approve the departmental budgets.

**Q11 Does the company have procedures for all the major activities – (Yes/No)?
If so, how often are the procedures reviewed or amended?**

A11 Yes, there are procedures for the major activities and the procedures are reviewed once every year. The purpose of the review is to try to do the right thing the first time and we empower all our employees to come up with decisions on how they can improve the processes.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 Some of them were discussed when we talked about the strengths, weaknesses, opportunities and threats but I will give you a few more which are risk related challenges.

- a) Most of the employees come to work late and this includes even some members of the managerial team yet all employees are advised of their job descriptions when they start work. One of the reasons is that they use public transport to come to work and are affected by the numerous police road blocks during peak hours. The commuter buses are delayed by the police who want to check the vehicles. Sometimes the commuter buses end up evading the police road blocks by using longer routes and the result is of course delay of employees in coming to work. On the other hand, members of the management team are also delayed by traffic congestion on the roads. It appears the number of vehicles on our roads has increased partly as a result of the cheap vehicle imports from Japan and South Africa. It has become cheaper to import vehicles because the country is using a stronger currency than other countries.

- b) The delays in coming to work are also worsened by the poor road infrastructure which has a lot of potholes as well as load shedding by the power supply company. Whenever there is no electricity, it also affects the robot controlled intersections and there is always congestion. The police often react late when they finally come to control the traffic and the delays are not avoidable since I was also caught up in traffic jams on several occasions.
- c) Traffic congestion is also contributing to some car accidents that that are delaying employees from arriving to work on time. These challenges are in turn a result of the increase in the number of imported automatic vehicles that are easy to drive. Some of the drivers drive them without any driver licences.
- d) At one time we were adversely affected by accepting fake currency notes because the cashier could not distinguish the genuine from the fake notes until the company purchased a fake note detector. As a result of experience, the cashier no longer requires a fake note detector to distinguish the genuine from the fake notes.
- e) We once encountered a problem of theft by some of the employees who was in the habit of conniving with the security guard at the gate in violation of the conditions of service.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The problem of delays in coming to work has partly improved because we warned employees to wake up early if they use public transport or even drive though some employees still complain that if they wake up very early, either there would be no public transport or the employees would fall prey to thieves because some of the areas where the employees stay are dangerous and of course we are also concerned about loss of employees lives. b) There is nothing we can do about the poor state of the roads as well as load shedding that often delays employees in coming to work. c) Nothing can also be done by the company about traffic congestion, number of accidents and the increasing number of both imported automatic vehicles that are easy to drive and unlicensed drivers on the roads. d) The purchase of the fake note detector addressed the problem of accepting fake currency. e) The employee who was caught in act of theft is currently on suspension pending firing since we ended up engaging the police to institute criminal charges.

Q14 What performance measures or indicators are set and monitored by the

company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 We set financial performance measures on profitability. Monitoring is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We go back to the drawing board, revise the targets if they are not realistic and also focus on cost management in order to at least break even or make a small profit.

Case study seven

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Societal environment

1.1.1 Political and legal

We are a legal company that specializes in labour law. We therefore monitor changes in the laws of the country. We also abide by any laws, by-laws, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

We mainly monitor salary and wage regulations that affect employees most of whom are unfairly dismissed by their employers. Monitoring of the factors of the external environment is done on a continuous basis.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We do not monitor anything.

1.1.5 Task Environment

We regularly check the charges of competitors for representing customers, companies and the government at the courts. Besides labour issues, we sometimes represent our customers on criminal law as well as conduct conveyancing. The monitoring is our bread and butter and we do this every day.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes there are more threats than the opportunities.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We monitor mainly the financial resources.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes and again more weaknesses than the strengths.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent partners (professional assistants) and employees who are dedicated to their work. b) Location that is easily accessible. **Weaknesses:** a) Inadequate resources that prohibit the company from growing as fast as we may desire. b) Operating premises that rented where the company pays expensive rentals every month. **Opportunities:** a) Large number of people looking for employment from where the company can hire cheap contract employees. **Threats:** a) Instant change in the labour law that almost destroyed the company overnight. The high court passed a ruling that employees can be dismissed by their employers on three months notice and this was subsequently gazetted and it became law immediately a few months ago. This is our mainstay since we had abandoned representing clients on criminal law issues. It means that most of our customers will not afford to pay us until they are paid by their employers. As you know labour issues can drag for years and this affects the company's financial situation. b) Review and increase of rentals for the premises. The new rentals may be quite heavy for the company. c) Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects work on the computers. d) Erratic water supplies by the Harare City Council.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 Both the vision and mission statements are there on paper and are supposed to be reviewed as and when the operating environment changes but we have never managed to get them reviewed and we do not do any strategic management as it should be done.

Q7 How often have you formulated or reviewed the vision and mission

statements in the past five years and what were the reasons for doing that?

A7 Nothing was reviewed since 2005 when the company formulated the vision and mission statements.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. However, naturally our ideal corporate objective is to stay in business and if possible make profits. There is only the focus business strategy of focusing on labour law as this has the potential to sustain the business. We think we should have little or nothing to do with the criminals and criminal law.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 The words strategies and policies are often used interchangeably in this company. So it's neither here nor there but policies are understood to mean rules which emanate from the laws. Hence more often there is a tendency of using or reviewing the policies than the strategies in order to achieve some desired end. Both words are means or ways of achieving something. We say the strategy is to focus on labour law cases but this means the same as the policy is to focus on labour law cases. In short these two words often converge.

Q10 How are budgets for each programme determined and who does this process?

A10 There are no programmes but we budget for the overheads since we know what they are, their costs and that they have to be paid. They are determined by the partners together as a team.

Q11 Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 There are no procedures for any activity nor procedure manuals that are available. Each partner just advises the other members where one is going but secretaries have to get permission from the lawyer with whom you work if you want to leave the office for any reason.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly risk related challenges that have been mentioned as the threats earlier. In addition, two more are as follow:

- a) Indiscipline by some employees who often come to work late in violation of the job descriptions and conditions of service which they are all fully aware of. Some of the tasks are additional to those assigned to them by their supervisors. Though the employees are currently on suspension through an indefinite unpaid leave we, understand one got a job somewhere.
- b) Declining business which is driven by the economy that is not performing well. Zimbabwe had become a nation of traders that was quick to embrace regional trade agreements. There was therefore little productive activities and value addition by the local available large manufacturing companies. If we had our own local currency, the currency would quickly slide into the hyper inflationary period of 2008. Thank God that we were using other country currencies that we could not manipulate. In addition, though the rains later came in some of the areas it was late in terms of the normal farming season and this affected the farming sector. All this also affected our business.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 The challenge of indiscipline by the employees were addressed through verbal and written warnings and ultimate dismissal based on the policies but the business downturn challenge is beyond our control.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 No performance measures are set. If we are able to pay our overhead costs and get a little for subsistence so as to just survive as a business, then we will be fine. This is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We only focus on cost management and use the financial resources that we manage to get sparingly because we will not know when we will get further financial resources.

Case study eight

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Social environment

1.1.1 Political and legal

We are a legal company and we represent our customers at the courts on various legal issues. We therefore monitor changes in the laws of the country. We also abide by any laws, by-laws, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance. The authorities include the Law Society of Zimbabwe who have the power to deregister the company if for example we are found to have abused the trust account by the external auditors. In addition, legal firms are not allowed by law to advertise for business and this of course affects publicity to potential customers. It means we have to devise other means to ensure that people know that we are a legal firm.

1.1.2 Economic

We monitor salary and wage regulations, interest rates and inflation. We monitor the external environment on a continuous basis.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We do not monitor anything.

1.1.5 Task Environment

We regularly check the charges of competitors for representing customers, companies and the government at the courts. Monitoring is done every month.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, the process is not documented but there are more threats than the opportunities.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We monitor mainly the financial resources.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes but in this environment the company has more weaknesses than the strengths.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 *Strengths*: a) Competent partners and employees who are dedicated to their work. b) Location that is easily accessible. *Weaknesses*: a) Inadequate financial resources that prohibit the company from growing as fast as we may desire. b) Location in the central business district that is rented where the company pays expensive rentals every month. *Opportunities*: a) Large number of people looking for employment from where the company can hire cheap employees. *Threats*: a) Instant change in the labour law that adversely affected the company. The high court passed a ruling that employees can be dismissed by their employers on three months notice and this was subsequently gazetted and it became law immediately a few months ago. Litigation can drag for years and this affects the company's financial situation. b) Review and increase of rentals for the premises by the landlord. The new rentals may be quite heavy for the company. c) Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects work on the computers. d) Erratic water supplies by the Harare City Council. The water is sometimes very dirty and not safe for drinking.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 There is no vision or mission statement. We do not do any strategic management as it should be done but changes in the laws affect the company.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 Nothing was reviewed since the company does not have a vision or mission statement as we do not do any strategic management in any formal way. However we had a corporate planning retreat last year where we tried to examine the challenges that we are encountering.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. However, naturally our ideal corporate objective is to stay in business and if possible make profits. There are no business strategies.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 The words strategies and policies are just semantics and are often used interchangeably but since there are no business strategies that enable us to achieve any objectives, we review policies first and maybe strategies later. The strategy which is also the policy is to focus on all types of cases that come our way and this includes labour law cases, criminal law cases and conveyancing. Since the economy is dynamic, we can no longer afford to focus on any particular legal business because of the dynamic operating environment.

Q10 How are budgets for each programme determined and who does this process?

A10 We only budget for the overheads since we know how much has to be paid and that they have to be paid. They are determined by the partners together as a team.

Q11 Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each partner advises the secretary where one is going but the secretaries get permission from the partner whom you report to if she wants to leave go out of the office.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 They include the following:

- a) Indiscipline by some employees who violate their job descriptions and conditions of service. We take disciplinary action based on the company policies and the employees are currently on suspension.
- b) Declining level of business which is driven by the downturn in the economy. Zimbabwe had become a nation of traders that was quick to embrace regional trade agreements. There was therefore little productive activities and value addition by the local available large manufacturing companies. If we had our own local currency, the currency would quickly slide into the hyper inflationary period of 2008. Thank God that we were using other country currencies that we could not

manipulate. In addition, though the rains later came in some of the areas it was late in terms of the normal farming season and this affected the farming sector. All this also affected our business.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 The challenge of indiscipline by some employees was addressed by implementing disciplinary action based on the company policies that included warnings prior to dismissal but there is nothing that we can do about the declining level of business.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 No specific performance measures are set. If we are able to pay our overhead costs and get a little for subsistence so as to survive as a business, then we will be fine. This is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We only focus on cost management and use the financial resources that we manage to get sparingly because we will not know when we will get further financial resources.

Case study nine

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Societal environment

1.1.1 Political and legal

We abide by all the laws, by-laws by the municipality, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance. For instance, the Zimbabwe Revenue Authority (ZIMRA) issued a statement in the print media that all SMEs were required to go and register for tax purposes between February and June 2017 and we will comply with that requirement or else risk still penalties if we have not registered by the set deadline.

1.1.2 Economic

When the local suppliers are out of stock, we travel to South Africa to import and when the need arises, we check the exchange rates prevailing between the United States dollar to the rand. So we mainly monitor the changes in the exchange rates.

1.1.3 Socio-cultural

We monitor the languages of the local people of South Africa especially how to greet people when we have to travel outside the country. Demography issues such as number of new residential stands in the local high density area are also monitored.

1.1.4 Technological

We also monitor the availability of the latest available gadgets such as window alarms to deter thefts. Monitoring of all the factors is done as a continuous exercise.

1.1.5 Task Environment

We regularly check the prices charged by suppliers, promotions that may be in place and discounts offered for bulk purchases. We also compare prices charged by competitors for similar or identical products that we sell especially the town based shops. The process is done a few months before we are about to leave the country to import our stocks but every month if we are to get our stocks from the local market.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, we identify the threats and opportunities but the process is not documented.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We monitor the financial resources, the stocks levels, rate of sales of the products and the culture of doing business. In terms of culture, we are very friendly to all our customers.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes indeed but we do not have any strategic plan document in place.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 *Strengths*: a) Competent, experienced and reliable employees. b) Strategic location in the high density area where there is a large market that is still in the

process of building houses. c) Easy accessibility and close to the right market. d) Long opening hours that stretch from Monday to Sunday every day. e) The use of a small shop means that only the owner is behind the counter and this limits the possibility of theft by customers. The small size of the shops also implies that monthly rentals are not exorbitant. f) Stocking of only small but very fast moving consumer goods (FMCG) that do not occupy a big space. **Weaknesses:** a) Inadequate financial resources that prohibit the company from growing as fast as we may desire. Financial resources can never be enough. b) Operating from rented premises where rent has to be paid every month. c) Use of a small shop that can only accommodate few customers at any time while the rest have to queue outside. The weather condition may not be favourable and the impatient customers may end up leaving which can result in potential loss of business. **Opportunities:** a) It is cheaper for us to import because we use a stronger currency which is appreciating compared to the currencies of the countries where we get the imports. b) New labour laws that were gazetted in January 2016 have made it easy for the company to fire at short notice since costs of labour are very high. c) Availability of cheap labour in Harare that can be employed on contract. d) The city council that is in the process of selling land on credit terms for residential accommodation in the area in order to reduce the housing list backlog. **Threats:** a) Rising unemployment resulting from closure of companies which is negatively affecting the demand for our products. Some companies had bought land in order to build houses for their employees so the closure of some of those companies affected our business. In addition, the employees that lost their jobs as a result of company closures are not able to purchase land, build or own houses. b) Rising costs of rentals for the premises effected by the landlord. c) Corruption by law enforcement agents who demand high bribes to allow me to operate if my operating licence has expired even if there is proof that we are in the process of getting it renewed. d) Erratic water supplies and sometimes very dirty and undrinkable water supply by the Harare City Council. e) Interest rates that are charged by banks when we approach them to borrow some money are too high yet the same banks pay us peanuts for our deposits. In addition, banks charge a lot of various other charges for the accounts that we maintain with them. This discourages borrowing for investment and growth of the business. f) Very stringent requirements by the banks to give us loans in the absence of collateral that we do not have. g) Possibility of loss due to fire outbreak

since the shops are too crowded. h) Absence of insurance for both the premises and the products that we sell. i) Most of the competitors sell identical products and there is therefore very strong competition.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 There is no formal planning done here, hence there are no guidelines for formulating or reviewing the vision or the mission statements.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 Nothing was reviewed since 2010 when I started operating the business.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. The major objective is to make some profits. The corporate strategy is growth and the three business strategies are a) Insist on cash sales only for all the customers and never sell on credit b) Maintain a very small markup on the cost of the supplies and thrive on high turnover c) Sell all the products at cheaper prices than the big shops in town.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 We set the strategies first and policy later. The business strategies assist the business to achieve the set objectives whereas the policies are general rules of the business that assist in the maintenance of law and order or discipline by all employees. The policy is that we always provide a receipt to all customers because this also helps us on stock taking as well as transparency when the tax people come to check the receipts when tax is required.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs of purchase from the suppliers, the stock levels for the various products as well as the rate of sales and they are determined by myself, the owner in liaison with the employees but as the owner, I have the final say.

Q11 Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 There are no procedures for the major activities and there are no procedure manuals available. Each employee just consults or gets permission from the owner. If I am not there, the employees can phone but I encourage them to plan in advance and talk to me personally.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 We discussed some of the problems but I will give you a few more.

- a) Accepting fake currency notes since I or my sons could not distinguish the genuine from the fake notes until I purchased a fake note detector.
- b) I once encountered a problem of indiscipline by an employee who either always came to work late or never turned up at all even though all employees are aware of their job descriptions and conditions of service.
- c) Shrinking market as a result of the drought. Zimbabwe is a farming country and the major part of our market are the farmers who were affected by the drought and this in turn negatively affected our business. Though the rains later came in some of the areas it was late for purposes of the normal farming season. In addition, the country has become a nation of traders that is quick to embrace regional trade agreements. There is therefore little productive activities and value addition by the local available large manufacturing companies. If we had our own local currency, the currency would quickly lose value and we fear the recurrence of hyper-inflation similar to that of 2008. Thank God that we are using other country currencies that we have little power to manipulate through printing money.
- d) Delays by the Grain Marketing Board (GMB) to pay for grain that was delivered. The delays in paying some of the farmers lasted for several months and this negatively affected our business.
- e) Loss of stocks as a result of fire that gutted some of our stocks and there was no compensation since we are not insured.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The acceptance of fake currency has since been addressed when I purchased a fake note detector. However, as a result of experience, we can now all detect a fake currency note by just examining it without the use of a fake note detector. b) This was addressed through disciplinary action. c) This has not been addressed since the drought situation is beyond our control. d) This has not been resolved

since the Government is suffering from liquidity problems. e) This has not been resolved because we do not have the money to pay for comprehensive insurance. Even if we have the money, we do not take that risk of fire or any disaster seriously.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify-----)?

A14 There are financial performance measures on profitability but we are not very specific about the percentage of profits because the economy is dynamic. Monitoring of the performance measures is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We revise the performance measures after analyzing the reasons for the unsatisfactory performance and sometimes only focus on cost management in order to at least break even or make a small profit.

Case study ten

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Societal Environment

1.1.1 Political and legal

We adhere to the laws, by-laws by the municipality, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

Before travelling to South Africa to import any spares, we check the exchange rates prevailing between the United States dollar and the rand. So we mainly monitor the changes in the exchange rates. If we are to order from the country, we check the prices charged by various suppliers.

1.1.3 Socio-cultural

We monitor the languages of the foreign people especially how to greet people whenever we travel outside to import.

1.1.4 Technological

Other issues monitored include the latest available gadgets that may be in demand to deter thieves. This includes alarms, door locks and lock nuts. Monitoring of the variables of the external environment is done as a continuous exercise.

1.1.5 Task environment

If we are to import from across the border, we regularly check the prices charged across the border by suppliers there, promotions that may be in place and discounts offered for bulk purchases. If we are to get supplies from the local market we compare prices charged by various suppliers in the country and buy from the cheapest. The process is done as an ongoing exercise or when necessary as there is no specific frequency.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, we identify the threats and opportunities but the process is not documented.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We monitor the financial resources, the stock levels, rate of stock depletion and the culture of doing business. In terms of culture, we try to be very friendly to all our customers or adopt the customer is king approach.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes indeed.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 *Strengths*: a) Competent and experienced employees. b) Strategic location in the high density area where there is a large market of people buying cheap vehicles from abroad. c) Easy accessibility of the location. d) Long opening hours that stretch from Monday to Sunday every day. e) The use of a very small shop which means that only the owner is behind the counter and operating the cash till and this limits the possibility of theft by customers. The small size of the shop also implies that monthly rentals are not exorbitant. *Weaknesses*: a) Inadequate financial resources that prohibit the company from growing as fast as we may desire. b) Operating from rented premises where rent has to be paid every month. c) Use of a

very small shop that can only accommodate very few people at any time while the rest of the customers have to queue outside. The impatient customers may end up leaving especially if the weather is not favourable which can result in potential loss of business. **Opportunities:** a) Availability of cheap operating premises in Harare. b) It is cheaper for us to import because we use a stronger currency which is appreciating i.e. the United States dollar compared to the currencies of trading partners. c) New labour laws that were gazetted in 2016 that have made it easy for the company to fire at short notice since costs of labour are very high. d) Availability of cheap labour in Harare that can be employed on contract. e) Stocking of only small but very fast moving consumer goods (FMCG) that do not occupy a bid space. f) The police and the vehicle inspection department tough laws forces car owners to service their vehicles on a regular basis to make sure they are always road worthy and in good condition. This forces customers to come and buy spare parts. g) The poor state of the roads in this country means that customers are kept on their feet and have to come to buy worn out or non-functional motor spares all the time. **Threats:** a) Rising unemployment resulting from closure of companies which is negatively affecting the demand for our products. b) Rising costs of rentals for the premises by the landlord. c) Corruption by law enforcement agents who demand high bribes to allow me to operate if my operating licence has expired for even a few days and we are in the process of renewing it. d) Erratic water supplies and sometimes dirty and undrinkable water supply by the Harare City Council. e) Interest rates that are charged by banks when we approach them to borrow some money are too high yet the same banks pay us peanuts for our deposits. In addition, banks charge a lot of various other charges for the accounts that we maintain with them. This discourages borrowing for investment and growth of the business. f) Very stringent requirements by the banks to give us loans in the absence of collateral that we do not have. g) Possibility of loss due to fire outbreak since the shops are too crowded. h) Absence of insurance for both the premises and the products that we sell. i) Easy entry by competitors who sell identical products. j) Statutory instrument number 64 that has restricted importation of various products. k) Liquidity challenges in the market is affecting sales since we do not have a swipe machine for our customers.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 There is no formal planning done hence there are no guidelines for formulating or reviewing the vision or the mission statements.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 Nothing was reviewed since 2009 when I started operating the business.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. The major objective is to make some profits. The corporate strategy is growth and the three business strategies are a) Insist on cash sales only for all the customers and never sell on credit b) Maintain a very small markup on the cost of the supplies and thrive on high turnover c) Sell all the products at cheaper prices than the big shops in town.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 We set the strategy first and policies later. The policy is that we always provide a receipt to all customers because this also helps us on stock taking as well as transparency when the tax people come to check on our books when tax is required. Strategies address the achievement of specific objectives whereas policies enhance discipline for all employees at the workplace.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs of purchase from the suppliers plus a small percentage markup, the stock levels for the various products as well as the rate of sales of the various products and they are determined by myself, the owner in liaison with the employees but as the owner, I have the final say.

Q11 Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 There are no procedures for the major activities nor procedure manuals available. Each employee just consults or gets permission from the owner. If I am not there, the employees can phone but encourage them to talk to me personally or my sons who would be here.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 The major problems include the following:

- a) At one time we were adversely affected by accepting fake currency notes since I could not distinguish the genuine from the fake notes until I purchased a fake note detector.
- b) I once encountered a problem of indiscipline by one employee who always came to work late in violation of the job descriptions and conditions of service which all employees know about.
- c) Shrinking market as a result of climate changes such as the drought. Zimbabwe is a farming country and the major part of our market are the farmers who were affected by the drought and this in turn negatively affects the business. Though the rains later came in some of the areas it was late for purposes of the normal farming season. In addition, the country has become a nation of traders that is quick to embrace regional trade agreements. There was therefore little productive activities and value addition by the local available large manufacturing companies. If we had our own local currency, the currency would quickly lose value and we would experience hyper- inflation similar to that of 2008. Thank God that we were using other country currencies that we had little power to manipulate through printing money.
- d) Delays by the Grain Marketing Board (GMB) to pay for grain that was delivered. The delays in paying some of the farmers lasted for several months and this negatively affected our business.
- e) Loss of stocks as a result of fire possibly from some electrical fault that gutted some of our stocks and there was no compensation since we are not insured.
- f) Liquidity risk arising from sudden changes and postponement of salary dates by some employers affects repayment by customers for whom we may have provided credit facilities.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The fake currency problem was addressed when I purchased a fake note detector. However, I or my sons can now detect a fake currency note without the aid of a fake note detector as a result of experience. b) The problem of lack of discipline was addressed by taking disciplinary measures that included verbal and written warnings prior to dismissal. c) The problem of low demand has not been addressed since the drought situation is beyond our control. d) The GMB finally

managed to pay for the grain delivery though there were some delays arising from liquidity challenges that are affecting the Government. e) The problem of risks of fire destroying stocks resulting from lack of insurance for the premises as well as the products has not been addressed because we are still not insured. For some reason, even if we may have the money, we do not consider taking insurance seriously. The only insurance policy that I have is a life insurance for me and the family members because I know that one day we will all surely die. But other disasters may or may not happen and this is like gambling and we do not want to lose money unnecessarily. f) The salary postponement challenge was not addressed since this is beyond our control. We remain patient and understand the plight of some of the customers when they come to explain their problems to us. Sometimes we would have done good business with some of the customers for a long time in the past. Hence, if we take drastic action against the customers we also risk losing them in the future when the economic situation becomes normal.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 There are financial performance measures on profitability but we are not very specific about the percentage of profits because the economy is dynamic. Monitoring of the performance measures is done monthly.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We revise the performance measures after analyzing the reasons for the unsatisfactory performance and sometimes only focus on cost management in order to at least break even or make a small profit.

Case study eleven

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 **1. External environment**

1.1 Societal environment

1.1.1 Political and legal

We adhere to the laws, by-laws by the municipality, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal

implications or consequences of non-compliance. Trade regulations and products exempted from paying duty.

1.1.2 Economic

We check the exchange rates prevailing between the United States dollar and the other currencies. Membership of the country to regional trade groups, Customs rummage sales, availability and prices of required parts from various car breakers, wage controls.

1.1.3 Socio-cultural

We rarely monitor anything.

1.1.1 Technological

We only monitor the rate of automation that is taking place in this industry. Monitoring of the variables of the external environment is done as a continuous process.

1.1.5 Task environment

If we are to import from across the border, we regularly check the prices charged across the border by suppliers there, promotions that may be in place and discounts offered for bulk purchases. If we are to get supplies from the local market we compare prices charged by various suppliers in the country and buy from the cheapest. The process is done as an ongoing exercise or when necessary as there is no specific frequency. We also get some advice and information from relatives, the so called friends and distant competitors. However, we scrutinise the advice before accepting it and in some cases we even reject the advice but use our diplomacy to avoid embarrassing the providers of the information.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, and the process is not documented.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We monitor the financial resources, the stock levels, rate of stock depletion and the culture of doing business. In terms of culture, we try to be very friendly to all our customers or adopt the customer is king approach.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes indeed.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent, experienced and very friendly employees. b) Accessible location near the central business district c) Availability of big space to store accident damaged vehicles waiting for panel beating. **Weaknesses:** a) Inadequate financial resources that prohibit the company from growing as fast as we may desire. b) Operating from rented premises where rent has to be paid every month. c) Use of very big premises that also require exorbitant monthly rentals since rentals depend on size of space used. d) Increase of automatic vehicles on the roads that are being imported from various countries. The employees do not have the expertise to repair automatic vehicles and this contributes to the long turnaround to deliver vehicles to the owners. **Opportunities:** a) It is cheaper for us to import because we use a stronger currency which is appreciating i.e. the United States dollar compared to the currencies of trading partners. b) Availability of cheap contract labour due to rising unemployment in the country. c) New labour laws that were gazetted in 2016 that have made it easy for the company to fire at short notice since costs of employees are very high. d) Many vehicles on the roads that has resulted in traffic congestion and rising number of accidents which in turn have increased the volume of business. e) The poor state of the roads that have many pot holes also result in the increasing number of accidents as drivers try to avoid the pot holes. This also increases the volume of business. f) Proliferation of automatic vehicles from around the world that are easy to drive. This means even people who do not have driver licences can drive these vehicles and this is contributing to the number of accidents on the roads. **Threats:** a) Rising unemployment resulting from closure of companies which is negatively affecting the business. Some companies that used to bring company cars for repair and maintenance have closed down while the employees that are affected do not afford to get their vehicles repaired. b) Rising incidents of under insurance by both the companies and individuals who own vehicles. This results in inability to pay for the work done. c) Long turnaround time in delivery by external suppliers of imported parts arising from various reasons that range from delays caused by the transporters to ZIMRA inefficiency at the border posts means that we are also unable to compete panel beating by the tight times required by some customers. Some vehicles are family cars that are used for various purposes by the whole family. Such customers set

very tight deadlines to get their cars repaired and we often fail to meet their deadlines. d) Erratic electricity supply by the Zimbabwe Electricity Supply Authority which in turn affects water supplies. Sometimes there is very dirty and undrinkable water supply from the Harare City Council that makes the work place a health hazard. e) Interest rates that are charged by banks when we approach them to borrow some money are too high yet the same banks pay us peanuts for our deposits. In addition, banks charge a lot of various other charges for the accounts that we maintain with them. This discourages borrowing for investment and growth of the business. f) Very stringent requirements by the banks to give us loans in the absence of collateral that the company may not have. I cannot risk pledging my residential house to get a loan from the bank because if something goes wrong, I will lose my house. g) Absence of insurance for both the premises and the vehicles that are kept in the premises. Customers leave their vehicles at owners risk and there are notices to that effect. Once some of the customers see those notices, they do not bring business to us.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 There is no formal planning done here hence there are no guidelines for formulating or reviewing the vision or the mission statements.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 The vision and mission statements have not been reviewed since 2007 when this business commenced operations.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. The major objective is to make some profits. The corporate strategy is growth and the two business strategies are a) Do prompt panel beating for accident damaged vehicles that have comprehensive insurance. Allow the customer to collect the vehicle before the receipt of full payment by the insurance company. b) Request deposit from customers with vehicles that do not have comprehensive insurance, are under insured or have no insurance at all. Demand the full payment of the balance upon collection of the vehicle.

Q9 What do you formulate or review first between strategies and policies and

why that order?

A9 We formulate the strategies first then the policies later. The business strategies are designed to enable the achievement of specific objectives whereas policies are designed to bring order to the workplace as well as several other things. There are several policies in place. One policy is that we always provide a receipt to all customers because this also helps us on transparency when the tax people come to check the books when tax is required. Another policy is that employees should never run on company premises and such a policy intends to enhance safety at the workplace. There is also a just in time (JIT) ordering policy because the company never knows the specific parts that may be required and does not want to stock parts that may never be used.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgeting process considers the costs plus a small percentage markup and the various budgeting policies that are in place. The process is determined by the manager of every department in liaison with the employees. Finally, there is a budget committee that considers and approves all the annual departmental budgets before they are consolidated into one annual budget.

Q11 Does the company have procedures for all the major activities – (Yes/No)?

If so, how often are the procedures reviewed or amended?

A11 Yes, there are procedures for all the major activities as well as a policy and procedure manual for the major activities. Each department reviews its procedures at least once every year.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 The major challenges include the following:

- a) Liquidity risk. We allow customers with vehicles that have comprehensive insurance to collect their vehicles before we receive full payment from the insurance company. However, some of the insurance companies themselves sometimes delay in paying for the work done as a result of cash liquidity problems in the country. This in turn affects our cash flows, budgeting, liquidity and investment plans.

- b) Default risk. In some cases there is default risk by the insurance companies themselves for the work done. This often results in litigation which is time consuming and expensive.
- c) We have notices that specify that vehicles are left at the owner risk. These notices indeed protect us in the event of any risks taking place but at the same time, they scare away some customers from us and reduce the potential growth of business.
- d) General downturn of business as a result of various factors affecting the country that include rising closure of companies, unemployment, postponement of salary dates by some employers, climate changes that affect the farming sector, and anything that you can think of. Though the rains later came in some of the areas it was late for purposes of the normal farming season. In addition, the country has become a nation of traders that is quick to embrace regional trade agreements. There was therefore little productive activities and value addition by the local available large manufacturing companies. If we had our own local currency, the currency would quickly lose value and we would experience hyper- inflation similar to that of 2008. Thank God that we were using other country currencies that we had little power to manipulate through printing money.
- e) Proliferation of automatic vehicles on the roads. Employees do not have the expertise to repair automatic vehicles and this contributes to the long turnaround time by the company to complete repairs of accident damaged vehicles and deliver them to the owners. There is massive brain drain and a lot of experienced people are leaving the country and going to other countries in search of employment.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The problem of delays in payment by the insurance companies has not been addressed. We have done business with some of the companies very well for a long time in the past and therefore understand some of their policies on payments that can delay payments as this process does not involve a single person. Sometimes some of the signatories may be away on business or even out of the country. We do not want to over react, take drastic action and lose the business in the future. We are therefore patient and therefore just continue to remind them to pay as soon as the approval for payment has been signed by the responsible authorities. b) In cases of default risk we resort to litigation but this is time consuming and expensive. However, some of the companies become insolvent and close down during the

litigation process. c) Nothing has been done about the notices that vehicles are left at owner risk because we believe such notices protect the company in the event of risk even though they may scare away some potential customers. d) Nothing has been done about declining of business because the economic downturn is beyond our control. e) We hire mechanics from other companies to come and assist in the repair of these automatic vehicles at a cost but they only come as and when they have the time. This is still a problem.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 There are financial performance measures on profitability but we are not very specific about the percentage of profits because the economy is dynamic and in a downturn. Monitoring of the performance measures is done monthly.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We revise the performance measures after analyzing the reasons for the unsatisfactory performance and sometimes only focus on cost management in order to at least break even or make a small profit.

Case study twelve

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Societal environment

1.1.1. Political and legal

We monitor the laws such as tax laws and by-laws by the municipality to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

Issues monitored include the unemployment situation, the climate changes and the drought situation and its effects on the economy, the exchange rates between the currency that we use and currencies of trading partners.

1.1.3 Socio-cultural

We check the population growth rate in the high density residential area and adjacent residential places where the business is located.

1.1.4 Technological

We check new medication being developed for various diseases and the outbreak of different diseases at different times of the year in the country. Monitoring of the factors of the external environment is done on a continuous basis.

1.1.5 Task Environment

We regularly check the prices charged by competitors in town, medical products supplied free by the government and international community and new medical products being developed for the treatment of various diseases.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes. The process is not documented but is done as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 The resources, mainly the financial resources, stocks and the culture of handling customers by the employees.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes though this is not documented.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) The Pharmacy is located in a high density residential area at a shopping centre where the people reside and is easily accessible. b) Very friendly employees who are experienced and dedicated to their work. c) Long business opening hours that stretch from 8am to 6pm from Monday to Friday and 8am to 3pm over the weekends. **Weaknesses:** a) Operating premises that are rented where we have to pay expensive rentals every month. b) Liquidity problems and inadequate financial resources that limit the company from growing. **Opportunities:** a) The existence of a very large population and absence of competition as this is the only pharmacy at the shopping centre and in the area. b) Educated and literate population that is quick to come and buy medicines for various ailments instead of relying on traditional medicines. c) The HIV/AIDS epidemic and resistance to change social behavior by some of the people. They continue with unhealthy behaviour that includes cheating between married people, prostitution, adultery, fornication, drug and alcohol abuse that ultimately results in sickness. That is why

the country has one of the highest rates of HIV/AIDS in the world. d) The use of a strong currency that has been appreciating which is the United States dollar by the country means that it is cheaper to import some of the medication required.

Threats: a) Downturn in the economy where most companies are closing down resulting in rising unemployment which affects the demand for various medicines. b) The unpredictable climatic changes and the drought. Zimbabwe is an agriculture driven country so the drought affects the sources of income of various people and shrinks the market. c) Education and awareness campaigns by the government on various diseases makes some people prevent diseases that can be prevented and shrinks the market for business. d) Liquidity problems affecting the economy and sporadic postponement of salary payments dates by some of the employers. e) Load shedding by the Zimbabwe Electricity Supply Authority means that there won't be water supply at the business premises and this can create a health hazard which forces us to close early in some cases. f) Support on the free supply of some protective items such as condoms at the schools and medicines by both the government and the international community means that we no longer sell some medication especially the Anti-Retroviral (ARV) drugs for the HIV/AIDS epidemic. g) An increasing number of people now goes to churches where they get Christian living teachings and end up abandoning behavior that can get them sick.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 There are no guidelines and we have never formulated any vision or mission statements as a company.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 Nothing was formulated or reviewed since 2009 when I started operating this business.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. The corporate objective is growth. The corporate strategy is also growth. There are no other pharmacies nearby in this high density area except far there in town so we do not worry much about having a business strategy at least for now.

Q9 What do you formulate or review first between strategies and policies and

why that order?

A9 We only set the policies and no specific business strategies since there is no competition in the area. For example, one policy is to sell on credit some medication at least six months before their expiry dates to most of the customers. The other policy is to put some percent markup for all our medication above not only the cost price but also the average prices that are charged by most pharmacies in town since there is no competitor here in the high density area. If the customer decides to go to town to buy the medication, there is transport cost and even time to be considered. So this is a good policy. One policy that we have developed is the Know Your Customer (KYC) which enables the company to know a lot of information about most of our regular customers and that includes their hobbies or interest as well as family members and we have developed a database for some of these customers. We believe that the policies will enable us to achieve reasonable profitability or growth in the long run.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs of all overheads and the rate of sales of the various medication each month that helps us to determine the quantity of each medication to buy and stock levels. The budgets are determined by the owner.

**Q11 Does the company have procedures for all the major activities – (Yes/No)?
If so, how often are the procedures reviewed or amended?**

A11 No procedures for the major activities nor procedure manuals are available. Each employee just consults or gets permission from the owner to leave the business, sell some medication on credit to some of the customers or do anything because I am almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly operational challenges as listed below:

- a) Liquidity risk. Most medical aid societies that include the largest namely the Premier Service Medical Aid Society (PSMAS) take extremely long periods of time to pay pharmacies and even doctors who sell or supply certain medications to their members on credit. Hence, we also no longer sell medication to PSMAS members on credit but insist on cash in order to reduce default risk. But the problem is that most workers are members of these societies and may not be having the cash to buy

the necessary medication all the time. This in turn affects the sales of the various medication and the business financially.

- b) Some customers who have prescriptions from their various doctors prefer the specific medication that has been prescribed by the doctor to the generic drugs that are cheaper even though both medications may have the same effect. When we try to educate the customers, they think we are lying. This means that psychologically if they end up buying the cheaper generic drugs and for some reasons take a long time to be healed, they come back and blame us yet they may not be affording the prescribed medication because it is usually more expensive than the generics.
- c) Indiscipline by some employees who sometimes come to work late in violation of the job descriptions and the conditions of service.
- d) Default risk by some of the regular customers whom we supply some medication a few months before the expiry of the medication to enable us to generate some sales rather than throw the medicines away if they expire.
- e) Zero profit when we are sometimes forced to reduce prices of some medication a few months before expiry to a maximum of the cost prices to facilitate quick sales in the name of clearance sales.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) We now selectively insist on cash sales based on trust as the only solution for some members of the PSMAS though this negatively affects the sales or demand for various medication since the economy has a cash liquidity crisis. The problem has not been entirely addressed because our trust sometimes turns against us when the customer delays payment as he or she would have promised. b) We are now selective in providing the necessary advice between the use of generics and the medicines prescribed by the doctors but this again affects the business through declining demand for medication. c) This is always addressed by reducing the remuneration of the employees by the hours that they are absent from work. d) This has not been addressed because if we do not sell on credit, there is a risk that some of the medicines will surely expire and we lose out when we end up throwing the medicines away because they would have expired. e) The policy of reducing prices to a maximum of the cost prices is indeed very effective in attracting customers. Most customers however query if the medication is effective and why the medication has suddenly become cheaper than that sold by other competitors in the

city. Customers only buy the medication after we have explained to them the true reasons for reducing the prices to a maximum of the cost levels in the name of clearance sales.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -)?

A14 We set financial or profitability performance measures. This is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We focus on cost management in order to at least break even or make a small profit.

Case study thirteen

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 **1. External environment**

1.1 Societal environment

1.1.1 Political and legal

The laws such as tax laws and by-laws by the municipality to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

Unemployment situation and the drought that affects the milling business.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

New products such as engines coming from China and other countries that are cheaper than those produced locally. We monitor the factors of the external environment on a continuous basis.

1.1.5 Task environment

We regularly check the prices charged by competitors for similar products, their performance and durability.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, and the process is conducted as and when necessary or done as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 The resources, mainly the financial resources and the culture of handling customers by the employees. We respect all customer and always greet them and give the elders a place to sit.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes there are some strengths and weaknesses.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) We have a grinding mill that mills faster than that used by the only competitor and thus the customers are quickly served. b) Very friendly employees who respect and greet the elders as per our culture then give them a place to sit while they wait for the milling process. c) I possess both an electric mortar which is used when there is electricity because it is cheaper and a diesel engine which I use when there is no electricity if it is functional. **Weaknesses:** a) Operating premises that are rented where we have to pay expensive rentals every month. b) Liquidity problems and inadequate financial resources that limit the company from buying more grinding mills. c) The diesel engine often breaks down, is expensive to maintain and the parts have to be imported. Imports often take long to be delivered by the local transport companies. **Opportunities:** a) Gradual decline in the prices of new grinding mills in the market. b) The drought. When this happens, the government often imports maize grain which is distributed to the people for free which in turn results in the increase of business. c) Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects the business of competitors that rely on electricity driven grinding mills. When my diesel engine is functioning, I take advantage of the situation to get more business. **Threats:** a) Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects the business as well as the competitors only when my diesel engine is not functioning. Customers end up going elsewhere in search of mealie-meal or some alternative food products. b) This year's drought that has affected business in general since the country is driven by agriculture. This also affects demand coming

from several agro businesses that often come to have their grains crushed to feed their chickens and cattle. In addition, the government may end up giving the people meal instead of grains for survival which lowers the demand for business. c) Competition from super markets that sell mealie-meal. d) Rising unemployment and company closures that have forced the market to shrink. Some regular customers have relocated to the rural areas and this affects business.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 We have never formulated any vision or mission statements since 2000 when we started operating this business. There are no guidelines for the formulation or review of the vision or mission statements.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 We have never formulated any vision or mission statements since 2000 when we started operating this milling business.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. The corporate objective is profitability. The corporate strategy is growth and the business strategy is competition and to get customers from the competitors even though we charge the same prices for milling.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 We formulate the strategy and then the policies later. We believe the strategy defines how to succeed and become more profitable while the policies just guide the employees at the workplace so that there is order and discipline.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs of all overheads and they are determined by the owner. This owner explained that "I cannot budget for any revenue though I have different revenue sources because I do not know how much I will receive. Hence, what I call budget are only the costs that I have to pay from money that is currently available since I know all the overheads. They include rentals for the premises, electricity and water charges, wages for employees, groceries for my family as well

as school fees for my children. I have a safe at home where I keep my money and I do not keep any at the bank because I may suddenly require it for emergencies when the banks are closed for business.”

Q11 Does the company have procedures for all the major activities – (Yes/No)?

If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each employee just consults or gets permission from the owner because the owner is almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly operational challenges as listed below:

- a) Frequent break down of the diesel engine. The engine has to be cooled off using water most of the time and when there is no water as a result of load shedding and the engine heats up, we have to stop it to give it time to cool off. At one time the water circulation system of the engine was blocked by the lime from the borehole water that we use for cooling and we experienced a major breakdown. The supplier of the engine was not aware that we should never use borehole water for cooling since this area has a lot of lime. We only discovered the problem after the break down.
- b) Long time taken by the supplier to repair the diesel engine whenever we experience a breakdown. There is massive brain drain and a lot of experienced people are leaving the country and going to other countries in search of employment.
- c) Indiscipline by some employees who sometimes comes to work late or does not come at all in violation of their job descriptions and the conditions of service.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) We service the diesel engine at regular intervals and we no longer use borehole water for cooling purposes and this has partly addressed the challenge. b) This has not been addressed because it is beyond our control since the supplier sometimes has to import spares which may take long to arrive. c) This is always addressed by firing them after giving them verbal and written warnings that they risked losing their jobs based on the company policies and employing contract employees because there are a lot of people looking for employment.

Q14 What performance measures or indicators are set and monitored by the

company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 No performance measures are set other than profitability measures. If we are able to pay our overhead costs and get a little for subsistence so as to just survive as a business, then we will be fine. This is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We focus on cost management in order to at least break even or make a small profit.

Case study fourteen

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Societal environment

1.1.1 Political and legal

The company is in the transportation business. We have to abide by all the laws such as tax laws and make sure that the vehicles have comprehensive insurance, by-laws by the municipality, rules, regulations and statutory requirement that are required by the authorities to avoid negative legal implications or consequences of non-compliance. I also monitor the Zimbabwe Revenue Authority (ZIMRA) import duties for vehicle imports. Recently, the ZIMRA announced that SMEs had to register for tax purposes not later than the end of June 2016 to facilitate the payment of various taxes that included presumptive tax (tax on assumed revenue). I have not yet done so but soon I will have to comply with this requirement.

1.1.2 Economic

We import our commuter buses from Japan and have to monitor supplier prices using the internet as well as reliability of the external suppliers, condition of the vehicles intended for import and delivery dates. We monitor the factors of the external environment on a continuous basis.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We do not monitor anything.

1.1.5 Task Environment

We regularly check the prices paid by the commuters, revenue targets set by competitors, ability of the drivers to achieve the set targets for different routes, number of commuter buses or kombis on the various routes that are parked in the authorized parking bays and the amount of bribes demanded by the police for various traffic offenses, charges for insurance of vehicles and fines set by the government for the various traffic offenses. Recently, the Police Commissioner announced that the days of corrupt police officers was numbered as they would deploy plain clothes policemen to weed out corruption on the roads and that is good news. In addition, the government announced that very soon swipe machines would be introduced at the road blocks to enable motorists to pay their fines by swiping their cards and this move is welcome to the motorists as this will reduce corruption by the traffic officers besides facilitating convenience in view of the liquidity challenges.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes and the process is done as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 The resources i.e. the financial and human resources and the culture of doing business. As a culture, the customer is always right.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes though this is not documented as academics do. I rely on experience of doing this business.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent employees who are dedicated to their work. b) Location that is easily accessible. I am one of the few people in the transport business that rents an office where I can be found most of the time. c) Fairly good though second hand fleet of five reliable commuter buses or kombis that ply the city routes. **Weaknesses:** a) Inadequate financial resources that prohibit the company from growing as fast as we may desire. b) The use of expensive rented premises where rent has to be paid every month. **Opportunities:** a) Strong currency

that has facilitated importing cheap but good condition commuter buses from South Africa and Japan. b) New Labour laws that were gazetted in 2016 which have made it easy for the company to fire employees at short notice if it becomes necessary. c) Large pool of labour where the company can hire cheap contract workers. **Threats:**

a) The roads are littered with many police roadblocks. This delays the movement of traffic on our roads and inconveniences some commuters who have to be punctual at their various destinations. For example, I have a contract of carrying crèche children and every morning my drivers pick and carry the children from various points in town to their crèche and the children have to arrive by 8:00am. The police would also be on the roads by 6:00 am. This often results in delaying the children and the routine is the same at 12 noon as well as 4:00pm when my drivers carry the children back to town. I am afraid that I will lose the contract because of the delays but fortunately, the parents understand the situation. b) Corruption. The police can never fail to find a fault on a second hand vehicle or commuter bus and we pay a minimum of \$5 bribe at each police road block per day to avoid heavy fines or penalties for each fault which the police find on the vehicle and an additional \$10 bribe for a road block manned by the Vehicle Inspection Department (VID). Remember, when the road block police change their shifts in the afternoon, we have to pay a new round of bribes to the new crew on that same day. Just imagine the amount that we may end up pocketing if there are say six or more road blocks along the route, nothing. That is why this business has become unprofitable. Whenever the police or the Vehicle Inspection Department (VID) identify a fault they threaten to impound the vehicle and fine me but the fines are quite heavy. For instance, if it is a stop light that is not functional which costs only 50 cents, the official fine is \$10. The drivers end up negotiating with the police and paying some bribes in order to be allowed to pass. The bribes are lower than the official sport fines that the police require so we end up paying them but the drivers may not be having the bribe money at that particular time. They then phone me and I quickly rush to the scene to rescue the situation and that is why we have established an office here in town. This avoids delaying the passengers. If we decide not to pay any bribes, it means we have to be sure that the vehicle does not have any faults, and we to have up to date permit papers in addition to carrying only a maximum of the 15 passengers that are required by law. As you know, a small thing like a stop light can be shaken by the poor roads and stop functioning at any time without our

knowledge while we are carrying passengers on the road. Refusal to pay bribes is an invitation to the law enforcement agency to inspect the vehicle but in the process we also delay the passengers. c) Poor state of roads that have many pot holes. The local city council is neglecting to maintain city roads and the pot holes often damage the vehicle tyres. This increases operational costs. d) Congestion. The number of vehicles on the roads is increasing all the time but the city is not expanding. This is contributing to traffic congestion, delays and accidents. Driving very slowly in congested roads uses far much more fuel because you have to engage low gears. e) Pressure on the limited parking bays. In some cases we fail to find parking places nearest to where we pick commuters or even during slack periods as a result of the increasing number of vehicles on the roads or traffic congestion. We end up leaving the vehicles very far and in some cases unattended. f) Increase in automatic vehicles that are easy to drive means that some of the drivers on the roads won't be having driver licences to drive such vehicles. Besides contributing to the accidents on the roads, they also contribute to the traffic congestion. g) We were recently affected by the implementation of Statutory Instrument number 64 that was put in place by the Ministry of Industry and Commerce without consultations from our body. We are no longer able to import cheap vehicles from Japan as a result of the statutory instrument yet prices of vehicles in Zimbabwe are very expensive. This will obviously affect the viability our business in the near future. In addition, even if I am hired by commuters to carry goods that have been illegally imported in violation of the import embargo, the transporter is arrested for carrying the goods yet it is not the transporter that has violated the law.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 We do not do any formal strategic planning as you the academics, so there are no guidelines for the formulation or review of the vision or mission statement.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 Nothing was formulated or reviewed since 2009 when we started operating the business.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. However, the corporate objective is to make profits. The business strategy is to win the competition, transport as many commuters as possible ahead of competitors so as to achieve the remuneration targets that I set for the drivers but we also cooperate with the competitors at some of the commuter bus ranks. So, there is no single strategy since we can either compete or cooperate depending on the situation. For instance, whenever the police or the VID mount a sudden roadblock, we advise other commuter operators about the situation and they change the routes to avoid delays and payment of fines. We cooperate on this issue and operate as one family though the passengers always complain about delays and urge us to put our house in order.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 There is a minor difference between strategies and policies to us because they are both instruments to achieve the same objectives but are of equal importance. Can anyone say that the leg is more important than the hand yet they complement each other as parts of the same system? Strategies are ways to adapt to the environment and make profits or growth while the policies are designed to bring order at the workplace as we work for profits or growth. Though strategies can change depending on the situation, policies do not often change since they are like the rules of the company. In cases where I have transportation contracts for children, the strategies coincide with the policies and are punctuality, reliability and safety for the customers. As you know, transportation is a precise business where I have to be punctual, reliable and transport my passengers safely and the policies include starting business on time, regular servicing of the vehicles and travelling at very safe speeds because I will be carrying children. The policies support the objective of making profits because I will build trust and maintain or continue to get more business.

In cases where there is either cooperation or competition, the strategy is that of high and safe speed because it is only through high and safe speed that will enable us to achieve the objective of making profits. The strategy is high and safe speed of passengers because most of them want to arrive early where ever they are going. Even if there is cooperation at the bus ranks and our competitors load commuters

ahead of us, we can overtake them along the way based on high and safe speed. However, remember that the fact that the company has a strategy of high and safe speed does not imply that our drivers have to violate the legal speed limits for our roads. We still have to comply with the laws of the roads because they are meant to protect us the citizens of the country since our roads are bad, otherwise we will cause accidents and in the process lose lives. So in a nutshell, the words policy, strategy and even culture often converge to mean the same thing as commuters often say that high speeds is the culture of kombis.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs plus a small percentage markup and they are determined by the owner.

Q11 Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each employee just consults or gets permission from the owner because the owner is almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly operational and risk related challenges as listed below:

- a) Thefts. Along the routes that we ply, there are several pick and drop commuters and the money that is generated is never declared to me. As long as these employees manage to raise the target amount that we agreed has to be raised daily, they have a tendency to pocket the extra money that they get without my knowledge. I know several people who used to be commuter bus conductors and drivers but now own vehicles. Where would you think they got the money to purchase their own vehicles? Obviously from stealing from their former employers though of course because they would have managed to achieve their daily targets, I don't have to worry about that.
- b) Poor workmanship. Whenever my commuter buses go for repair, service or maintenance, I am not always there to monitor the mechanics when they do their job. I sometimes only get to realize that there was poor workmanship when the same problem recurs not long after the vehicle has come back from service, maintenance or repair. This is one major problem that I am facing.

- c) Accidents. Some of the commuter buses were once involved in accidents on the roads and when that happens, you lose a lot of potential income when the vehicle is not on the road.
- d) Long turnaround time in repairing accident damaged commuter buses. The turnaround time in the repair of our vehicles is getting longer and longer in spite of whatever company is doing the repairs. This delays our commuter buses in going back to work on the roads.
- e) Proliferation of automatic vehicles on the roads that are being imported from around the world means that some of the drivers on the roads do not have driver's licences in order to drive the vehicles. This is also contributing to the number of accidents on the roads as well as traffic congestion.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) Theft by the driver and the conductor: Nothing can be done if the commuter bus driver and conductor have achieved their daily or monthly revenue targets but I often review and raise the daily or monthly revenue targets if I believe they are too low. If the bus crew is not comfortable with the new target, I employ a new crew because there are a lot of drivers looking for employment. b) Nothing has been done about poor workmanship besides taking the bus back to the company that did the repairs and maintenance at no extra cost but as a policy, we always demand to be given the old parts that are removed from the buses whenever services are done. c) Nothing can be done about accidents. The best that I can do is to employ drivers who have defensive driving certificates and ensure that all the vehicles are insured as required by the law but this does not stop the accidents from happening. Some of the accidents are not a result of the fault of the driver but of other reasons such as the poor state of the road which is beyond the control of the company. We sometimes conduct occasional prayers whenever my vehicles are hired to transport commuters for long distances. This is not unusual since even cross border buses such as Intercap always requested someone to pray to God before the journeys commenced from Harare to Johannesburg in South Africa. In some cases when we experience above normal accidents, we hire prophets to conduct some prayers or even traditional healers to exorcise evil spirits and the effects of juju from some enemies. d) Nothing has been done because this repair turnaround time is beyond my control. e) There is nothing that can be done about the proliferation of automatic

vehicles on the roads that is contributing to traffic congestion and accidents on the roads.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 I set financial performance measures and these are the revenue targets for each team which consists of the driver and the conductor. The targets are reviewed daily or sometimes monthly.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 I review and revise the revenue targets based on various variables that include the condition of the vehicle, season and the police situation.

Case study fifteen

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 **1. External environment**

1.1 Societal environment

1.1.1 Political and legal

The business specializes in the manufacturing of school wear or uniforms and selling of the wearing apparel for different primary and secondary schools that are both in Harare and outside. As a company based in the central business district of Harare where the law enforcement agencies are based, we have to abide by all the laws such as tax laws, by-laws by the municipality, rules, regulations and statutory requirement that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

We monitor tender advertisements for school wear and uniforms that appear in the press and participate, salary and wage regulations that are published for this sector as well as rates of inflation.

1.1.3 Socio-cultural

We monitor the growth of schools that we serve from class room construction that facilitates the growth in the enrolments and school population.

1.1.4 Technological

We monitor the new products or technology availability used in the industry that includes embroidery machines for designing logos on school blazers, hats and track suits, sewing machines for all kinds of school ware for girls and boys to enable us to serve the customers quickly. Monitoring of the factors of the external environment is done as a continuous process.

1.1.5 Task Environment

We regularly check the number of pupils enrolled by our regular customers from form one to A-level classes to assess the level of potential demand, prices charged by competitors for similar or identical products that we sell as well as prices of sewing materials of different suppliers based in town. We also check the discounts provided by different suppliers for bulk purchases in order to take advantage of any economies of scale as well as the quality of materials that the suppliers provide.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, but the process is not documented but done as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 The resources i.e. the financial, material and human resources and the culture of doing business. As a culture, the customer is always right.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes though this is not documented as academics do. We are now relying more on my experience of doing this business.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Experienced employees. b) Location that is easily accessible. c) Availability of good condition machinery and equipment such as embroidery and sewing machines that are owned by the company. **Weaknesses:** a) Inadequate financial resources that prohibit the company to grow as fast as we may desire. b) The use of rented premises where expensive rent has to be paid every month. **Opportunities:** a) Cheap but good quality imports of clothing materials that are entering the country. b) Competition between the suppliers of materials that often result in the reduction of prices. c) New labour laws that were gazetted in 2016 which have made it easy for the company to fire employees at short notice if it

becomes necessary. d) Large pool of labour where the company can hire cheap contract workers. e) Expansionary education policies by the government that are resulting in increased school enrolments. This sometimes brightens the prospects of generating more business if we manage to secure some school uniform supply tenders. **Threats:** a) Sporadic load shedding by the Zimbabwe Electricity Supply Authority that affects business since all our machinery relies on the use electricity. b) Erratic water supply and sometimes dirty water that is supplied by the local City Council. c) The nature of the business is seasonal and we only get a lot of business just before the schools open. Thereafter, once school children buy uniforms, they can stay with the same uniforms for long periods such as two years and above. That means we have very long slack periods in which we require income streams to pay for our overheads and we have to use the cash that we get sparingly. d) The rising unemployment in the country resulting from closure of companies is negatively affecting our business. Some parents experience difficulties in paying school fees when the parent loses his or her job. The child sometimes ends up dropping out of school. In most cases, the government's Basic Education Assistance Module (BEAM) money will not be available to assist disadvantaged children because the government is also facing financial challenges. e) Though we sometimes sell uniforms on credit to the people whom we know or supply the schools on credit to sell on our behalf, we normally insist on cash sales. However, most employers including the government sometimes suddenly postpone the salary dates for their employees as a result of liquidity problems and this affects our business. f) Stringent requirements by the banks to give us loans for working capital in the absence of collateral that we do not have. g) High rentals for the operating premises that are charged by the landlord.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 We do not do any strategic planning as you the academics, so there are no guidelines for the formulation or review of the vision or mission statement.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 Nothing was formulated or reviewed since 2007 when we started operating the business. Though I have a vision in my mind, there are no written vision and mission statements.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. However, the corporate objective just like any other business is to make profits. The corporate strategy is growth through vertical integration in which we both manufacture the uniforms and also distribute or sell them from here. The business strategy is to win the competition since there is a lot of competition to get more customers. We visit various schools, talk to them about our business and show them the samples of the various products or school wear that we manufacture. We are also assisted to get some business by the pastor of the local church that we attend and we also distribute business cards to potential customers and some key people.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 Strategy first and policies later: We believe the strategy should be set prior to policies since they are supposed to guide the policy formulation process. Our strategy is good quality and reliability in supply and the policy is negotiate the price with the customer but never sell below the cost of production. This means that we do not have fixed selling prices. As long as our school wear or uniforms are of better quality i.e. are strong and do not wear out in very short periods of time than uniforms of your competitors and you are reliable in terms of supply of that product, it means you are able to out compete your competitors who may not be able to produce the good quality things. In most cases customers attach a lot of value on product quality and reliability of the product or the supplier than the price of the product. It may be of no value to the customers to supply them with products at cheap prices if the products are not of good quality and do not last long. So we sometimes sell at higher prices than our competitors. This also implies that the materials that we use have to be of good quality i.e. the material is strong and does not wear out easily because in these hard times, parents may not afford to continuously be buying uniforms that are cheap but either easily wears out and easily gets torn because the material is cheap.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs plus a small percentage markup and they are determined by the owner in liaison with the team members.

Q11 Does the company have procedures for all the major activities – (Yes/No)?

If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each team member just consults or gets permission from the owner because the owner is almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly operational and risk related challenges as listed below:

- a) At one time we were adversely affected by accepting fake currency notes since at that time employees could not distinguish the genuine from the fake notes until I purchased a fake note detector.
- b) Corruption by the schools who are our biggest customers. Most of the schools demand bribes for giving us business and some of the bribes are so huge that they end up benefiting far much more than us the manufacturer yet the schools do not have overhead costs to pay. We have no alternative but to give them the bribes because in some cases we may be desperate to get business.
- c) Default risk. Most schools demand us to supply them the uniforms and sell them at the schools on our behalf. They end up charging very high mark ups and making large profits yet they do not pay us on time.
- d) Liquidity risk. Some suppliers provide us with 30 day credit terms but we sometimes fail to pay the creditors on time due to liquidity problems arising from default risk by our customers.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) Since the time that I purchased a fake note detector we have not encountered a similar problem. However, as a result of experience, we are now able to tell the difference between a fake note and a genuine note without the aid of a detector. The fake notes problem was an issue soon after the introduction of multi-currencies. b) The problem of corruption by some of the schools who are our major customers has not been addressed. c) Default risk will continue to be a problem as long as we supply the schools with uniforms to sell them for us. The problem is that the schools require parents to buy the uniforms from the school and not from outside and this affects our business. d) This is again an extension of the default risk but

this time we are the culprits. This is difficult to address as long as our customers continue to fail to pay us on time.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 Though we sometimes set financial performance measures, we do not always evaluate if targets are achieved. If we are able to pay our overhead costs and get a little profit or some subsistence so as to just survive as a business, then we will be fine. Monitoring is supposed to be done every month but we sometimes skip some months. To be specific, just say quarterly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We only focus on cost management in order to at least break even or make a small profit. This means that we often lay off some of the contract employees during slack periods and employ them when it becomes necessary. In addition, we reduce the habit of selling on credit where we can.

Case study sixteen

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. **External environment**

1.1 Societal environment

1.1.1 Political and legal

We monitor changes in the laws, by-laws by the municipality, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance. Sources of information for this external environment include colleagues, employees, clients and suppliers since we do not buy the newspapers every day.

1.1.2 Economic

Climate changes, type of produce available from suppliers during that period, producer prices, inflation rate.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We monitor network availability to some of the remote based suppliers, availability of gadgets that can easily access the remote based suppliers, distance and road accessibility of some of the suppliers. Factors of the external environment are monitored as a continuous exercise.

1.1.5 Task Environment

Prices charged by different suppliers, availability of the produce and reliability of the fresh produce suppliers, availability of discounts for bulk purchases, transport charges or costs to the suppliers. The rivalry of the competitors or cooperation at the different operating premises for the business, changes in demand for various types of produce and perishability of the produce. Other factors that are considered include local authority regulations, Government regulations, wages for employees and retail prices. The process is done as an ongoing exercise and in some cases every day.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, there are threats and opportunities.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We monitor the financial resources, the stocks of produce and the culture of doing business. In terms of culture, we try to be very friendly to all our customers or adopt the customer is king approach.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes there are strengths and weaknesses.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Very friendly employees. b) Presence in more than one location in Harare in the high and medium density residential areas where most of the people stay as well as in the central business district. c) Easy accessibility for all the business locations **Weaknesses:** a) Inadequate financial resources that prohibit the company from growing as fast as we may desire. Financial resources can never be enough. b) The use of expensive rented premises where rent has to be paid every month. **Opportunities:** a) Absence of price controls for the produce that we sell. Prices are determined by the forces of supply and demand. b) Availability of

discounts from suppliers of very perishable produce for bulk purchases. c) New labour laws that were announced in 2016 have made it easy for the company to fire employees at short notice. d) Availability of cheap contract labour in the market as a result of rising unemployment in the country. e) The indispensable nature of the products that we sell. Food is the first charge in any family's budget whether a person is employed or not. People will have to abandon the purchase of other durable or clothing items in order to purchase food products. **Threats:** a) Rising unemployment resulting from closure of companies which is negatively affecting the demand for our products. b) Rising costs of rentals for the premises by the landlord in the central business district. c) Corruption by law enforcement agents who demand high bribes to allow me to operate if my operating licence has expired yet my colleagues who could be in a similar situation pay no bribes to the same enforcement agents. d) Erratic water supplies and sometimes very dirty and undrinkable water supply by the Harare City Council. e) Erratic supply of produce by the suppliers who are nearest to us. We sometimes end up driving for long distances to suppliers who are more reliable. f) High perishability of some produce such as tomatoes as a result of unfavorable weather conditions. We end up selling the products at a discount or even at a loss just to get rid of them before they are bad and not suitable for human consumption. g) Thefts of some produce since some of our operating premises are too crowded. h) Success or failure in the various fresh produce business premises is determined by the nature of rivalry between different competitors operating from that specific premise or level of cooperation. If rivalry is very intense, you charge different prices for the same produce resulting in losses but if you are all friendly to each other you cooperate, agree on the prices and succeed. i) Relations between people can change every day as a result of jealousy. Zimbabweans have become more spiritual and religious. As you may be aware, Jesus was reported to have said that hate is the shadow of fear and revenge is the mask of cowardice. This sometimes results in the use of witchcraft, magic or juju by some competitors on our produce and this can result in the decline of demand. However, even when we suspect the use of such malpractices by alleged enemies, the witchcraft suppression act prohibits us from taking any legal action or pointing a finger at anybody. j) Most of the competitors sell identical products and there is therefore very strong competition. k) Absence of insurance for the fresh produce that we sell.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 There is no formal planning done hence there are no guidelines for formulating or reviewing the vision or the mission statements.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 The vision or mission statements have never been formulated since 2009 when I started operating the fresh produce business.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. The major objective is growth or to make some profits. The corporate strategy is growth and the business strategies are either to compete and charge different prices from competitors or to cooperate with competitors and charge the same prices for the identical products that we sell. So I do not use one strategy all the time. I vary my strategies depending on the situation and circumstances at each particular business operating premise.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 We formulate the strategies and the policies at the same time because from my own understanding, these two issues are of equal importance to the business. Where we have agreed to cooperate and charge the same price for identical products as a strategy, the policy is never to lure customers to your stall by shouting to get business. We sometimes cooperate to the extent that even your competitor can actually sell your produce on your behalf and give you the money if a customer comes to your stall when you are not there at that particular time. When I have run out of the produce required by my regular customers, I run around to my nearest competitors who may still have the required produce available. In this way, we all benefit from cooperation, if you are in good terms and there is no rivalry.

In places where the business strategy is competition, the policy is charging different prices for identical products, shouting to get customers away from your competitors and negotiation of the prices with the customers. There will be no fixed prices and we often ask the customers how much they are prepared to pay and we start negotiations from there. Strategies and policies are complementary issues that work

hand in hand. The strategies of competition or cooperation and the policy of punctuality for all employees and my policy of arriving at the main market place very early in the morning every day to procure stocks from suppliers before they are depleted by other competitors work hand in hand.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs of purchase from the suppliers, perishability of the different types of produce, the demand and supply for fresh produce at the various operating places, availability of the financial resources, profit margin for each type of produce and quantities of the specific types of produce that should be ordered from the suppliers each day. They are determined by myself, the owner in liaison with the employees but the owner has the final say.

Q11 Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. We do not have the time for that kind of bookwork. Each employee just consults or gets permission from the owner. If I am not there, the employees can phone me but I encourage them to plan in advance and talk to me personally when I am there at the particular business premise.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 The major challenges include the following:

- a) The climate changes and the drought that often affects the supply of all the fresh produce. Zimbabwe is a farming country and the major part of our supply sources are the farmers who were affected by the drought and this in turn negatively affected our business.
- b) Shrinking market as a result of unemployment and movement of people to other towns, places or countries in search of employment. Though the rains later came in some of the areas it was late for purposes of the normal farming season. In addition, the country has become a nation of traders that is quick to embrace regional trade agreements. There was therefore little productive activities and value addition by the local available large manufacturing companies. If we had our own local currency, the currency would quickly lose value and we would experience hyper-

inflation similar to that of 2008. Thank God that we were using other country currencies that we had little power to manipulate through printing money.

- c) Loss of perishable produce as a result of the weather or climatic changes.
- d) Intense competition since we trade in identical produce. The competition is resulting in declining sales revenue, reduced profits as well as losses.
- e) Default risk by some of our regular customers due to several reasons when we sell them very perishable produce on credit before they deteriorate or go bad.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) Nothing can be done about the drought because even dams and boreholes which are the major water supply sources for the fresh produce suppliers are drying up. This affects the supply of produce and drives prices up as a result of the forces of supply and demand. b) The subdued demand even in times of normal supplies cannot be addressed if the economy is in a downturn and characterized by rising unemployment. Some customers end up moving to other towns, places and even countries in search for employment. c) We order very small quantities of the very perishable products each day to avoid loss. If we have miscalculated and ordered more than can be sold that day, we normally sell as much of the very perishable products on credit to regular customers only but this sometimes creates another problem of default risk. d) Nothing can be done about the problem of high competition because we have become a country of traders as a result of economic hardships. We sometimes invite prophets to conduct prayers or even traditional healers to exorcise some evil spirits that can affect business. e) Default risk will always be a thorn in the flesh for us but we sometimes end up not giving the customers any produce on credit no matter how much they plead with us and no matter how much we may lose through deterioration. As you know, it is time wasting to use litigation for the small amounts that are involved in this business.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 There are financial performance measures on profitability but we are not very specific about the percentage of profits because the economy is dynamic. Monitoring of the performance measures is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We revise the performance measures after analyzing the reasons for the unsatisfactory performance and sometimes only order what we think can all be sold on each particular day. Sometimes the focus is on cost management in order to at least break even or make a small profit.

Case study seventeen

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 **1. External environment**

1.1 Societal environment

1.1.1 Political and legal

The company specializes in the sale of clothing, footwear and communication gadgets that are imported from various countries including United Arab Emirates (Dubai), Tanzania, Zambia, Mozambique, Malawi and South Africa. We are also concerned about our safety and we do not enter countries with political unrest, terrorist activities or may be having negative attitudes about Zimbabweans at that particular time. For example, when there was xenophobia in South Africa we did not go there until it was calm. So we indeed monitor the attitudes of the local people about foreigners before going to any country and we get this information from various sources such as the press, internet and the embassies of those countries. We also check about items not allowed at the foreign borders and do not carry any such things that are illegal. Here in Zimbabwe, we respect all the laws, by-laws by the municipality, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

Before travelling to various countries to import our stocks, we check the exchange rates prevailing between the United States dollar and the currency used by that particular country. So we mainly monitor the changes in the exchange rates.

1.1.3 Socio-cultural

We familiarize with languages of the local people especially how to greet people.

1.1.4 Technological

We monitor the new products on the market that may be of interest to our customers, the latest available gadgets of communication technology such as cell phones, tablets, ipads and iphones. Monitoring of the factors of the external environment is done on a continuous basis.

1.1.5 Task environment

We regularly check the prices charged across the border by suppliers there, promotions that may be in place and discounts offered for bulk purchases. For the local market we compare prices charged by competitors for similar or identical products that we sell and adjust prices as we see fit in order to make some profit after taking into consideration the cost prices. The process is done a few months before we are about to leave the country to import our stocks.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, there are always some threats and opportunities.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We monitor the financial resources, the stocks, the rate of depletion of various items, and the culture of doing business. In terms of culture, we try to be very friendly to all our customers.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes, there are some strengths and weaknesses.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent and aggressive marketing oriented employees. b) Presence in two places here in Harare that are all easily accessible in the high density areas where most of the people stay as well as in the central business district. **Weaknesses:** a) Inadequate resources that prohibit the company from growing as fast as we may desire. b) Operating from expensive rented premises where rent has to be paid every month. **Opportunities:** a) Availability of two operating premises in Harare. b) It is cheaper for us to import because we use a stronger currency which is appreciating compared to the currencies of the countries where we get the imports. c) New labour laws that were announced in 2016 that have made it easy for the company to fire at short notice since costs of employees

was very high. d) Availability of cheap employees in Harare that can be employed on contract. **Threats:** a) Rising unemployment resulting from closure of big companies which is negatively affecting the demand for our products. b) Rising costs of rentals for the premises by the Harare City Council. c) Corruption by law enforcement agents who demand high bribes to allow me to operate if my operating licence has expired though I may be in the process of renewing the licence. d) Erratic water supplies and sometimes dirty and undrinkable water supply by the Harare City Council. e) High bank interest rates that are charged for borrowing some money. This discourages customers from borrowing for investment. In addition, banks charge a lot of various other charges for the accounts that we maintain with them. f) Very stringent requirements by the banks to give us loans in the absence of collateral that we do not have. g) High risk of loss in the event of fire since our operating premises are too crowded. h) Success or failure of the two flea markets that I own is determined by whether all the competitors operating from that specific location compete or cooperate. If you are enemies you will compete for business but if you are all friendly to each other you cooperate and operate like one big family. Remember, relations between people can change every day as a result of jealous. i) Zimbabwe has become more spiritual and religious. This sometimes results in the use of witchcraft, magic or juju by some competitors on our stocks to facilitate declining demand. However, even when we suspect the use of such malpractices by alleged enemies, the witchcraft suppression act that was inherited from the colonial regime prohibits us from taking any legal action or pointing a finger at anybody. j) Most of the competitors sell identical products and there is therefore very strong competition. k) Introduction of bond notes that has resulted in scarcity of foreign currency required for imports. l) The prohibition of imports of various goods by the government that was put in place in 2016.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 There is no formal planning done hence there are no guidelines for formulating or reviewing the vision or the mission statements.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 Nothing was formulated since 2010 when I started operating the flea market business.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. The major objective is growth and to make some profits. The corporate strategy is growth and the business strategies are either to compete and charge different prices from competitors or to cooperate with competitors and charge the same prices for the identical products that we sell.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 We use those two words interchangeably. It's neither here nor there. However, this may differ from the literature. The strategy is the means of achieving the objectives while the policies are the rules that bring about law and order at the place of work and the basis for taking any disciplinary action on the employees.

In places where the business strategy is competition, the policy is to negotiate the price and get the customer away from the competitor as long as the price does not fall below the costs. There will be no fixed prices and we often ask the customers how much they are prepared to pay and we start price negotiations from there.

At premises where the business strategy is cooperation with the competitors, the policy is to charge the same price for identical products. The policy enables all of the competitors to operate as one big family and your competitor can actually even sell your wares for you and give you the money if a customer comes to your stall when you are not there at that particular time. When I do not have the right size or products required by even my regular customer, I run around to my nearest competitors who may still have the required sizes or products in stock. In this way, we all benefit from cooperation.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs of purchase from the suppliers plus a small percentage markup, the stock levels for the various products, the rate of sales, the profit margin for each type of product, quantity of the specific types of products that should be ordered from the suppliers, availability of the financial resources, the demand and supply of the products for the various operating places. They are

determined by myself, the owner in liaison with the employees but as the owner, I have the final say.

Q11 Does the company have procedures for all the major activities – (Yes/No)?

If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each employee just consults or gets permission from the owner. If I am not there, the employees can phone but I encourage them to plan in advance and talk to me personally when I am there at the particular stall.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 The major challenges include the following:

- a) Miscalculation of the tastes of the customers about both the products and sizes required by the market that result in either shortages or excess supply.
- b) Shrinking market or lack of demand as a result of the downturn in the economy. Zimbabwe had become a nation of traders that was quick to embrace regional trade agreements. There was therefore little productive activities and value addition by the local available large manufacturing companies. If we had our own local currency, the currency would quickly depreciate and become worthless as what happened in 2008. Thank God that we were using other country currencies that we could not manipulate.
- c) Default risk from friends and relatives whom I sometimes supply on credit.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) Nothing has been done about the miscalculation about the requirements of the market but I sometimes only go out to purchase specific products that have specific orders. However, if the customer who has given me specific orders is desperate, he or she can buy from someone else before I come back and they end up not buying from me. That is why we now request the customers to pay some deposit for the orders as commitment fees but still some customers come and request their deposits and tell us that they purchased from elsewhere because they could not wait for me. b) This is a tricky situation and nothing can be done about the economic downturn. c) I insist on cash sales even for close friends and relatives.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-

annually/Annually/Other – specify -----)?

A14 There are financial performance measures on profitability but we are not very specific about the percentage of profits because the economy is dynamic. He justified the importance of focusing on profitability as follows: “Sometimes some customers complain that our products are too expensive. However, customers do not appreciate that we get the foreign currency to purchase our products from the black market since banks no longer provide the required foreign currency at the official exchange rate of one is to one between the bond note and the US dollar. Hence, since the black market foreign currency exchange rates are both expensive and fluctuate daily, we have to price our products in bond currency accordingly to enable us to restock from outside the borders of the country. We charge the same products differently based on whether the customer pays in US dollars or in bond notes. However, we do not insist that payment should be in US dollars alone because that would mean shooting ourselves in the foot since not all customers have the US dollars.” Monitoring of the performance measures is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We revise the performance measures after analyzing the reasons for the unsatisfactory performance.

Case study eighteen

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Societal environment

1.1.1 Political and legal

The company specializes in the sale of clothing and footwear items that are imported from various countries including China, United Arab Emirates (Dubai), Tanzania, Zambia, Mozambique, Malawi and South Africa. We are also concerned about our safety and we do not enter countries with political unrest, terrorist activities or may be having negative attitudes about Zimbabweans at that particular time. For example, when there was afrophobia in South Africa we did not go there until it was calm. So we indeed monitor the attitudes of the local people about

foreigners before going to any country and we get this information from various sources such as the press, internet and the embassies of those countries. We also check about items not allowed at the foreign borders and do not carry any such things that are illegal. Back home in Zimbabwe, we abide by any laws, by-laws by the municipality, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

Whenever we are travelling to these countries to import our stocks, we check the exchange rates prevailing between the United States dollar and the currency used by that particular country. So we mainly monitor the changes in the exchange rates.

1.1.3 Socio-cultural

We monitor the languages of the local people and how they greet others.

1.1.4 Technological

We monitor the arrival of new products on the market, availability of the latest available gadgets of communication technology such as cell phones, tablets and iphones. In addition, we also check the latest clothing, footwear and various other items and fads that may be fast selling or demanded by the customers. We monitor the variables of the external environment as a continuous exercise.

1.1.5 Task Environment

We regularly check the prices charged across the border by suppliers, promotions and discounts offered for bulk purchases. Back here we compare prices charged by competitors for similar or identical products that we sell and adjust prices as we see fit in order to make some profit after taking into consideration the cost prices. The process is done a few weeks before we are about to leave the country to import our stocks.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, but the process is informal and not documented.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We monitor the financial resources, the stocks and the culture of doing business. In terms of culture, we try to be very friendly to all our customers or adopt the customer is king approach.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes though this is not documented.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent employees who are friendly to customers. b) Location that is easily accessible. **Weaknesses:** a) Inadequate resources that prohibit the company from growing as fast as we may desire. b) Expensive and rented operating premises where rent has to be paid every month. **Opportunities:** a) Availability of cheap labour from the market. b) It is cheaper for us to import because we use a stronger currency which is appreciating compared to the currencies of the countries where we get the imports. c) New labour laws that were announced in 2016 have made it easy for the company to retrench at short notice since costs of employees was very high. **Threats:** a) Rising unemployment resulting from closure of companies which is negatively affecting the demand for our products. b) Rising costs of rentals for the premises required by the landlords. c) Corruption by law enforcement agents who demand high bribes to allow us to operate while mobilizing the financial resources if the operating licence has expired yet my colleagues who could be in a similar situation pay no bribes to the same enforcement agents. d) Erratic water supplies and sometimes dirty and undrinkable water supply by the Harare City Council. e) High bank interest rates that discourage borrowing for investment and low bank deposits that discourage keeping money in the banks. In addition, banks charge a lot of various other charges for the accounts that we maintain with them. f) Very stringent requirements by the banks to provide loans in the absence of collateral that we do not have. g) Risk of fire as a result of the operating premises are too crowded. h) Success or failure in the business is determined by whether all the competitors operating from that specific location compete or cooperate. If you are enemies you will compete for business but if you are all friendly to each other you cooperate and operate like one big family. Remember, you will appreciate that relations between people can change every day. i) Zimbabwe has become more spiritual and religious. This sometimes results in the use of witchcraft, magic or juju by some competitors on our stocks to facilitate declining demand. However, even when we suspect the use of such malpractices by alleged enemies, the witchcraft suppression act that was inherited from the colonial

regime prohibits us from taking any legal action or pointing a finger at anybody. j) Most of the competitors sell identical products and there is therefore very strong competition. k) Introduction of bond notes by the country that has catalyzed the shortage of foreign currency from financial institutions other than the parallel market where it is available but more expensive. l) Implementation of statutory instrument number 64 by the government in 2016 that placed an embargo on various merchandise traded.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 There is no formal planning done hence there are no guidelines for formulating or reviewing the vision or the mission statements.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 Nothing was formulated since 2012 when we started operating the business.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. The major objective is to make some profits. The corporate strategy is growth and the business strategy is either cooperation or competition and these vary depending on the particular operating premise and what you have all agreed as a group.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 The strategy is formulated first then the policies later. The strategy is the means of achieving the objective while the policies are the rules of operating at the particular premise that you agree on in order to maintain law and order.

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs of purchasing from the suppliers, the stock levels plus a small percentage markup on the costs, the rate of sales, the profit margin for each type of product, quantity of the specific types of products that should be ordered from the suppliers, availability of the financial resources, the demand and supply of the products for the various operating places. They are determined by the owner in liaison with the employees but as the owners, we have the final say.

Q11 Does the company have procedures for all the major activities – (Yes/No)?

If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each employee just consults or gets permission from the owners because we are almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 The major challenges include the following issues.

- a) At one time we were adversely affected by accepting fake currency notes since we could not distinguish the genuine from the fake notes.
- b) We once encountered a problem of indiscipline by one employee who either always came to work late or never turned up at all in violation of their job descriptions and conditions of service which all employees fully understand.
- c) Default risk from friends and relatives whom we sometimes supply on credit.
- d) Shrinking market or lack of demand as a result of the downturn in the economy. Zimbabwe had become a nation of traders that was quick to embrace regional trade agreements. Therefore, little productive activities exist and value addition by the local available large manufacturing companies is lost. If we had our own local currency, the currency would quickly slide into the hyper inflationary period of 2008. Thank God that we were using other country currencies that we could not manipulate.
- e) Miscalculation of the tastes of the customers about both the products and sizes required by the market that result in either shortages or excess supply.
- f) Loss of stocks as a result of fire that gutted most of our stocks and there was no compensation since we have no insurance.

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) This was addressed when we purchased a fake note detector. All employees can now identify a fake from a genuine without the aid of a detector as a result of experience. The fake notes circulation was rampant during the early days of the introduction of multi-currencies. b) This was also addressed when I took advantage of the new labour laws to fire the employee after following the policies of giving verbal and written warnings. c) Default risk was addressed by insisting on cash sales for all customers. d) This has not been addressed since it affects the whole

economy. e) This has not been addressed because it is difficult to know exactly the tastes of the customers in the absence of any customer surveys information, so there will always be either shortages or excess products that are not bought at the time we anticipate but they will ultimately be bought. Shortages are not a problem because we can always order more stocks if financial resources permit as long as we are still in business. f) This has also not been addressed because we still do not have any insurance for the products and the premises. We cannot take insurance for the premises alone because there are many of us who operate from the premises and have to all agree and make some contributions. If some of the operators are not willing to take insurance it means we will all continue to operate without insurance.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 There are financial performance measures on profitability but we are not very specific about the percentage of profits because the economy is dynamic. He explained that “I have to be profitable in order to remain in business even though some customers often complain that my prices are too high. Such customers may not come back if they manage to get the same products at cheaper prices elsewhere. My prices are generally between three to five times higher than those for the same products outside the country. However, if I factor in other costs such as transportation costs, black market foreign currency exchange rates where I get the foreign currency as well as accommodation charges and customs duties that I pay at the border, you will realize that my mark up on the products is not too high.” Monitoring of the performance measures is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We revise the measures or sometimes only focus on cost management in order to at least break even or make a small profit.

Case study nineteen

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Societal environment

1.1.1 Political and legal

We examine the political situation and assess what is of benefit to the business. Currently, as the major shareholder or owner, I am a card holding member of the ruling party. The party is unlikely to change since it has been there and ruling since independence in 1980. I derive benefits by being a member of the ruling political party. For example, if you do not have a party card it is difficult to get a place in these premises to do your business. In addition, there are some small loans that are accessible only if you are a member because the loans are not offered to non-ruling party members. If a member fails to repay the loan, the party is sympathetic and you can get away with it. In addition, we abide by any laws such as tax laws, by-laws by the municipality that include a hooker's licence that is valid for the whole year. We were recently advised to register for purposes of paying tax by the Zimbabwe Revenue Authority (ZIMRA) before the end of June 2017 and we will have to comply with that directive.

1.1.2 Economic

Though we monitor wage regulations that are published for this sector we do not necessarily abide by the requirements. We pay what we can afford depending on the business generated and the employees or members appreciate that it is better to get a little from employment than to be completely out of employment in this volatile economic environment since we all have families to feed yet most big companies are struggling and closing down. We were also once employed by different big furniture manufacturing companies where most of us gained some experience but the companies collapsed.

1.1.3 Socio-cultural

We do not monitor anything but I know that this area has far more lodgers than landlords.

1.1.4 Technological

Little monitoring is done since the basic tools required for making furniture has really not changed for some time now. The factors of the external environment are monitored on a continuous basis.

1.1.5 Task environment

We regularly check the prices charged by competitors for similar or identical products that we sell and adjust prices as we see fit after taking into consideration

the cost of the materials. The price of everything is negotiable but of course, there is a minimum price which has to keep the business viable and we do not go below that reserve price. Some customers make specifications on products that they want us to make for them and we try to follow the specifications. The elderly respondent highlighted both the importance of the customer to the business and the repercussions of ignoring their requirements as quoted below.

“ One day, a friend took me along a path that passes through the graveyards. And there, on one of the graves, was written the words, ‘here lies the remains of so and so who died maintaining his right of way’. He was right, dead right, but now, he is as dead as if he was wrong. Yes, you can be right, dead right, as you speed along with your argument, but in as far as convincing your customer is concerned, it can be as futile as if you are wrong. So, in business, you should learn to give way to the needs of your customers, even if you may have the right of way. Remember, entrepreneurial graveyards are full of entrepreneurs who failed to take heed to the specifications or requirements of their customers”

In general, just like the competitors we make basic furniture such as affordable wardrobes, kitchen units, beds and small coffee tables. So we focus on making those products but occasionally, we make products on demand but the customer has to pay some deposit to ensure that one is serious and will come to collect his or her product and complete the payment upon collection.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes, but the process is not documented. Environmental scanning is done continuously as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We have a culture of respecting all customers. Though I am the major shareholder or the owner, we all work as a team. We always monitor the resources especially material inputs and cash. The internal environmental analysis is a continuous exercise.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes there are strengths and weaknesses.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent, experienced and hardworking employees. b) The culture of team spirit in which we all know that if the business falls, we all lose but if the business excels, we all benefit. c) Location that is easily accessible. d) The habit of giving away furniture on credit terms only to customers who stay in this area and are easy to follow up when they delay payment. e) The company owns a truck that delivers finished products to the major customers such as universities, schools and other institutions who purchase large quantities of products at no extra costs. f) Flexibility of payment terms that include cash, credit facilities, bank transfers and Ecocash through the cellphone. **Weaknesses:** a) Inadequate financial resources that prohibit the business from growing faster. b) Staff turnover since some of the experienced employees sometimes just leave employment at short notice. c) The use of expensive rented premises where rent has to be paid every month. d) Focus on the use of softwood since we do not have the necessary machinery and equipment to shape hardwood. **Opportunities:** a) Availability of cheap contract employees from the market. b) Local availability of timber which is the major input from the eastern highlands of the country at reasonable prices. **Threats:** a) The habit of allowing some customers whom we know to take away furniture on credit terms. Some of the customers are lodgers and may just relocate from where they stay without our knowledge and it then takes us time to track them down in order to recover our money if ever we recover it at all. As you may be aware of, the litigation process takes long and can drag for years. b) We pay no insurance for premises. When disaster strikes as it did last time when some products were damaged by heavy rains, there is no fallback position. c) We are vulnerable to all kinds of risks that include thefts, damage of furniture from torrential rains and corruption from some middlemen who demand a lot of payment for securing us some jobs.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 We don't have any specific trigger events but we desire to remain in business and grow.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 There is no formal strategic planning or any written vision or mission statement. We started to operate this business in 2011.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no written guidelines for the review of the corporate objectives and strategies. However, naturally our ideal corporate objective is to make more profits or achieve growth of the business. The business strategy for now is to focus on customers from this area or location and to make basic furniture that we can do best.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 We formulate the strategy and the policies at the same time because both are important to the business and they work hand in hand. The strategies are the means of achieving the objectives while the policies bring law and order at the workplace. The strategy is to focus on the manufacture good furniture that we can do best in order to satisfy the customers. The major policy is to negotiate prices with the customers as long as the price does not fall below some reserve price that covers the cost of materials and labour plus a small profit margin.

Q10 How are budgets for each programme determined and who does this process?

A10 We discuss the budget as a team based on the available financial resources, the costs of materials plus a small percentage profit margin. In the event of disagreement, the major shareholder has the final say.

Q11 Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each team member just consults or gets permission from the owner because the owner is almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly operational and risk related challenges as listed below:

- a) High default rate. Some of the customers are lodgers and may just relocate from where they stay without our knowledge and it then takes us time to track them down in order to recover our money.

- b) The risk of heavy rains that sometimes damage the premises or the products and the long time to recover from such losses since we do not have insurance.
- c) Perception risks. Some customers just do not believe that small companies can produce quality work yet we sometimes even supply some of the shops in town. The only major problem that we have is that we do not have the machinery or equipment to use on hardwood, hence we always use softwood that is not very durable but we have the same skills as those people who work for the few large companies in town that use hardwood because some of us used to work for those large companies before they closed down.

The respondent specified that “some of the items that are manufactured here are sometimes modified in response to the many customer compliments and few complaints about issues such as the quality of workmanship and durability of the products. However, customers are not always consistent. For example, one customer who once expressed displeasure with the durability of our coffee tables in the presence of four other customers returned the following month to pay an advance deposit for five more coffee tables for her retail furniture shop downtown.”

Q13 What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The challenge has partly been addressed. We have since reduced the use of credit sales in order to reduce credit risk. We sometimes use litigation as a last resort but this is time consuming and expensive. b) Nothing was done to resolve the risk since we are still not insured as a result of financial constraints. Paying insurance is tricky because disaster may or may not happen but what most of us have is life assurance because I know that one day we will surely die. c) Nothing has been done to address the problem and we do not advertise due to unavailability of financial resources. Though our furniture looks nice from the outside, it can easily break down if not handled with care especially by the children because of the soft wood that we use. Once this happens, some customers question our skills and ability and hence we have not been successful in spite of the good word of mouth by some of our regular customers.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-

annually/Annually/Other – specify -----)?

A14 No performance measures are set. We only try to meet production deadlines that we promise our customers. This is done monthly or as a continuous exercise.

Q15 What does the company do to reconcile actual performance and desired performance?

A15 We work overtime without extra pay just to meet production deadlines that we promise our customers.

Case study twenty

Q1 What external environmental factors do you scan and monitor and how often is this process conducted?

A1 1. External environment

1.1 Societal environment

1.1.1 Political and legal

Remember that in this community, it is the politics that drive business. I make sure that I attend some political meetings but not all meetings of the ruling political party in order to get a membership card of that party so that I am seen to be part of the party. I also denounce opposition parties in public and wear party regalia such as T shirts and caps to facilitate taking advantage of opportunities that may arise while minimizing any threats that can arise from being labeled a member of the opposition. However, behind the scenes I or any of the employees may vote for any party of one's choice. We are free to discuss politics at work as long as it is in support of the ruling party or denouncing the opposition. In addition, we abide by any laws such as tax laws, by-laws by the municipality, rules, regulations and statutory requirements that are required by the authorities to avoid negative legal implications or consequences of non-compliance.

1.1.2 Economic

We monitor wage regulations that are published for this sector as well as rates of inflation.

1.1.3 Socio-cultural

We do not monitor anything.

1.1.4 Technological

We monitor the availability of the latest available technology in the industry especially machinery and equipment for making furniture. Variables of the external environment are monitored as a continuous exercise.

1.1.5 Task Environment

We regularly check the prices charged by competitors for similar or identical products that we make and sell and adjust prices as we see fit after taking into consideration the cost of the materials or inputs. In addition we try to make products that are different and more appealing to customers than those of our competitors in terms of the design. We also stick to customer specifications if there are any.

Q2 Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

A2 Yes. The process is not documented but is done as an ongoing exercise.

Q3 What internal environmental factors do you scan and monitor and how often is the process conducted?

A3 We monitor the resources especially materials very often as well as financial resources.

Q4 Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

A4 Yes though this is not documented.

Q5 What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

A5 **Strengths:** a) Competent employees and expert workmanship. We sometimes even supply some of the furniture shops downtown. b) Allowing clients to purchase on credit as long as the customer's deposit covers the cost of materials. c) No fixed prices for products since all prices are negotiable. This attracts more customers. d) Location that is easily accessible. e) Premises that are owned by the company where there are no rentals to be paid monthly except rates to the city council. f) Ownership by the company of trucks that are used to carry the stocks or material inputs. **Weaknesses:** a) Limited designs of products especially wardrobes which are required by the bulk of the customers. b) Inability to use hardwood which requires special machinery and equipment which we do not have and cannot afford. We therefore mainly use softwood. c) Inadequate resources that prohibit the company to grow at a faster pace. **Opportunities:** a) Big number of people seeking for

employment from where the company can employ cheap contract employees. b) The major market is the local community that is currently growing. c) Cheap domestic supply of timber which is the major input that comes from the eastern highlands of the country. **Threats:** a) Inability of most customers to pay their credits due to loss of jobs when their employers close down as a result of economic downturn or some other reasons. b) Sporadic destruction or damage of our premises, products or material inputs by fire or rain. c) Theft of equipment, tools or materials overnight. Even when we employ guards, some of them sometimes connive to steal with the thieves. d) Slow reaction by municipality fire fighters and the police whenever disaster strikes. e) Absence of insurance for premises, products and materials due to limited resources. f) Loss arising from use of fake currency by some customers. g) Quick copying and proliferation of our innovative products by competitors who are crowded in these premises. We end up selling identical products that increases competition. h) Kickbacks - we sometimes get some business through middlemen who end up demanding a kickback for securing the business for us or threaten to take the business to competitors. So some of them end up demanding more money than us the producers yet the middleman does not have any overheads to pay. This is corruption and it is growing.

Q6 What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

A6 No trigger events since we never formulate any written vision or mission statement.

Q7 How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

A7 We have never formulated any written vision or mission statement since I started the family business in 2009.

Q8 What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

A8 There are no guidelines for the review of the corporate objectives and strategies. However, naturally the ideal corporate objective is growth. The business strategies are either differentiation or cost leadership.

Q9 What do you formulate or review first between strategies and policies and why that order?

A9 “I am not an expert in that area but I think from experience the two words are of equal importance and should be established at the same time, but you can educate me on that. Strategy is the means to achieving the objective while the policies are the rules for the workplace that enable us to take disciplinary action on the employees. We believe the best strategy is workmanship and the policy is price negotiation with the customers. One can even charge a higher price than that charged by competitors if the customer is convinced that the product is of excellent quality. But to achieve good workmanship, the workplace should have a conducive environment. So, the two complement each other.”

“Secondly, the implementation phase defines the success or failure of the business. Therefore if I or any one of my employees goes to purchase inputs, we should all be empowered to make quick decisions that take advantage of any promotions to enable us to save money. So empowerment policy of employees in purchase decisions is another very important policy which we set. When one takes advantage of promotions, whoever purchases the inputs (with the exception of myself as the owner) produces receipts to convince the rest of the guys as proof, but this does not mean we do not trust each other. It is business policy. We also compare input prices of different wholesalers before making the final purchases of inputs.”

“Finally, another policy is quick turnaround time and telling the customer the truth whenever we promise the customer to come and collect his or her product on any specific day. Sticking to the promised day or time improves our reputation. If we cannot deliver on the date required by the customer, just be honest and if it means losing that business, let it be. Some of the customers may have travelled long distances for that purpose and we do not want to disappoint them by lying or making excuses, we only need to tell them the truth. Of course, making promises to the customer implies working for long hours and over weekends just to meet the deadlines. We work as a team with all my employees because there is specialization of tasks that has grown to be part of the company’s culture. Though this is not put in writing, I consult my workers before I make major decisions about the company just to motivate them and make them feel as part of the business to cultivate a family culture that this is our business.”

Q10 How are budgets for each programme determined and who does this process?

A10 The budgets consider the costs of materials plus a small percentage markup for profit and they are determined by the owner in liaison with the team members.

Q11 Does the company have procedures for all the major activities – (Yes/No)?

If so, how often are the procedures reviewed or amended?

A11 No procedures for the major activities nor procedure manuals are available. Each team member just consults or gets permission from the owner because the owner is almost always at the business.

Q12 What are the major challenges encountered in the strategy implementation phase?

A12 These are mainly operational and risk related challenges as listed below:

- a) At one time we were adversely affected by accepting a fake currency note. We could not distinguish the genuine from the fake notes until I purchased a fake note detector.
- b) We once encountered a problem of indiscipline by some employees who were in the habit of coming to work late or did not come at all in addition to other violations of their duties and the conditions of service. This negatively affected our production deadlines and tarnished our image to the customers.
- c) Theft of equipment, tools and materials overnight even when we employ guards. On three occasions we experienced some mysterious disappearance of all the cash that was in the till after we had given some change to one person who was not a customer.
- d) Sporadic destruction or damage of our premises, products or material inputs by fire or rain.
- e) Default risk. Rising unemployment and inability of most customers to pay their credits due to loss of jobs when their employers close down as a result of economic downturn or some other reasons.
- f) Corruption - we sometimes get some business through middlemen who end up demanding a kickback for securing the business for us or threaten to take the business to competitors. So some of them end up demanding more money than us the producer yet the middleman does not have any overheads to pay.
- g) Staff turnover or loss of experienced employees who sometimes leave to form their own businesses. There is also massive brain drain and a lot of people who are experienced are leaving the country in search of employment opportunities.

Q13 What has been done by the company to resolve the challenges? Were the

solutions effective in solving the challenges – (Yes/No/Partly)?

A13 a) The solution of buying a fake note detector was of course effective. As a result of experience we can now all detect the fake notes from the genuine notes. The problem was an issue during the early days of the introduction of multi-currencies. b) Disciplinary action was taken on the employees who always came to work late or did not come to work at all. The situation has since improved for the rest of the employees. Our disciplinary action is effected by myself alone as the owner but is based on the conditions of service and is fair and impartial. Though justice is upheld, it is also my duty never to let justice destroy what mercy can save. We spend most of our time here at work and end up understanding each other, including even one's personal problems encountered at home. So naturally, we are patient and sympathetic to each other. Remember, no one is perfect since we all make mistakes in our lives. However, mercy on employees also has some limits especially when the customer has been inconvenienced. c) The employment of guards overnight to watch over the premises was not effective because thefts are still continuing. We believe some of the security guards connive with the thieves to steal from the business. We no longer give change to people who are not our customers to guard against the mysterious disappearance of cash. d) Nothing was done to address the risk of damage to premises, products and material inputs by fire or rain due to financial constraints since the business does not have the financial resources to pay insurance. e) Nothing was done to address the default risk arising from loss of jobs by some of the customers because the economic downturn is affecting the whole country. f) The risk of corruption or bribes by some middlemen has also not been addressed. g) The staff turnover problem is normal and cannot easily be addressed.

Q14 What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

A14 No specific performance measures are set. We only try to adhere to the production deadlines that we promise our clients unless if failure is due to reasons beyond our control such as sudden illness or death of employees or their family members. I think even our customers appreciate such reasons. Monitoring is done monthly or as an ongoing exercise.

Q15 What does the company do to reconcile actual performance and desired

performance?

A15 We work overtime to meet the production deadlines or if necessary hire contract workers.

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Research questions and sub-questions

The research problem was addressed by asking key questions and sub-questions that were derived from the strategic management model which was the basis of the research. The key questions and sub questions were as follows:

1) How is environmental scanning conducted in SME's in Harare, Zimbabwe? The sub questions were:-

a) What external environmental factors do you scan and monitor and how often is this process conducted?

b) Does the process result in the identification of any threats and/or opportunities – (Yes/No)?

c) What internal environmental factors do you scan and monitor and how often is the process conducted?

d) Does the process result in the identification of any strengths and/or weaknesses – (Yes/No)?

e) What are the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

2) How is strategy formulated in SME's in Harare, Zimbabwe? The sub questions were:-

a) What are the trigger events and guidelines for the process of formulating or review of the vision and the mission statements?

b) How often have you formulated or reviewed the vision and mission statements in the past five years and what were the reasons for doing that?

c) What is the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?

d) What do you formulate or review first between strategies and policies and why that order?

3) How is strategy implemented in SME's in Harare, Zimbabwe? What are the challenges?

a) How are budgets for each programme determined and who does this process?

b) Does the company have procedures for all the major activities – (Yes/No)? If so, how often are the procedures reviewed or amended?

c) What are the major challenges encountered in the strategy implementation phase?

d) What has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges – (Yes/No/Partly)?

4) How is strategy evaluated and controlled in SME's in Harare, Zimbabwe?

a) What performance measures or indicators are set and monitored by the company? How often is the monitoring done – (Monthly/Quarterly/Semi-annually/Annually/Other – specify -----)?

b) What does the company do to reconcile actual performance and desired performance?

Research objectives and sub-objectives

The objectives and sub-objectives of the research were derived from the research questions and were as follows:

- 1) To understand how environmental scanning is conducted in SME's in Harare, Zimbabwe.
 - a) To understand what external environmental factors you scan and monitor and how often is this process conducted?
 - b) To establish if the process results in the identification of any threats and/or opportunities?
 - c) To find out the internal environmental factors that you scan and monitor and how often the process is conducted?
 - d) To understand if the process results in the identification of any strengths and/or weaknesses
 - e) To understand the major Strengths, Weaknesses, Opportunities and Threats (SWOT) for your company?

- 2) To understand how strategy is formulated in SME's in Harare, Zimbabwe.
 - a) To understand the trigger events and guidelines for the process of formulating or reviewing of the vision and the mission statements?
 - b) To establish how often you have formulated or reviewed the vision and mission statements in the past five years and the reasons for doing that?
 - c) To understand the rationale for and guidelines for the review of the corporate objectives and strategies? What types/levels of strategies do you have?
 - d) To understand what you formulate or review first between strategies and policies and why that order?

- 3) To understand how strategy is implemented in SME's in Harare, Zimbabwe.
 - a) To establish how the budgets for each programme are determined and who does this process?
 - b) To establish if the company has procedures for all the major activities. If so, how often are the procedures reviewed or amended?
 - c) To understand the major challenges encountered in the strategy implementation phase?
 - d) To establish what has been done by the company to resolve the challenges? Were the solutions effective in solving the challenges?

4) To understand how strategy is evaluated and controlled in SME's in Harare, Zimbabwe.

a) To understand the performance measures or indicators that are set and monitored by the company? How often is the monitoring done?

b) To establish what the company does to reconcile actual performance and desired performance?

Table 1: Aon survey of risks that affected companies in 2013 and 2015 around the world

Ranking	2013 Risks	2015 Risks
1	Economic slowdown/slow recovery	Damage to reputation/brand
2	Regulatory/Legislative changes	Economic slowdown/slow recovery
3	Increasing competition	Regulatory/Legislative changes
4	Damage to reputation/brand	Increasing competition
5	Failure to attract or retain talent	Failure to attract or retain talent
6	Failure to innovate/meet customer needs	Failure to innovate/meet customer needs
7	Business interruption	Business interruption
8	Commodity price risk	Third Party liability
9	Cash flow/liquidity risk	Computer crime/hacking/viruses/malicious codes
10	Political risk/uncertainties	Property damage
11	Exchange rate fluctuations	Commodity price risk
12	Technology failure/system failure	Cash flow/liquidity
13	Third party liability	Technology failure/system failure
14	Distribution of supply chain failure	Distribution of supply chain failure
15	Capital availability/credit risk	Political risk/uncertainties
16	Weather/natural disasters	Growing burden and consequences of corporate governance/compliance
17	Property damage	Exchange rate fluctuations
18	Computer crime/hacking/viruses/malicious codes	Weather/natural disasters
19	Growing burden and consequences of corporate governance/compliance	Capital availability/credit risk

20	Counter party credit risk	Directors and officers personal liability
21	Lack of technology/infrastructure to support business needs	Failure of disaster recovery plan/business continuity plan
22	Inadequate succession planning	Corporate social responsibility/sustainability
23	Failure of disaster recovery plan/business continuity plan	Injury to workers
24	Crime/theft/fraud/employee dishonesty	Crime/theft/fraud/employee dishonesty
25	Injury to workers	Loss of intellectual property
26	Workforce shortage	Failure to implement or communicate strategy
27	Merger/acquisition/restructuring	Counter party credit risk
28	Environmental risk	Merger/acquisition/restructuring
29	Loss of intellectual property	Environmental risk
30	Failure to implement or communicate strategy	Inadequate succession planning
31	Interest rate fluctuation	Lack of technology infrastructure to support business needs
32	Globalization/emerging markets	Workforce shortage
33	Natural resource scarcity/availability of raw materials	Product recall
34	Directors and officers personal injury	Accelerated rates of change in market factors and geopolitical risk
35	Understaffing	Aging workforce and related health issues
36	Product recall	Globalization/emerging markets
37	Corporate social responsibility/sustainability	Interest rate fluctuations
38	Climate change	Outsourcing

39	Absenteeism	Unethical behaviour
40	Social media	Natural resource scarcity/availability of raw materials
41	Asset value volatility	Terrorism/sabotage
42	Share price volatility	Asset value volatility
43	Unethical behaviour	Understaffing
44	Pandemic risk/health risk	Pandemic risk/health issues
45	Outsourcing	Climate change
46	Terrorism/sabotage	Social media
47	Pension scheme funding	Absenteeism
48	Sovereign debt	Joint venture failure
49	Harassment/discrimination	Share price volatility
50	Kidnap and ransom/extortion	Pension scheme funding
51		Sovereign debt
52		Kidnap and ransom/extortion
53		Harassment/discrimination

Source: Aon Global Risk Management Survey Reports of 2013 and 2015

Table 2: Some authors and their strategic management models

Author	Components of the model
Rue & Holland (1989)	This model consists of five steps, namely: (1) Status quo analysis; (2) Investigate possible opportunities for the future; (3) Identify and map the future; (4) Implement strategies; and (5) Evaluate and manage strategies.
Thompson & Strickland (1992)	This process comprises of five interrelated components, namely: (1) Defining the business and developing a mission; (2) Setting objectives; (3) Crafting a strategy to achieve the performance objectives; (4) Implementing and executing the strategy; and (5) Evaluating performance, reviewing the situation and making corrective adjustments.
Dobson & Starkey (1993)	This model consists of eight components, namely: (1) Strategic history; (2) Current strategy; (3) Environmental analysis; (4) Organisational analysis; (5) Stakeholder analysis; (6) Strategic vision; (7) Chosen strategy; and (8) Realised strategy.
Johnson & Scholes (1993)	This framework consists of three main elements that are integrated and inter-dependent, namely: (1) Strategy analysis; (2) Strategy choice; and (3) Strategy implementation
Hampden-Turner (1993)	This model is based on opposite elements that represent contrasting principles, which are reconciled through corporate strategy. The contrasting principles are: (1) Designed strategy versus Emergent strategy; (2) Competitive positioning versus Adaptive co- operation; (3) Rational competence versus Evolutionary increments; (4) Deviance correction versus Deviance amplification; and (5) Opportunities/potentials versus Standards/rewards.
Hill & Jones (1995)	This process consists of five steps, namely: (1) Develop mission and objectives; (2) Decide on a strategic choice based on an internal and external analysis; (3) Formulate strategy on various levels within the organisation; (4) Implement strategy; and (5) Feedback.
Leidtka & Rosenblum (1996)	This model addresses factors internal and external to the organization namely (1) Organisational competencies (what can we do?); (2) Values of key implementers (what do we want to do?); (3) Industry threats and opportunities (what might we do?); and (4) Societal responsibilities

	(what ought we to do?)
Pearce & Robinson (2000)	This model consists of eleven key components namely (1) Company mission; (2) Internal analysis; (3) External environment; (4) Strategic analysis and choice; (5) Long-term objectives; (6) Generic and grand strategies; (7) Action plans and short-term objectives; (8) Functional tactics; (9) Policies that empower action; (10) Reengineering; and (11) Strategic control and continuous improvement
Sveiby (2000) and Kaplan & Norton (1992)	A company measures its performance through indicators linked to the strategic objectives of the firm and covering four major focus perspectives, namely: (1) Financial; (2) Customer; (3) Internal business processes; and (4) Learning and Growth.

Source: Geldenhuis A. et al. (2003); Integrated Strategic Management Model

Table 3: Total estimated research budget

Item	Description	Province	Estimated cost (\$)
Equipment	Memory stick & back up storage disk		70.00
Travel	Two visits per province for distribution & collection of questionnaires & interviews. Intra provincial travel included	Harare Mashonaland West Manicaland Masvingo	160.00 220.00 250.00 240.00
Subsistence	Rate of \$10/day for 97 days research duration	All	970.00
Accommodation	Rate of \$40/day for 97 days research duration	All	3,880.00
Typing	Questionnaire Interview questions Thesis		4.00 1.00 75.00
Photocopying	316 questionnaires of 7 pages each, 35 interview questions of 2 pages each plus 20% loss allowance	All	275.00
Publishing	Articles with some approved journals		200.00
Conferences	Attend conferences to present research findings		200.00
Total			6,645.00

Assumptions

1. Questionnaires are distributed at the rate of 4 per day i.e. total of $316 \div 4 = 79$ days
2. Interviews are done at the rate of 2 per day i.e. total of $35 \div 2 = 18$ days
3. Total number of days required to visit all provinces for the research is $79 + 18 = 97$ days.
4. Size of each questionnaire is 7 pages & interview questions sheet is 2 pages
5. Typing charges are at the rate of \$0.50 per page
6. Photocopying charges are at the rate of \$0.10 per page

7. Photocopying of extra questionnaires & interview question sheets is 20% of the total
8. The second round of visits to follow up outstanding questionnaires or interview meetings was not included in the budget. This implies that the budget could be understated.

Turnitin Originality Report

Draft by K Gutu

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24 July 2017

Mr Kudakwashe Gutu (214547428)
School of Management, IT & Governance
Pietermaritzburg Campus

Dear Mr Gutu,

Protocol reference number: HSS/0003/016D

Project title: Strategic Management in Small and Medium Enterprises: A case study of Harare, Zimbabwe

Approval Notification – Amendment Application

This letter serves to notify you that your application and request for an amendment received on 21 July 2017 has now been approved as follows:

- Change in Supervisor

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 period of 3 years from the date of original issue. Thereafter Recertification must be applied for on an annual basis.

Best wishes for the successful completion of your research protocol.

Yours faithfully

.....
Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Mervyn Williamson
Cc Academic Leader Research: Professor Brian McArthur
Cc School Administrator: Ms Debbie Cunynghame

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

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UNIVERSITY OF
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05 January 2016

Mr Kudakwashe Gutu (214547428)
School of Management, IT & Governance
Pietermaritzburg Campus

Dear Mr Gutu,

Protocol reference number: HSS/0003/016D

Project title: Strategic Management in Small and Medium Enterprises: A case study of Harare, Zimbabwe

Full Approval – Expedited Application

In response to your application received 23 December 2015, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the 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.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

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

/ms

Cc Supervisor: Dr K Williamson and Dr G Mutinta
Cc Academic Leader Research: Professor Brian McArthur
Cc School Administrator: Ms Debbie Cunynghame

Humanities & Social Sciences Research Ethics Committee

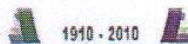
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