

**EFFECTIVENESS OF STRATEGIC PLANNING ON THE
PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN
TANZANIA: A CASE STUDY OF SELECTED SMEs IN ILALA
MUNICIPALITY**

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PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN
TANZANIA: A CASE STUDY OF SELECTED SMEs IN ILALA
MUNICIPALITY**

**By
Grace Thomas Mori**

**A Dissertation Submitted to the School of Business in partial fulfilment of the
requirements for the award of the Degree of Master of Business Administration
(Corporate Management) of Mzumbe University.**

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation/thesis entitled **Effectiveness of strategic planning on the performance of small and medium enterprises in Tanzania: A case study of selected SMEs in Ilala Municipality** in partial/fulfilment of the requirements for the award of the degree of Masters of Business Administration in Corporate Management of the Mzumbe University.

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I, Grace Thomas Mori, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for similar or any other degree award.

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Lastly, despite the assistance the researcher has got in respect of this work, I would like to assert that all the shortcomings found in this research remain my sole responsibility.

ABSTRACT

The objective of this study was to evaluate the effectiveness of strategic planning in the performance of SMEs in Ilala Municipality. The specific objectives are focused to find out factors which influenced SMEs to adopt strategic planning in their operations, to describe the contributions of the strategic planning in SMEs performance, to examine factors influencing effectiveness of strategic planning and to determine challenges faced by SMEs in the adoption and implementation of strategic planning.

The methodology adopted was a case study with the sample size of 50 respondents of different categories of SMEs in Ilala Municipality from whom data were collected using questionnaires, interviews and focused group discussions. Data were analysed by using Statistical Package for Social Science (SPSS) version 20 and thematic approach analysis.

Findings from the study revealed that there are various factors which influenced SMEs to adopt strategic planning in their operations such as organizational complexities, environment dynamics and external constraints. Many people seem not to be familiar with the process as they could not differentiate it from business plan. Strategic planning is considered to be effective only if it is well formulated and properly implemented to attain the desired goals regardless of the challenges in the process and this can happen when; resources are adequate, management supports team work and also the plans are flexible. It is regarded as a factor for success through its contribution in better decisions and solutions, satisfaction to the customers, competitive advantage and market recognition which they all facilitate the chances of success and improve performance.

It is concluded that there is a positive relationship between effective strategic planning and performance improvement hence the study recommends a need for providing training to the entrepreneurs concerning proper formulation and implementation of strategic plans; also it is important to improve legal frame work and development of internal experts for SMEs to ensure that SMEs adopt and become able to continuously apply effective strategic planning in their operations.

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ABBREVIATIONS

CA	:	Competitive Advantage
HR	:	Human Resource
LDCs	:	Least Developed Countries
Ltd	:	Limited
MSMEs	:	Micro, Small and Medium Enterprises
NUSIP	:	Nigeria University System Innovation Project
SCA	:	Sustainable Competitive Advantage
SIDO	:	Small Industries Development Organization
SMEs	:	Small and Medium Enterprises
TSHs	:	Tanzania Shillings
VMOST	:	Vision, Mission, Objective, Strategies, Tactics

CHAPTER ONE

INTRODUCTION

1.1 Background

Strategic planning in organizations originated in the 1950s and was very popular and widespread between mid-1960s to mid-1970s. During this time, people believed it was the answer for all problems, and corporate America was "obsessed" with strategic planning. (Mintzberg, 1994). Although our understanding of a strategy as applied in management has been transformed, one element remains the key: aim to achieve competitive advantage (CA) (Wall, 1995).

The effectiveness of strategic planning can be measured in terms of the extent to which it influences organizational performance, which affects its survival rate. It was found that Strategic planning enhances better organizational performance, which in the long run has impact on its survival and that strategic planning intensity is determined by managerial, environmental and organizational factors (Taiwo A. S and Idunnu F. O, 2007)

Through the 1960s, strategic planning became a standard management tool in virtually all big and small companies. Organizations can achieve their goals in an effective and efficient way by proper implementation of an adequately formulated strategic plan. However SMEs as other organizations particularly in developing countries lack effective strategic plans. Even when good strategic plans are available, organizations face challenges in implementing them. (Dobson R, 2002)

Most small businesses in Africa lack a formal mode of planning. This clearly suggests that the key reason for failure for SMEs is not only lack of access to finance, but also lack of planning (Hassanali, N. 2012). This is not necessarily due to lack of know-how, but rather lack of acknowledgement or importance of the same in ordinary course of business. This trend leads to difficulty in exploiting opportunities in form of market identification and penetration, and widening distribution channels that could positively impact the business. Today most SMEs are suffering from lack

of a clear Business Mission and Vision. This restricts the business owners from tapping market potential.

Improving the performance of SMEs in Tanzania will contribute positively to their success, which will, as a result, contribute to national job creation objectives in the country. Failure of SMEs to reach the desired performance levels has motivated this study to examine other areas of SME management and operation that could, potentially, stimulate higher performance. Although many studies have been conducted on the SME sector, this study attempts to show the effectiveness of strategic planning on performance improvement in this sector.

According to Robinson (1982), small business owners and managers do not engage in systematic planning. It has been noted that there are SMEs doing strategic planning but still there is no performance improvement in the sector and many of them fail to achieve their goals. The problem is that the broad perception which exists is that with strategic plan there is improvement in performance but people fail to understand that if the strategic plan is not effectively formulated and implemented then the goals might not be achieved in the organization. This study was conducted to understand the means to make strategic planning effective.

1.2 Statement of the Problem

Small and Medium Enterprises (SMEs) are important for economic and social development in both developed and developing countries. However in Tanzania SMEs are facing high failure rate and many are underperforming despite the government's continuous effort on encouraging entrepreneurship so as to see growth in this sector. Poor performance of SMEs in Tanzania has been associated with lack of effective strategic plans (Nkoki E, 2010). To ensure sustained development of the sector, it is important to understand why some SMEs fail to improve performance, unable to compete and survive in the market and die easily.

In the current competitive business environment, enterprises are required to remain competitive both locally and globally so that they can succeed, regardless of their

size and resources. They are required to identify opportunities to develop capabilities and competencies that allow them to be innovative, proactive and willing to take risks to improve performance and gain, or maintain a competitive advantage (Mohutsiwa M, 2012). SMEs need to improve performance by identifying and implementing strategic planning and management processes.

Despite the high rate of failure of SMEs in Tanzania, studies which assess the effectiveness of strategic planning on the performance of SMEs are lacking. Effective strategic planning is a vital aspect of business management because it offers firms flexibility in strategy implementation. With strategic planning, firms are able to identify their development goals and growth options, look deeply into to their opportunities and strategically plan to fully exploit the opportunities presented. Also they can continuously assess the external business environment within which they operate, to be in a position to react to changes in the environment rapidly and effectively to maintain a competitive edge.

This study presents the understanding on the link between strategic planning and SMEs performance in Tanzania.

1.3 Research Objectives

1.3.1 General Objective

The main objective of this study is to evaluate the effectiveness of strategic planning on the performance of SMEs in Ilala Municipality.

1.3.2 Specific Objectives

- i. To find out factors which influenced SMEs to adopt strategic planning in their operations
- ii. To describe the contribution of the strategic planning in SMEs to improve performance
- iii. To examine factors influencing effectiveness of strategic planning in enabling the SMEs to improve performance to achieve their goals

- iv. To determine challenges faced by SMEs in the adoption and implementation of strategic planning

1.4 Research questions

- i. What are the factors which influenced SMEs to adopt strategic planning in their operations?
- ii. Has strategic planning contributed in improving performance of SMEs?
- iii. What are the factors influencing effectiveness of strategic planning in enabling the SMEs to improve performance?
- iv. What are the challenges faced by SMEs in the adoption and implementation of strategic planning?

1.5 Significance of the study

Research on effectiveness of strategic planning in the performance of SMEs is crucial because it is of much importance to different people at different levels of SMEs and other business organizations as explained below;

- i. It will enable owner-managers in most of the SMEs and entrepreneurs in different businesses to understand and take into consideration effective strategic planning as a tool for greater performance and goal achievement. This study will create awareness on the contributions of effective strategic plan which can motivate more persons to adopt it in their operations.
- ii. This study also aims to increase awareness to all the employees in the SMEs used as a case study and other organizations in the business industry on factors which can influence the success of their strategic plans so as to put more effort in the formulation and implementation. Through this study they might be committed in the whole process and its achievement because strategic plan is not all about how many things are done but how they are done to achieve the organization goals.
- iii. Also it adds value to the body of knowledge as many practitioners are aware of the strategic planning but they do not know the reasons some organizations fail to achieve their desired goals while they have a strategic plan guiding them. Through this study they shall be able to understand the factors which

can contribute in making the strategic plan successful in achieving the goals and improving performance by different organizations.

- iv. In addition this study provides useful reference material for researchers who are interested in pursuing further research on effectiveness of strategic plan in achieving goals by an organization.

1.6 Scope of the Study

The study covered ten SMEs of different categories which involved; micro, small and medium enterprises. This study was conducted in Dar es Salaam city at Ilala Municipality and only the SMEs conducting strategic planning were involved. The findings of the research are expected cover strategic planning problems in the municipal and improve performance of SMEs.

1.7 Limitations of the Study

This study had limitations that need to be taken care of in future research;

First, it was limited to those SMEs that have already been identified as conducting strategic planning whereas those enterprises which are not conducting strategic planning were not considered so the study's response rate was small.

Scarcity of resources such as time and money and scatteredness of different categories of SMEs was also a limitation to this study.

1.8 Organization of the Study

This research report is divided into six chapters. The first chapter introduces the research problem. In this chapter the background of the problem is presented, the problem is stated, research questions and objectives of the study are shown, significance of the study is explained, limitations and scope of the study are presented.

The second chapter provides various findings from different literatures concerning strategic planning and performance of organisations. This chapter contains the theoretical part in which different concepts are defined and also the purpose,

importance and challenges of strategic planning are shown. It also involves the empirical part in which different findings from the works of other authors are shown. The conceptual framework is presented which shows different variables and direction of the study.

Chapter three shows research methodology. The chapter covers the study area, research design, study population, sample size, units of analysis, sampling techniques, types and sources of data, data collection methods, and data analysis methods.

Chapter four is concerned with presentation of research findings and data analysis. The presentation is based on the objectives of the study and questions in the questionnaire. In this chapter only the facts from the field are presented as found by the researcher.

Chapter five is all about discussion of research findings. The findings presented in chapter four are discussed and also it involves certain comments and arguments from the works done by other researchers.

Chapter six gives summary of the findings, conclusion and policy implication for this study. It also shows the areas for further research where by some issues to be considered in future are mentioned.

That is how this study was organized so as to analyse the effectiveness of strategic planning on the performance of organizations in Ilala municipality to achieve SMEs goals.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents different information concerning strategic planning and performance which is done by other authors. It involves the definition of key concepts of the study, purpose, challenges, and the process of strategic planning. Also the performance of organisations in relation to strategic planning is presented. The chapter is divided into three parts: the theoretical part, empirical part and conceptual framework.

2.2 Theoretical Review

2.2.1 Definitions of the Key Terms

2.2.1.1 Strategic Planning

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. The key components of 'strategic planning' include an understanding of an entity's vision, mission, values and strategies. (http://en.wikipedia.org/wiki/Strategic_planning)

Bazaz A. E (2009), also defined strategic planning as a management tool that helps an organization focuses its energy, to ensure that members of the organization are working toward the same goals, to assess and adjust the organization's direction in response to a changing environment. It is used to set priorities, focus energy and resources and strengthen operations. In short, strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future.

2.2.1.2 Small and Medium Enterprises

The SMEs nomenclature is used to mean small and medium enterprises. It is sometimes referred to as micro, small and medium enterprises (MSMEs). The SMEs cover non-farm economic activities mainly manufacturing, mining, commerce and services.

There is no consensus of SME definition as various countries had different definition depending on the phase of economic development and their prevailing social conditions. In this, various indexes are used by member economies to define the term such as number of employees, invested capital, total amount of assets, sales volume (turnover) and production capability.

Table 2. 1: Categories of SMEs in Tanzania context

Category	No. of Employees	Capital Investment in Tshs
Micro Enterprise	1 – 4	Up to 5million
Small Enterprise	5 – 49	Above 5mil to 200mil
Medium Enterprise	50 – 99	Above 200mil to 800mil
Large Enterprise	100 +	Above 800mil

Source: URT (2002), Ministry of Industry and trade

2.2.1.3 Organisation Performance

Performance is defined as a measure of how well or poorly the firm is doing. Financial measures such as return on investment, return on equity, return on capital, etc. and non-financial measures such as employee retention, market share are used holistically and collaboratively to measure an organisation's performance (Mohutsiwa M, 2012)

2.2.2 Purpose of Strategic Planning

The purpose of strategic planning is to assist an enterprise in establishing priorities and to better serve the needs of its customers. A strategic plan must be flexible and practical and yet serve as a guide to implementing programs, evaluating how these programs are doing, and making adjustments when necessary.

Kauffman, R. (1983) Pointed out that the purpose of strategic planning is to aid in decision making relative to finding and securing a useful place for an organization in the market and society. Strategic planning is a useful tool for plotting organization survival in the future so that an organization's current and future operations will be

compatible with that which is required in tomorrow's world. This implies that without strategic planning the SMEs cannot have the sense of direction in performing their businesses.

2.2.3 Importance of Strategic Planning

Lawlor J. E (2006) is one of authors and in his article he commented that the result of using strategic plan will be an organization with focus, accountability and more time for the important activities. He mentioned few of the benefits of good planning and great execution which are; Better decisions, proper allocation of resources, good returns, market recognition and enhances the chance of success. As it is important to have strategic planning in their operations it is important to emphasize on effective strategic planning so as to achieve the goals.

Strategic planning is important for businesses because it matches business strengths with marketplace opportunities and provides direction to meet goals. A strategic plan is a road map for your business. It includes the goals and objectives for each critical area of business including organization, management, marketing, sales, target customers, products, services and finances. The importance of a strategic plan lies in using it as a measurement tool. Chart the success or failure in reaching the goals and objectives on a regular basis, such as monthly or quarterly. If your business is not on track for success, you have the opportunity to make adjustments and ensure a profitable year. (Christ, K. 2012)

McDonald, D. D (2007) stated that a strategic planning process delivers a set of defined initiatives (projects) that achieve a desired set of business goals. The planning process involves a definition of these business goals, an assessment of the resources available for meeting these goals and the definition of specific plans (initiatives) that are designed to achieve the goals. The process usually incorporates a ranking exercise that identifies the highest priority initiatives.

Saffold G. S (2005) has stated that one of the results of strategic planning should be production of a strategic plan. A major outcome of the planning process should be a

clearly written description of where the organization wants to be in the future and a set of strategic objectives and action steps that will move it toward its goals. The process that leads up to preparation of the plan is more important than the document itself. It can be used to help members reflect more thoughtfully on the institution's fundamental purposes and values thus facilitating alignment and developing atonement. So there is a great need to discuss on effective strategic planning because what is important is not the document produced but how the whole process is conducted otherwise we might end up having the documents on shelves which are of no use in SMEs.

Also Rowley et al (1997) have pointed out several benefits from involvement in planning which appear consistently in the literature. These include clarification of the institution's mission, improved ability for the institution to face challenges, to be proactive and to actively shape its own destiny, the capability to manage change and innovation, the capacity to support decision-making, the strengthening of leadership, help with the allocation of resources, the improvement of institutional quality assurance measures and overall enhancement of the ability of the institution to think and act strategically. It is not possible to see these benefits if the planning process is not effective.

2.2.4 Challenges of Strategic Planning

Viljoen and Bryson (1995) emphasize that strategic thinking and acting are the key components. The strategic planning process needs to enhance the understanding or grasp of strategy. Thus strategic thinking is far more important than planning. There is a danger that the process of strategic planning and programming can inhibit strategic thinking. In such circumstances the strategic planning process should be abandoned and configured so that strategic thinking is the priority.

Rutan, S (2007) in his article commented that it might have been decided that a company needs a comprehensive, formal strategic plan, but they must be ready for the challenge. Just as important as their willingness to plan is also their commitment to expend the resources (time, creative energy and money) required to do it right.

Proper planning always involves significant resources for implementation. You and your management team should be committed to following through before you commit any time to the first planning meeting.

2.3 Empirical Review

Wang C, Walker E and Redmond J (2007) argued that while it is certainly true that SME performance success is driven by more than strategic planning alone, findings generally support the contention that there are, on balance, greater advantages to planning than not planning. However, given all the evidence, it is well recognized that strategic planning is rare or non-existent in the majority of SMEs. In practice, SMEs tend to orientate towards short-term operational rather than long-term strategic issues and decision-making tends to be reactive rather than proactive.

Jehovaness A, (2007) has argued that, with continuing internationalization, Tanzania and other developing countries need to build capacity in order to face global challenges zealously. SMEs competitiveness in Tanzania like in other LDCs face a number of constraints, of which some are internal to them and others are external. The government and other stakeholders have tried to address critical questions related with investment climate, trade policy, as well as small and medium enterprises development policy. All those were longed-for; nonetheless, there remains an array of factors affecting competitiveness in the country. Lack of effective strategic planning is among them though it is not discussed by many authors.

Kraus S, Reiche S and Reschke C (2007) in their article they claimed that, planning instruments are usually only used by a small number of individuals. These shortcomings point towards the importance of examining the value of strategic planning for SMEs in more detail. Given the role of strategic instruments in large companies and the notion that rational decision-making should prevail in enterprises regardless of size, practitioners and academics have recently called for an increased use of strategic planning in SMEs. Thus the application of formal planning instruments is often missing in SMEs so it is the time to train them about the

effective strategic planning which is about formulation as well as the implementation of it.

According to Mlagala J. S. (2012) in the SIDO Corporate Strategic Plan he argued that their plan provides the guidance on how the challenges facing the Small and Medium Enterprises (SME) sector are going to be addressed. It concentrates on exposing different routes to be used in order to ensure increased efficiency and productivity in SIDO services' delivery to SMEs. This shows that as a leading Institution supporting SMEs they are aware of the usefulness of strategic planning in their operations and it is important that this knowledge is transferred to the SMEs as well.

Veskaisri, K et al (2007) they stated that, many studies have generally shown that planning is not only important for large organizations but for SMEs as well and it was found that firms that plan produce better financial results than firms that do not plan because planning lays the groundwork for developing the strategic capabilities needed for high performance. Planning does not guarantee business success if it is not effective and also if other factors are not considered. However, it is maintained that many of the contributing factors to business failures may be predicted and effectively address during the infancy of small business development when strategic planning is employed, thereby decreasing the failure rate for small business. However, an extensive review of the literature shows that research on the impact of strategic planning on SME success is inconclusive.

Nickols, K. and Thirunamachandran, R have noted that in most institutions they visited in preparing their guidance, there was an evident commitment to strategic planning at the corporate level.

Those responsible for planning recognize that it is quite likely that the institution's long-term objectives will not be achieved exactly as stated, because unforeseen changes in the internal and external environment are inevitable and may require the objectives to be revised. There is no virtue in sticking doggedly to a plan which has been overtaken by events. It is essential for all SMEs to retain the flexibility to adjust

as circumstances change, so that they can exploit unexpected opportunities and respond to unforeseen threats.

Caret, R. L (2006) argued that it is a challenge to move an organization, particularly a large organization, and if there is no a sense of common direction, one will find a lack of focus. As time passes, there will be movement in no particular direction or worse, different segments of the organization will be moving in different directions. It is therefore important to set a common, albeit general direction for the organization and a plan is at the core of the achievement of that goal.

It has been stated by Wang C et al (2007) that with respect to performance, strategic planning is generally more common in better performing SMEs however, given all the evidence, it is well recognized that strategic planning is rare or non-existent in the majority of SMEs. In practice SMEs tend to orientate towards short-term operational rather than long-term strategic issues and decision-making tends to be reactive rather than proactive.

Heerden V. M (2000) argued that effective implementation of strategic plan cannot take place unless the correct leadership style or individuals is in place to drive the implementation, but even this will not ensure effective implementation if the necessary resources are not available. Greater consideration should be given to allowing the individuals freedom of decision-making regarding allocation of resources and choice of strategies to be implemented.

Dobson, R. (2002) has argued that the lack of an effective strategic plan hinders organizations in reaching the greatest level of goals accomplishment. By following through with the specified strategic plan the programs of an organization will reach greater levels of effectiveness.

This can be accomplished through the steps of the strategic plan beginning with an external and internal analysis, a clearly defined mission statement, goals and objectives, formulation of specific strategies, concluding with the implementation of

the strategy and managed control process. This concludes that an efficient strategic plan leads to a greater level of ministry effectiveness.

Also Norman and Thomas (2003) commented that, *“Without a clearly defined strategy, a business has no sustainable basis for creating and maintaining a competitive edge in the marketplace.”* This view is shared by numerous empirical studies that reveal a link between strategic planning and corporate success. Many business ventures are facing the same problem due to the failure to plan. Many studies have suggested that business failure is due largely to an organization’s failure to plan.

Shepherd D. C in his study of the perceptions of why new ventures fail suggests that venture failure is often attributable to the entrepreneurs themselves. While the positive aspects of an individual engaging in entrepreneurship, including financial rewards, autonomy and personal achievement are often lauded, the pursuit of entrepreneurship can result in negative consequences for the entrepreneur, the venture, and the host business. For an entrepreneur to be effective he or she must be able to cope with the pressures and stresses that arise in the creation and exploitation of entrepreneurial opportunities, all the while balancing an array of personal, family, and organizational demands.

Also Walker A. E et al in their article they argued that most SMEs do not strategically plan because the majority of owner-managers do not pursue profit/growth maximizing goals and therefore, do not perceive the need to plan to any great extent, least of all at a strategic level. Given that only a small percentage of SMEs 5% to 10% are dynamic enterprises with high growth or expansion intentions and that the majority are enterprises that just survive the proposed alternative has intuitive appeal since it provides explanation for the general lack of strategic intent and strategic planning activities observed in many SMEs.

Lawlor J. E (2006) noted that, at a micro view, the level of any individual company, strategic planning provides a company purpose and direction. “How are you going to

get somewhere if you don't know where you are going?" Everyone in an organization needs to know what you sell or do, who your target customers are, and how you compete. A good strategy will balance revenue and productivity initiatives. Without strategic planning, businesses simply drift, and are always reacting to the pressure of the day. Companies that don't plan have exponentially higher rates of failure than those that plan and implement well. When you combine a good strategic plan and great execution an organization will transform. The result will be an organization with focus, accountability and more time for the important activities.

Heerden V. M (2000) argued that effective implementation of strategic plan cannot take place unless the correct leadership style or individuals are in place to drive the implementation, but even this will not ensure effective implementation if the necessary resources are not available. Greater consideration should be given to allowing the individuals freedom of decision-making regarding allocation of resources and choice of strategies to be implemented. For successful implementation and monitoring of the process it is essential that the management information systems be sophisticated enough to accurately monitor and control the implementation process.

Rhodes M (2010) commented that an effective strategy should be deeply understood and shared by the organization. This is because an effective strategy provides a picture of the desired long term future. In order to make sound day to day decisions, all members of the organization must be able to begin with the end in mind. All steps must ultimately keep the enterprise on course toward the long term objective. In the process of strategic planning it is important to count on the employees or members of the organization to make sound tactical and operational decisions that are aligned with the desired strategic direction.

Fehnel R, (2000) on his paper presented that there are actions an organization can take to maximize the benefits and to minimize the risks associated with strategic planning. These actions derive from lessons learned by other institutions through their strategic planning experiences. The key lessons are: (1) meet basic prerequisites

for strategic planning before starting the process; (2) plan a carefully coordinated process of participation and inclusion, particularly of external stakeholders; (3) collect sufficient information and allow time for processing this information; and (4) provide adequate resources to carry out the process of strategic planning.

Nickols K and Rama T, (2000) pointed out that; strategic planning is seen as an essential tool for effective institutional management so monitoring the implementation of the plan is an essential part of the planning process, and needs to be more than routine re-endorsement. The process also needs to allow for regular review and updating ensuring that the plan remains relevant. Effective planning helps enterprises to identify what makes them distinctive. The plan should set out how the enterprise intends to operate in order to achieve its strategic goals and the intermediate practical steps for their attainment. There needs to be a commitment to ensure that the plan is the basis for collectively agreed and carefully prioritized action.

Kappler A (2004), Strategic planning means, therefore, constantly evaluating and improving the quality and durability of the present requirements for success and to create the requirements for success in the future. He commented that “Today, a company with no strategic planning and management system is like a car driver who races forwards with his eyes firmly fixed on the rear-view mirror”.

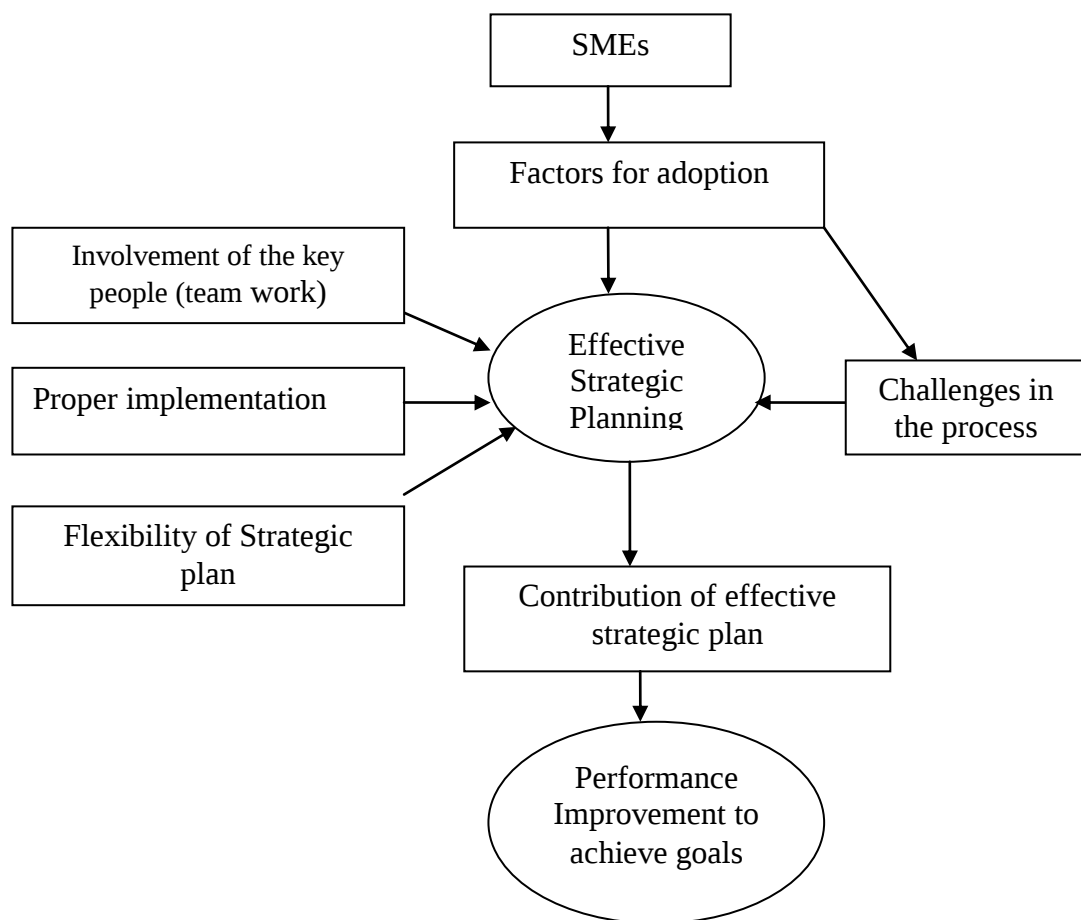
2.4 Conceptual Framework

The conceptual framework in this study acts as a guide for the researcher in evaluating the effectiveness of strategic planning in the performance of SMEs. It was mentioned by Wang C. et al (2007) that strategic planning leads to increased firm performance yet the majority of SMEs do not plan and the reasons why are not well known as such it needs to be advocated for different SMEs to apply in their operations.

Adoption of strategic planning by SMEs in their operation can be influenced by different factors and probably that is the reason some do it while others are not. In

the process of adoption SMEs tend to face different challenges which might have impact in the effectiveness of strategic planning. With effective strategic planning this study assumes that the following factors are concerned; involvement of key people, proper strategic plan implementation and flexibility of strategic plan. Various contributions of effective strategic planning in the operations of the business determine the performance improvement and goal achievement in SMEs. Basing on various contributions of strategic planning in SMEs it can be easy to determine if it is successive in improving performance and goal achievement in the operation of different enterprises.

Figure 2. 1: Conceptual Framework



Source; Author' Constructions (2013)

2.4.1 Involvement of all the key people in the process of strategic planning

Effective strategic planning allows several members of the enterprise to participate in the planning process and hence plays an important role in determining the direction of an organization. It is suggested that if strategic planning is applied more purposefully by the organizations the common goals will be clearer and better pursued by individual employees.

As a strategist, the employees or members of the enterprise must be involved to make sound tactical and operational decisions that are aligned with the desired strategic direction. To ensure that these decisions are well made, the articulated strategic direction and strategic plans must be applicable and clearly related to the issues that people face. When the members of the organization especially the employees who are the main implementers of strategic plan feel the sense of involvement they shall take that they are part of the strategic plan and its achievement so if the goals are achieved they shall be impressed as they are as well focusing on the goals achievement by an organization.

2.4.2 Proper implementation of strategic plan

Implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. Implementing the strategic plan is as important as or even more important than the strategy itself. The critical actions move a strategic plan from a document that sits on the shelf to actions that drive organization performance growth. Sadly, the majority of SMEs which have strategic plans fail to implement them and ending up performing poorly.

A strategic plan provide an organization with the roadmap it needs to pursue a specific strategic direction and set of performance goals, deliver customer value, and be successful. However, this is just a plan; it doesn't guarantee that the desired performance is reached. There must be sufficient resources which can facilitate the whole process of implementation so as to achieve the goals by an organization (Thompson Jr, 2007).

2.4.3 Flexibility of strategic plan

An effective strategy is deeply understood and shared by the enterprise and allows flexibility so that the direction of the enterprise can be adapted to changing circumstances. It results from the varied input of a diverse group of thinkers, follows a thorough and deep analysis of both the external environment and the internal capabilities of the organization and identifies areas of CA.

In order to assure that the SME is stable and able to react to changes in the marketplace, it is essential that the strategy is flexible and adaptable. An enterprise can count on timely and accurate information about market conditions. It is essential to build and employ effective mechanisms for observing and listening to what is going on in the competitive environment. Real-time information in turn must feed on-going strategic and operational shifts and deployments. With the CA the organization can strategically achieve its goals.

2.4.4 Performance improvement and achievement of goals by SMEs

Different enterprises do have different goals depending on their operations. All of these must be clearly shown in the strategic plan. Strategic plan is taken as a tool to achieve the organization's goals. The performance improvement and achievement of goals by an enterprise is a dependent variable and it depends on the independent variables explained.

There should be proper implementation of the strategic plan in SMEs so as to achieve their goals. If the strategic plan is not well implemented then it is not possible to achieve the desired goals and objectives since this is the one which shows the direction for the proper performance of an organization. Once the goals are achieved this is the good indicator of the performance growth in the organization.

CHAPTER THREE

METHODOLOGY

3.1 Study Area

This study was conducted at Ilala Municipality in Dar es Salaam. The area was chosen for the study because many SMEs are located there but also it was easy to get the sample frame at SIDO in the same municipality which is accessible to the key people from whom I expected to get the required data. Also the researcher is well familiar with the area which facilitated the whole data collection process as it is easily accessible in terms of transport and communication.

Ilala Municipality bears the status of an Administrative district lies between longitude 39° and 40° east and between latitude 6° and 7° south of the Equator. It has an area of 210 km². The Municipality is bordered by the Indian Ocean on its Eastern part with distance of about 10 kilometres. On the southern part it is bordered by Temeke Municipality, whereas on its Western part it is bordered by Kisarawe District and on its Northern is bordered by Kinondoni Municipality. Ilala municipality is divided into 3 divisions, 22 wards, 65 sub-wards, 9 villages, and 37 hamlets and the Economic Activities are Agriculture, livestock, natural resources, industries and trade. (www.imc.go.tz)

3.2 Study Design

The researcher used a case study design which employed both qualitative and quantitative methods of data collection. This approach was adopted because the study aimed to assess effectiveness of strategic planning on performance improvement by evaluating the plan formulation and implementation process. A case study research design creates an enabling environment for combining a variety tools including questionnaires, interviews and documents to conduct a thorough inquiry on the phenomenon in its real-life context (Yin RK, 1994). Using the case study design was possible to study and monitor the procedures used in formulating and implementing the strategic plan.

3.3 Study Population

This involved different SMEs in Ilala Municipal including Micro, small and medium enterprises from which sampling procedure was undertaken to get the required sample size of the respondents for the study.

3.4 Sample Size and Sampling Techniques

3.4.1 Sample Size

The sample size was fifty respondents which constituted owners and employees from different categories of SMEs. The breakdown of the sample size is shown on the table below;

Table 3. 1: Sample Size

S/n	Category of respondents	Nature of Respondent	Number of Respondents
1	Owners	Micro	3
		Small	4
		Medium	2
		Large	1
2	Employees	Micro	12
		Small Businesses	16
		Medium Businesses	12
Total respondents			50

3.4.2 Sampling Techniques

3.4.2.1 Stratified sampling

This method was used to get managers and employees from different categories of SMEs. From the SMEs in the municipal the participants were divided in three sub-groups according to their category of SME; micro, small and medium enterprises.

3.4.2.2 Purposive sampling

Purposive sampling method was used to identify the key informants who were the owner- managers and employees of different categories of SMEs. The aim was to ensure that participants with different perspectives from the strategic planning teams are interviewed.

3.5 Units of analysis

The units of inquiry are different types of SMEs doing strategic planning which were selected in Ilala Municipal and data were collected from various members involved in strategic plan formulation and implementation in the SMEs. This involves the owners- managers, employees and other key people involved in strategic planning.

3.6 Types and Sources of Data

The study utilized both primary and secondary data.

3.6.1 Primary Data

Primary data are the original data which were obtained directly from different groups especially those involved at the strategic planning process as it is described in the sample size.

3.6.2 Secondary Data

Secondary data were the additional data to complement the primary data and include both raw data from document reviews and published ones.

3.7 Data Collection Methods

3.7.1 Structured Questionnaires

It consists of a number of questions typed in a definite order on a form/set of forms, Kothari (2004:100-101). The researcher used the list of short and clear questions, which were designed in advance to obtain required data. The structured questionnaires were distributed to different respondent in the SMEs from whom data about formulation and implementation of strategic plan were obtained. The aim of using the written questionnaire in this study was to gather data from the respondents on their involvement in the strategic plan formulation and implementation, also concerning its contribution in the performance of their organizations.

The questionnaires were structured in such a way that all the required information from the respondents concerning strategic planning process could be obtained from all categories of SMEs.

3.7.2 In-Depth Interviews and Discussion

Interviews and discussions with various key employees were conducted to collect primary data when evaluating the effectiveness of strategic planning in the performance of SMEs. Pre-tested interview guides were used to conduct in-depth interviews to participants from different categories of SMEs.

Interviews were used to attract the high response rate, to enable control on the interview proceedings, to ensure that all questions are answered and to appreciate the nonverbal behaviour. The structured questions were similar to questions which were developed in the questionnaires for consistency.

3.7.3 Documentary Review

With this different data from the materials available were used such as; books, articles, different SMEs reports and official documents including their current strategic plan and government reports. Also the website was visited to get some information from other researchers who were interested on the same topic in the field.

The current strategic plan of the organizations was reviewed so as to see different goals outlined the strategy to meet them but also to see how the organization is making the best use of their strategic plan to realize the goals and objectives outlined in order to improve performance.

3.8 Data Analysis

Quantitative data were analysed using SPSS computer software 20 version. The purpose was to organize many ideas from the analysis of data. The analysis of data involved mathematical (frequencies and percentage) and statistical (graph, table and charts) treatment to help evaluate the results.

Qualitative data was analysed manually. Interviews were recorded and were transcribed shortly after each interview session. The transcripts were coded before being analysed manually by employing thematic analysis approach.

CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS AND DATA ANALYSIS

4.1 Demographic Characteristics of the Respondents

The respondents for this study were the owners and employees of different categories of SMEs in Ilala municipal and they had different characteristics in terms of age, education level, position in the organization as shown below;

i. Age

This study involved people who were aged differently and there was a rank of age given to find out the category in which most of them fall to give out the picture of who are involved most in running different SMEs also to see if there was a relationship between strategic planning adoption and the age of respondents. The results are shown in table 4.1 below;

Table 4. 1: The age of the respondents

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-40 years	33	66.0	66.0	66.0
	41-60 years	17	34.0	34.0	100.0
	Total	50	100.0	100.0	

Source: Field data (2013)

From the table 4.1 above it was noted that most of the respondents were falling in the age of 20 – 40 years by 66% while the rest of them were falling in the age of 41 – 60 years which is 34% of the total respondents.

ii. Education level

The question was posed to the respondents purposely to find out the education level of the people dealt with in the study to see if it had an impact in strategic planning. This was important especially in finding out the good strategy to be used in making strategic planning effective in SMEs basing on their understanding as well as awareness in the process. The findings from the study are shown in the table 4.2 below;

Table 4. 2: Education level of the respondents

Level of Education	Frequency	Percent	Valid Percent	Cumulative Percent
primary school	6	12.0	12.0	12.0
secondary/ high level	22	44.0	44.0	56.0
certificate/ Diploma	11	22.0	22.0	78.0
Bachelor degree/ Advance diploma	7	14.0	14.0	92.0
Masters	4	8.0	8.0	100.0
Total	50	100.0	100.0	

Source: Field data (2013)

From table 4.2 above it was found out that respondents with primary school education were 6 (12%), secondary education were 22 respondents equivalent to (44%), certificate/diploma holders were 11 (22%), bachelor degree/ advance diploma holders were 7 (14%) while the ones with master degree were 4 equivalent to 8%

iii. Position in the organization

This study involved respondents from different SMEs including the owners as well as the employees who found mostly to participate in strategic planning process. The question was to give out the number of owners and employees who participated in the study. Findings of this question were important in understanding the involvement in the process but also the understanding from the two groups. Talking of the employees they were in different categories such as; sales people, secretaries, cashiers and promoters. The findings are presented in table 4.3 below;

Table 4. 3: Position in the business

Position in the SME		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	owners	18	36.0	36.0	36.0
	employees	32	64.0	64.0	100.0
	Total	50	100.0	100.0	

Source: Field data (2013)

From the table 4.3 above it was found out that 18 respondents (36%) were the owners and 32 of them (64%) were employees.

iv. Comparison on the education level and position in the organization

It was found out that 5 owners and 1 employee had primary school education, 4 owners and 18 employees were had secondary education, 3 owners and 8 employees had certificate/diploma while 2 owners and 5 employees had bachelor degree. Also there were 4 owners with masters. These results are presented in table 4.4 below;

Table 4. 4: Comparison on the education level and position in the business

Education level Vs Position in SME		Position in the business	
		owner	employee
		Count	Count
Education level	primary school	5	1
	secondary/ high level	4	18
	certificate/ Diploma	3	8
	Bachelor degree/ Advance diploma	2	5
	Masters	4	0
	Other levels	0	0

Source: Field data (2013)

4.2 Factors which influenced SMEs to adopt strategic planning in their operations

In order to find out the factors that influence adoption of strategic planning by SMEs respondents were asked to indicate the extent to which they agree or disagree with the statement regarding the factors that drove them to adopt strategic planning in their operations.

Table 4.5 shows the percentage of respondents with their views regarding the factors that drove them to the adoption of strategic planning.

The findings in table 4.5 indicated that 40 respondents (80%) said that organizational complexities influenced their adoption to strategic planning and 36 respondents

(72%) said that external constraints drove them to adopt strategic planning. The findings also indicated that 44 respondents (88%) said that strategic planning in operations was influenced by globalization. The findings also revealed that 49 respondents (98%) said that scarce firm resources drove organizations to strategic planning, 43 respondents (86%) said that adoption of strategic planning was also influenced by new technology. Also 38 respondents (76%) agreed that the drive is due to environment dynamics in business operations while 6 respondents (12%) said that drive from the government caused the adoption of strategic planning in operations.

Table 4. 5: Factors that drove SMEs to adopt strategic planning in operations

Factors	Response	Frequency	Percentage (%)
Organization complexities	Strongly agree	12	24.0
	Agree	28	56.0
	Disagree	10	20.0
	Total	50	100.0
External constraints	Strongly agree	17	34.0
	Agree	19	38.0
	Disagree	14	28.0
	Total	50	100.0
Globalization	Strongly agree	30	60.0
	Agree	14	28.0
	Disagree	6	12.0
	Total	50	100.0
Scarce firm resources	Strongly agree	40	80.0
	Agree	9	18.0
	Disagree	1	2.0
	Total	50	100.0
New technology	Strongly agree	16	32.0
	Agree	27	54.0
	Disagree	7	14.0
	Total	50	100.0
Drive from the government	Strongly agree	1	2.0
	Agree	5	10.0
	Disagree	44	88.0
	Total	50	100.0
Environment dynamics	Strongly agree	30	60.0
	Agree	8	16.0
	Disagree	12	24.0
	Total	50	100.0

Source: Field data (2013)

4.3 Contribution of the strategic planning in SMEs to improve performance

The study found out that there are various contributions of strategic planning in the successful operation of the business. The question was set for the respondents to rank on listed factors but also they were given a room to mention other contributions which were not listed in the questionnaire. As indicated on the table 4.6 it was noted that the presence of effective strategic plan could facilitate good performance through the following; better decisions, better solutions and improved customer satisfaction they were ranked higher than the others but also enhancement of chances of success, competitive advantage, and increased energy followed. Also there were two contributions which were ranked equally which are market recognition and increased capacity.

There were some of the contributions mentioned by the respondents which are; Innovation in products, marketing updates, new customers, good financial returns, enables to understand where to improve in the business, get resources on time, accessibility of markets, guidance in business undertakings, measures success, identify problems and attainment of goals by the SMEs.

Table 4. 6: Contributions of strategic planning in performance

Contributions	Frequency	Percentage	Ranking
Better Decisions	24	48	1
Better solutions	11	22	2
Improved customer satisfaction	5	10	3
Greatly enhances the chance of success	3	6	4
Competitive advantage	3	6	5
Increased energy	2	4	6
Market recognition	1	2	7
Increased capacity	1	2	8

Source: Field data (2013)

4.4 Factors influencing effectiveness of strategic planning in enabling the organization to improve performance to achieve its goals

This aimed at getting information concerning the factors for effective of strategic planning in the organization. Different questions were addressed basing on various variables to find out the factors causing the effectiveness of strategic planning. The factors are discussed below;

4.4.1 Preparation for strategic planning process

This question was set to find out if the SMEs did enough preparation for the adoption of strategic planning in their operations and as indicated in the table 4.7 below 30 respondents (60%) said yes while 20 respondents (40%) said no there was no enough preparation for the process.

Table 4. 7: Preparation for strategic planning process

Preparation for the process		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	30	60.0	60.0	60.0
	no	20	40.0	40.0	100.0
	Total	50	100.0	100.0	

Source: Field data (2013)

4.4.2 Awareness on the procedures involved in strategic planning process

This question was addressed to the respondents and the findings on the table 4.8 shows that 35 respondents (70%) claimed to be aware of the procedures which are involved in the strategic planning process although they could not explain most of the interview questions while 15 respondents (30%) said they were not aware of the procedures involved.

Table 4. 8: Awareness on the procedures involved in strategic planning process

Awareness		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	35	70.0	70.0	70.0
	no	15	30.0	30.0	100.0
	Total	50	100.0	100.0	

Source: Field data (2013)

4.4.3 Involvement in the process of strategic planning

This study found out that although many respondents claimed to be aware on the procedure but only few of them were always involved in the process of strategic planning.

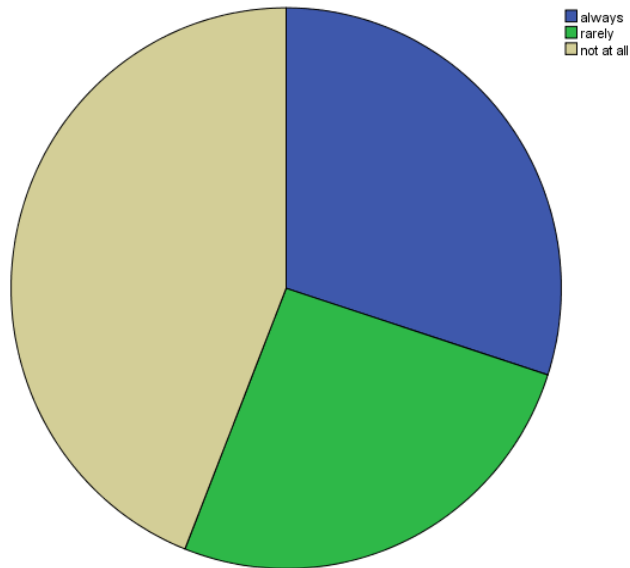
Table 4. 9: Involvement in the process of strategic planning

Involvement		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	always	15	30.0	30.0	30.0
	rarely	13	26.0	26.0	56.0
	not at all	22	44.0	44.0	100.0
	Total	50	100.0	100.0	

Source: Field data (2013)

As indicated in the table 4.9 above only 15 respondents which equals to 30% were involved always, 13 respondents (26%) were rarely involved and 22 respondents (44%) were not involved at all. This information is also presented in a pie chart in figure 4.1 below.

Figure 4. 1: Involvement in the process of strategic planning



Source: Field data (2013)

Comparison on involvement in the process and position in the business

This was done to find out who were involved more in to the process compared to others. It was based on the fact that there were owners and employees involved in the process and the results are presented in the table 4.10 below;

Table 4. 10: Comparison on involvement in the process and position in the business

Involvement in the process		Position in the business	
		Owner	employee
		Count	Count
How often do you get involved in the process?	always	10	5
	rarely	2	11
	not at all	6	16

Source: Field data (2013)

It was noted that the respondents who were mostly involved are the owner managers compared to the employees as shown in table 4.10 above.

4.4.4 Provision of training to employees for strategic planning process

The findings based on this question were important in understanding if capacity building in form of trainings or seminars was given to the employees in order to equip them with necessary knowledge for the process. The findings were as indicated in the table 4.11 below;

Table 4. 11: Enough training/seminars

Training		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	13	26.0	26.0	26.0
	no	37	74.0	74.0	100.0
	Total	50	100.0	100.0	

Source: Field data (2013)

From the table 4.11 above 13 respondents equivalent to 26% said yes there was enough training before the introduction of strategic planning in the operations of SMEs and 37 respondents equivalent to 74% said no that there was no formal training before the introduction of strategic planning.

4.4.5 Quality of people involved in strategic planning process

This question was set to find out the extent to which the people involved in the strategic planning process in SMEs were knowledgeable for the process and it is about the quality of their capacities in the process. The results are shown in the table 4.12 below;

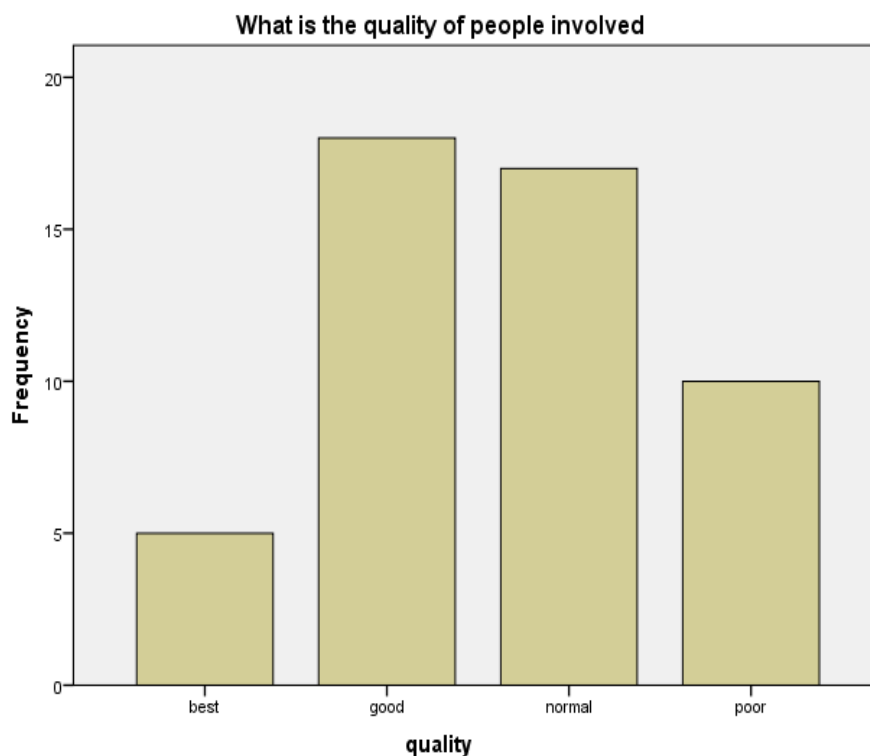
Table 4. 12: Quality of people involved in the process

Quality	Frequency	Percent	Valid Percent	Cumulative Percent
best	5	10.0	10.0	10.0
good	18	36.0	36.0	46.0
normal	17	34.0	34.0	80.0
poor	10	20.0	20.0	100.0
Total	50	100.0	100.0	

Source: Field data (2013)

From table 4.12 above, looking for the quality of human resource involved in the process of strategic planning it was found out that 5 respondents equivalent to (10%) said the quality is best for the process, 18 respondents (36%) said it is good for the process, 17 respondents (34%) had normal knowledge while 10 respondents (20%) said the quality of people who are involved in strategic planning process in SMEs is poor. This information is also represented in a bar chart in figure 4.2 below;

Figure 4. 2: The quality of people involved in strategic planning process in 1 SMEs



Source: Field data (2013)

4.4.6 Resources for formulation and implementation of strategic plan

This question was posed to the respondents to find out if the SMEs do have enough resources for the formulation and implementation of strategic plan. The results from the field are shown in the table 4.13 below where by 12 respondents (24%) said that there were enough resources in the process of formulation and implementation of

strategic plan while 38 respondents equivalent to 76% said the resources were not enough.

Table 4. 13: Resources for formulation and implementation of strategic plan

Resources	Frequency	Percent	Valid Percent	Cumulative Percent
yes	12	24.0	24.0	24.0
Valid no	38	76.0	76.0	100.0
Total	50	100.0	100.0	

Source: Field data (2013)

4.4.7 Business policies and strategic planning

The findings from this study as shown in the table 4.14 below pointed out that 6 respondents equals to 12% said the SMEs business policies supports implementation of strategic plan, 40 respondents (80%) said that the policies available need some more emphasis to support implementation of strategic planning process while 4 respondents (8%) said the policies do not support the process of strategic planning.

Table 4. 14: Business policies support implementation of strategic plan

Business polices		Frequenc y	Percent	Valid Percent	Cumulative Percent
Val id	yes	6	12.0	12.0	12.0
	need more emphasis	40	80.0	80.0	92.0
	not at all	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

4.4.8 Flexibility of the strategic plan

The information about flexibility of strategic plan particularly on SMEs business was required to assess if the strategic plan was subject to change due to the dynamic environment in which they were operating their businesses. The results are presented in table 4.15 below;

Table 4. 15: Flexibility of the strategic plan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	30	60.0	60.0	60.0
	no	20	40.0	40.0	100.0
	Total	50	100.0	100.0	

Source: Field data (2013)

From the table 4.15 above, it has been shown that 30 respondents equivalent to 60% agreed that the strategic plan is flexible in SMEs to facilitate performance improvement and 20 respondents which is equivalent to 40% said that the strategic plans are not flexible.

4.4.9 Management support towards employee involvement in the formulation and implementation of strategic plan

Table 4.16 shows factors used to show the management support towards employee involvement in the formulation and implementation of strategic plan in SMEs. In order to ascertain the support provided by the management the respondents were given a list of variables and asked to comment on the variables given concerning the management support. They were also given the room to indicate other factors in case they were not listed.

As indicated in Table 4.16, only good policies is the variable which was given positive response to be good by 25 respondents which is equivalent to 50% but the rest are below that. Enough budgets and motivation noted to be the worst as compared to other factors.

Table 4. 16: Management support

Factors	Response	Frequency	Percentage (%)
Training to employees	Good	18	36.0
	Fair	15	30.0
	Not fair	17	34.0
	Total	50	100.0
Availability of information	Good	15	30.0
	Fair	13	26.0
	Not fair	22	44.0
	Total	50	100.0
Good policies	Good	25	50.0
	Fair	18	36.0
	Not fair	7	14.0
	Total	50	100.0
Enough budgets	Good	6	12.0
	Fair	14	28.0
	Not fair	30	60.0
	Total	50	100.0
Motivation	Good	8	16.0
	Fair	11	22.0
	Not fair	31	62.0
	Total	50	100.0

Source: Field data (2013)

4. 5 Challenges faced by SMEs in the adoption and implementation of strategic planning

In order to find out information concerning the implementation of strategic plan this question was posed to the respondents to find out if they were facing challenges in the process.

4.5.1 Presence of challenges in SMEs on strategic planning process

The question required the respondents to give their views concerning presence or absence of challenges in strategic planning process. They were also given a room to mention some of the challenges they had been through in the process. The findings are indicated in the table 4.17 below. They also mentioned the following challenges; Reluctance of people, difficult to sell idea, lack of cooperation and experience, inadequate financial resources and lack of education.

Table 4. 17: Presence of challenges facing SMEs in adoption and implementation of strategic plan

Presence of challenges	Frequency	Percent	Valid Percent	Cumulative Percent
yes	43	86.0	86.0	86.0
no	7	14.0	14.0	100.0
Total	50	100.0	100.0	

Source: Field data (2013)

From the table above it was noted that 43 respondents which is equivalent to 86% said there are challenges in formulation and implementation of strategic plan in SMEs. Only 7 respondents (14%) said there are no challenges in implementing strategic planning in SMEs.

4.5.2 Challenges faced by SMEs

The aim of this question was to determine the challenges SMEs are facing in adoption and implementation of strategic planning. There were challenges listed and the respondents were required to rank them by starting with the main challenge to the last one. The findings are shown in the table 4.18 below;

Table 4. 18: Challenges facing SMEs in the adoption and implementation of strategic planning

Challenges	Ranked being major challenge	Frequency of being ranked the major challenge	Percentage
Inadequate resources	1	23	46
Difficult to align organization culture and strategic plan	2	12	24
Difficult to access information	3	7	14
Poor communication	4	6	12
Ignorance of employees	5	1	2

Source: Field data (2013)

From the table above it has been shown that inadequate resources is the main challenge by being ranked number one by 23 respondents equivalent to 46%, followed by difficult to align organization culture and strategic plan which was ranked by 12 respondents (24%). Difficult to access information was ranked to be the major challenge by 7 respondents (14%), then poor communication by 3 respondents (6%) and the one ranked last is ignorance of employees by 1 respondent (2%).

4.6 Relationship between strategic planning and enterprise's annual revenue estimates for the past 12 months

This question was posed to the respondents to find out if the SMEs doing good strategic planning were the best performers in terms of annual revenue. The findings are presented in table 4.19 below.

Table 4. 19: SMEs annual revenue over the past twelve months

SMEs annual revenue		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 10 mil	9	18.0	18.0	18.0
	Above 10 - 30 mil	19	38.0	38.0	56.0
	Above 30 - 50 mil	10	20.0	20.0	76.0
	Above 50 - 70 mil	6	12.0	12.0	88.0
	Above 70 - 100 mil	3	6.0	6.0	94.0
	Above 100mil	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

Source: Field data (2013)

From the findings in table 4.19 above it was found out that 9 SMEs (18%) they had below 10million, SMEs ranging 10 -30 million were 19 (38%), ranging 30 -50 million were 10 equivalent to 20%, ranging 50 – 70 million were 6 (12%) while those ranging 70 -100 were 3 (6%) and those with revenue above 100 million were 3 equivalent to 6%.

CHAPTER FIVE

DISCUSSION OF RESEARCH FINDINGS

5.1 Introduction

This study aimed to examine to what extent the adoption and execution of effective strategic planning has helped the SMEs in improving their performance in business operations. The discussion of the findings covers the research questions and objectives of the research which includes the driving forces for the adoption of strategic planning, contributions of strategic planning and challenges in adoption and implementation of strategic plan.

The chapter covers the discussion of the results obtained in chapter four to reflect Effectiveness of strategic planning in SMEs performance and as mentioned above this discussion will be based on research questions and objectives of the study.

5.2 Demographic Characteristics of the Respondents

The study revealed that most of the respondent had the average age of 20 to 40 years which implies that owners and employees of SME's are falling under majority age.

It was also found out the education level has the impact on the strategic planning in the business. This is because the higher the level of education the higher the awareness on the strategic planning

Concerning the position in business this study involved both owners and employees the reason was to find out the level of involvement and awareness on strategic planning from the two groups, it was obvious that owners were more involved compared to employees but the problem is that employees were not given the priority to participate in the process while in most cases are the one to implement different strategies. The reason being most of the owners are not aware that team work is important for the success of their strategic plan.

5.3 Factors which influenced SMEs to adopt strategic planning in their operations

From chapter four we have seen that the results present six factors which drove most of the SMEs to adopt strategic planning in their operations. It has been noted that big companies do plan more than the small businesses but as times goes things are changing and the SMEs have also seen planning as one of their successful factor.

As Robinson and Pearce (1984) presented that the empirical literature widely assumes that strategic planning is a substantial success factor for small or new ventures. Accordingly, strategic planning increases not only the rate, but also the extent of success.

The factors presented in the findings are discussed below;

5.3.1 Organizational complexities

From the findings in chapter four the respondents highly ranked this factor to be the drive to the adoption of strategic planning. The structures of most organizations are complex and this is due to different interactions between the people involved in the business. SMEs as any other organizations also have different people with different characteristics. It is believed that through strategic planning the SMEs will be able to understand how to deal with the complexities of their business operations as they can understand what customers want and involve their resources to deliver the required value.

5.3.2 Environmental dynamics and external constraints

Business activities are affected by environment in which the business is operated because things change overtime. Therefore the researcher came up with the findings that in Tanzania environment because of uncertainty there are different constraints which can happen in business operations such as legal constraints, social constraints which tend to determine the taste and buying patterns of customers so there must be strategies to deal with these changes. There are respondents who acknowledged that especially in times of increasing environmental dynamics and uncertainty it is vital to

understand organizational goals and their attainment on a regular basis and therefore view strategy development as a future investment.

Kraus S et al (2007) has pointed out that businesses should avoid being reactive towards environmental dynamics rather being proactive so that they cannot be left behind. Studying the environment will enable the organisation to plan ahead. In this respect, the main use of strategic planning lies in the predictability of possible future scenarios and variations.

5.3.3 Globalization and new technology

Globalization and advancement have given birth to new technologies. The consumers' tastes and preferences are also changing overtime due to globalization and new technology and this facilitates the need for strategic planning. The findings from chapter four revealed that globalization and new technology are factors that facilitate the adoption of strategic planning in SMEs. Almost all the respondents agreed that through strategic planning organization can prepare for the future and develop the necessary procedures and operations to achieve the future.

5.3.4 Scarce firm resources

Strategic planning is concerned with identifying goals and developing a process to meet those goals and this can help an organization to better utilize its resources and improves efficiency and accountability. When strategic plan is developed it guides the effective allocation of resources and provides a framework for decision making helping to ensure that organizational resources are allocated appropriately so that strategic goals and objectives are met.

Gerry J and Scholes K (2003) argued that strategy is the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfil stakeholders' expectations. It is concerned with the long-term direction of an organization. Also it enables choices to be made among priorities when resources are scarce.

5.3.5 Drive from the government

The results show that currently there is no government drives for the SMEs to use strategic planning in their business. Government through its SMEs development policy is intending to support SMEs achieves their goals.

5.4 Contributions of the strategic planning in SMEs to improve performance

Formal strategic planning is thought to help young and fast growing enterprises and it was found that enterprises conducting formal strategic planning have higher survival rates. Armstrong (1982) examined the extent of formal planning by five main variables (i.e. setting objectives, generating strategies, evaluating strategies, monitoring the process, and commitment to the process) and concluded that it positively affects success.

Contributions of strategic planning from the findings are discussed below;

5.4.1 Better decisions and solutions

The results show that strategic planning is the set of managerial decision and action that determines the long-run performance of an organization. This is because it shows the direction in which the organization is heading and means to get there. It is important because different strategies are always there to make the right decisions for performance improvement. Most of the respondents commented positively and ranked it to be the best contribution of strategic planning as it is shown in chapter four of this study.

Barney (1997) supported that strategy is a pattern of resource allocation that enables firms to maintain or improve their performances. A good strategy neutralizes threats, exploits opportunities, capitalizes on strengths and/or fixes weaknesses. Strategic plan is a unifying theme that gives coherence and direction to the actions and decisions of an organization. The purpose is to guide management decisions toward superior performance.

5.4.2 Improves customer satisfaction

Delivering value to the customer should be at the heart of strategy. Through strategic planning managers help their enterprises create value by devising strategies that exploit core competencies and attain good performance. Therefore the researcher came up with the findings that strategic planning has a great contribution in improving customer satisfaction through delivering the required value of products. Customers are always interested in the value when they are buying products so through strategic planning they are able to deliver what is needed by their customers because they have different strategies to meet their business goals.

5.4.3 Competitive advantage and market recognition

From the findings presented in chapter four this is one of the contributions of strategic planning pointed out by respondents. A strategic plan of an organization is a comprehensive master plan stating how the organization will achieve its mission and its objectives. Doing things better than others enables the organization to gain a position in the market place. It maximizes competitive advantage and minimizes competitive disadvantage. All of these are done so that we can effectively cope with the changing environment in which the businesses are operated to attain the SCA.

This is supported by Hunger D and Wheelen T. L (n.d) in their study who found out that strategic planning has evolved to the point that its primary value is to help the organization operate successfully in dynamic and complex environment. To be competitive in dynamic environment, organizations have to become less bureaucratic and more flexible.

Also Ole Gabriel (2012) commented that *“Excellent execution of an excellent strategy is the best test of managerial excellence and the most reliable recipe for winning in the market place”*.

5.4.4 Greatly enhance chances of success

From chapter four we have seen the positive results from most of respondents that strategic planning increases the chances of success. These results imply that people

are becoming aware and appreciate the use of strategic planning in their operations to improve performance through different strategies they have in achieving their goals. This is because in strategic planning there are so many issues which are considered and defined. The process involves identification of vision, mission, objectives, strategies to achieve them and tactics and this gives direction on where the organization is heading.

Wang C, Walker E and Redmond J (2007) pointed out that with respect to performance, strategic planning is generally more common in better performing SMEs. For example, SMEs that engage in strategic planning (compared to those that do not) are more likely to be those that achieve higher sales growth, higher returns on assets, higher margins on profit and higher employee growth.

5.5 Factors influencing effectiveness of strategic planning in enabling the organization to improve performance to achieve its goals

The study aimed at finding out if the SMEs strategic plans were effective and from the findings in chapter four it was noted that many respondents claimed that their plans were not effective and most of their reasons focused on the fact that they could not achieve their desired goals.

As per different authors there are different factors influencing the effectiveness of strategic planning but basing on the findings in chapter four of this study six factors have being discussed basing on different parameters involved in the formulation and implementation of strategic plan. The factors are discussed below;

5.5.1 Preparation for strategic planning

When building strategic plan of the organization it is important that there is enough studies and preparation to cope with the environment in which the business is operated. The way that a strategic plan is developed depends on the nature of the organization's leadership, culture of the organization, complexity of the organization's environment, size of the organization and expertise of planners so there must be reasonable efforts made to ensure that everything is in place before

strategic planning process. The findings revealed that there are some respondents who said there were no preparations done before the adoption of strategic planning as a result they were not aware of the process.

Garber N, supported this on his study as mentioned out that steps in strategic planning especially the preparation part of it provides a framework for the people to clarify organizational goals and evaluate different strategies for achieving those goals. It helps us to make sure that our budget, our services, and our personnel are focused on our mission and in conformance with our values.

5.5.2 Awareness and involvement of key people in the process of strategic planning in SMEs

The actual process of strategic planning by entrepreneurs in SMEs seems to be informal without much involvement of the employees and most of them were not aware of the procedures involved as they had no chance to participate. Also there were some respondents who claimed not to be involved in the process as a result they could not describe it.

This is supported by Kraus S, Reiche S and Reschke C (2007) in their study as they commented that, strategic planning in SMEs does not always take place in a highly sophisticated or formal way. It often occurs as a sign of strategic thinking describe SMEs' planning activities as ranging from an unstructured and informal approach to a more structured and formal approach .

5.5.3 Resources for formulation and implementation of strategic plan

The findings from chapter four revealed that enough resources is one of the factor for effective implementation of strategic plan as it was claimed by the respondents that without resources plans are difficult to implement. Almost all the respondents (76%) said that they lack enough resources to formulate and implement their strategies. They claimed that strategic plan implementation is very demanding and with out resources strategic plan becomes difficult to implement so they end up putting it aside.

As Daft, R commented that strategy implementation is the use of managerial and organizational tools to direct resources toward accomplishing strategic results. Since strategy implementation is the administration and execution of the strategic plan, managers may use persuasion, new equipment, changes in organization structure, or a reward system to ensure that employees and resources are used to make formulated strategy a reality.

5.5.4 Quality of people involved in the strategic planning process

In this part, the discussion is on the availability of human resource and the necessary development plan for the current employees in adoption of strategic planning process. This is because team work is crucial in the process. The results from chapter four revealed that the quality of employees to formulate and implement strategic plan was good enough to meet the need. This implies that only training is required to equip them with the necessary skills for the process. The only problem mentioned by the employees was that in most cases they are not full involved and this brings problems in the time of implementation and they were blamed to be reluctant.

5.5.5 Management support

In this part, the researcher was assessing if there is support provided by the management of SMEs concerning the involvement of employees in strategic planning process. Four major parameters were used;

5.5.5.1 Training to employees

The study has revealed that currently there are no enough formal training/seminars that were provided before the formulation and implementation of strategic plan. This is one of the drawbacks for the adoption and implementation of strategic planning in SMEs. However this is due to the fact that most of them are not using the strategic planning seriously in their operations. Training employees can help them understand the purpose and importance of a new strategy or help them develop the necessary specific skills and behaviours.

Hunger, D in his study supported this and commented that once a new strategy is formulated, either different kind of people may be needed or the current employees may need to be retrained to implement the new strategy. Training the existing employees to learn new skills and development is one way to implement a business strategy.

5.5.5.2 Availability of information

Information is very important aspect in formulation and implementation of strategic plan. The results from chapter four show that there is no enough information for the strategic planning process as only 30% of respondents commented that there was information gathered. When the required information is available it is possible to build a proactive plan directed in meeting the mission and goals of the organization. This reveals that right information is crucial for the strategic planning process to be successful.

Diane (2004) supported that by pointing out that an effective strategic plan requires rigorous collection of information, with analysis and development of issues. This initial analysis allows you to understand your present situation, your present ability to meet your future mission and goals; identify trends and needs of the community in which you operate, and become aware of changes in the social characteristics of the population you serve.

5.5.5.3 Enough budgets and motivation

A reliable budget is one of the important aspects in formulation and implementation of strategic plan. A business must have the budget to support its strategic plan. The findings from chapter four revealed that the management of most of the SMEs does not provide enough budgets to facilitate the activity of strategic planning. Also they failed to motivate the employees to have commitment to the implementation of the strategic plan.

5.5.5.4 Good policies

This part was intended to find out if the current policies of the business enterprises are supporting the SMEs in the adoption and implementation of strategic planning.

A policy is a broad guideline for decision making that links the formulation of strategy with its implementation. Business enterprises use policies to make sure that the employees throughout the firm make decisions and take actions that support the organization's mission, its objectives and its strategies. It was found out that most of the policies need more emphasis concerning strategic planning since they are to support the whole process.

5.5.6 Flexibility of strategic plan

Flexibility is one of the important aspects in effective strategic plan so as to cope with the dynamic environment in which the businesses are operated. In a rapidly changing environment, it is important to have clear goals for the organizations and to regularly review the progress. The findings from chapter four revealed that flexibility of strategic plan is one of the factors for the effective strategic plan in SMEs. More than 50% of all the respondents agreed that their strategic plans were flexible though they claimed they were not reviewing them as planned. If strategic plan is not flexible it becomes difficult to achieve the goals since things do change over time.

Steed J. W (2012) claimed that most organizations fail at implementing strategic plans simply because they lack the flexibility to adapt to change throughout the implementation process. When something comes up, they hit a brick wall and have difficulty getting back on course. Thus, they end up abandoning the plan and having wasted money and valuable resources in the process.

5.6 Challenges facing SMEs in the adoption and implementation of strategic planning

From the findings in chapter four it was found out that the SMEs were facing number of challenges in the strategic planning process. The challenges found are discussed below;

5.6.1 Inadequate resources

In formulation and implementation of strategic plan the process involves identifying the required resources without forgetting putting into place the necessary organization changes as they might necessitate more resources or adjustments in the allocation of the available resources.

As pointed out in 5.5.3 above the findings from chapter four revealed that enough resources is one of the factor for effective implementation of strategic plan as it was claimed by the respondents that without resources plans are difficult to implement. Almost all the respondents (76%) said that they lack enough resources to formulate and implement their strategic plans.

5.6.2 Difficult to align organization culture and strategic plan

The findings revealed that most of the SMEs were rigid in the way they were operating their businesses so some of them could not match their organizational cultures with strategic planning. This is because organization's culture can exert a powerful influence on the behaviour of all employees; it can strongly affect an enterprise's ability to shift its strategic direction. An optimal culture is one that best supports the mission and strategy of the company of which it is a part. This means that organization culture should follow strategy.

5.6.3 Ignorance of employees

Effective strategic planning requires commitment from all levels of the organization. This commitment must be demonstrated through behaviour, investment, communication and accountability. The plan is a living document that must become part of the culture and updated to reflect changes in the environment. Personnel involvement is of great importance. There should be a team work in the process and employees need to be motivated and become part of the plan so that they can well implement it in their daily operations. They should have personal commitment in the process.

This is supported by Rao V.S.P (2011) in his book where he commented that strategic planners should work with team assistance; they should receive assistance from managers and co-workers.

5.6.4 Poor communication and difficult to access information

The plan should be well communicated to all the people in the enterprise and not limited to the owners only because in the most cases the employees are the ones who are involved much in implementation. There should be continuously communication using different medium and terms that connect individuals and their roles to the vision and success of the plan.

5.7 The relationship between strategic planning and enterprise's annual revenue

The study aimed at finding out if the SMEs doing good strategic planning were the good performers in terms of sales to see if strategic planning in operations of enterprises facilitates performance improvement and goal achievement. Strategic planning has the purpose to enable a business to gain as efficiently as possible and perform better than others. In this study it was found out that the SMEs with good strategic planning were able to see its contributions in the performance as it was mentioned in chapter four concerning high revenue, innovation of products, marketing updates, new customers, good financial returns, enables to understand where to improve in the business, resources on time, accessibility of markets, guidance in business undertakings, measures success, identify problems and well attainment of goals by the SMEs. Also some gave out the reasons for not achieving goals that they were facing some challenges especially in implementation but they believed that strategic planning contributes in performance improvement if care is taken in the whole process.

This is supported by Wang C, Walker E and Redmond J (2007), In their article where they mentioned that with respect to performance, strategic planning is generally more common in better performing SMEs. The SMEs that engage in strategic planning (compared to those that do not) are more likely to be those that

achieve higher sales growth, higher returns on assets, higher margins on profit and higher employee growth.

CHAPTER SIX

SUMMARY OF FINDINGS, CONCLUSION AND POLICY IMPLICATION

6.1 Introduction

This chapter intends to give the summary, conclusion and policy implication of the study basing on the previous chapters in order to help the SMEs in improving the organization performance and attain the desired goals.

6.2 Summary of the findings

The summary of the findings is presented below basing on the objectives of the study.

6.2.1 Factors for adoption of strategic planning in SMEs

The study has revealed that the major factors which influenced SMEs to adopt strategic planning in their operations were; organizational complexities to enable them to deal with different interactions in the business operations, environment dynamics and constraints which required them to be proactive and adjust overtime, globalization facilitated new technology in the business operations and they adopt so as to prepare for future development. It has also been found that scarce firm resources influenced SMEs to adopt strategic planning so as to better allocate and utilize the available resources and improve efficiency. Another drive was government which found to have small impact.

6.2.2 Contributions of strategic planning in SMEs' performance improvement

The study found that strategic planning is beneficial to the operations of SMEs. There were major contributions found in this study which are; better solutions and decisions, improvement in customer satisfaction through delivery of the required value, competitive advantage and market recognition which results from doing things differently and in a better way compared to others, also enhances the chances of success as the SMEs becomes proactive and ready to deal with the future since their plans give them direction. Other contributions mentioned were increased energy and capacity and proper allocation of resources following the priorities set.

6.2.3 Factors for effective strategic planning

Basing on the fact that there are some of factors which facilitates the effectiveness of strategic planning, in this study it was found out that;

- Most of SMEs did not have enough preparations for adoption and implementation of strategic plan while it was necessary for them to get the required important information before their engagement in to the process.
- Some of respondents were aware on the procedures involved in the process of strategic planning but some were not aware and claimed that it was not a formal process. It was also found out that most of them could not differentiate on business plan and strategic planning process. Most of the employees claimed not to be involved in the process and in many cases they were not aware of what is going on as there were some experts hired to prepare strategic plan for the SME without them being involved.
- It was also found out that the resources for formulation and implementation of strategic plan is another factor. It was claimed by most of the respondents that inadequate resources was an obstacle to the proper implementation of strategic plan and any plan without implementation cannot be effective.
- Management support to employees also was another factor for effective strategic planning so as to improve team work in the process. The study found that management support was not encouraging as it was analysed basing on provision of training to the employees for awareness creation, there were no provision of information concerning the process, the budgets and motivation to the employees was lacking but also the policies need emphasis to support the process.
- Flexibility of strategic plan was found to be taken care of by some of the SMEs as indicated in the findings in chapter four although the findings could

not match with the review of the plans so there was a problem in the part of reviewing of the strategic plans as most of the SMEs claimed not to review their plans.

- The quality of people involved in the process was found to be another factor which needs attention through provision of different trainings to the people so as to effectively formulate and implement the strategic plan for SMEs.

6.2.4 Challenges facing SMEs in the adoption and implementation of strategic planning

The study found that there are different challenges which most of SMEs were facing in the process of adopting and implementing strategic planning in their operations. It was found out that inadequate resources was the major challenge as most of things could not work out because of scarcity of resources. It was also noted that it was difficult to align organization culture and strategic plan which in most cases was connected to the reluctance of most of the people and many employees being ignorant in the process. Another challenge was poor communication and difficult in accessing information as it was found out that most of the issues were originating from the owner managers so it caused most of the employees to take orders and perform the minds of their bosses. This has a negative impact in the team work.

There were other challenges mentioned including; lack of cooperation and experience and lack of education on the process which brought difficulties to most of the key people in SMEs.

6.3 Conclusion

The study revealed that most of SMEs are not doing strategic planning although it is significantly positively related with an enterprise's performance as it was found that planning activities can help to reduce the level of uncertainty in the organization and promotes long-term thinking and decision making which increases organization growth. It was found that SMEs doing good strategic planning were able to achieve

good performance and managed to attain their goals as it was pointed out by some of the respondents.

Generally it was found out that strategic planning process in SMEs was not effective due to the fact that most of them were not aware of the process and also the rate of involvement was low. However the study has found that these SMEs which have adopted strategic planning in their operations some of them have failed to realize its contributions in performance improvement due to different challenges which cause them to mess up in the process. Some of the SMEs failed in the process of formulation while others do have good strategic plans prepared by experts but they still failed to achieve their goals due to improper implementation of the plans.

6.4 Recommendations and Policy implication

Based on the findings, discussion and conclusion drawn in this study it has been noted that several empirical studies reveal a link between strategic planning and success and the researcher recommends the following;

6.4.1 To the owner-managers of SMEs and other entrepreneurs

There should be greater effort on training especially in the formulation and implementation of strategic plan to the entrepreneurs who are forming the SMEs so that they can adopt it and see its good achievement. It has been noted from the findings in chapter four on the education level that most of the people involved in operating SMEs have secondary and Certificate/Diploma education so it is very possible that they lack information concerning strategic planning. It is crucial that these people are equipped with necessary information concerning the process for them to make the best use of it.

The emphasis should be put on the implementation because some other enterprises formulate strategic plans and put them on the shelves and this can not have any good impact to the growth and development of the SMEs. There must be proper implementation of the well formulated strategic plans. This is because most of SMEs normally maintain a lower level of resources, have more limited access to human,

financial and customer capital, and lack a well-developed administration and these must be taken care of in the formulation and implementation of the strategic plan.

6.4.2 Presence of legal support

The government should emphasize on effectiveness of strategic planning in SMEs because considerable evidence shows that strategic planning leads to increased firm performance. Thus, to make strategic planning in SMEs worthwhile, the respective instruments have to be aligned with the cultural, organizational and financial conditions of the enterprise in order to be successful. The government should develop and implement useful policies for SMEs in the future. The policy should contain this part for SMEs to have the means to ensure the successful and continuous application of strategic planning.

6.4.3 Development of experts on strategic planning

The formulation and implementation of strategic plan requires personnel who are experts in the process at the municipal and organizational level in all the categories of SMEs. Hence, to be successful in the application of strategic planning there is a need of having adequate experts at SIDO and in SMEs who will be in charge of the day to day adoption and implementation activities. Currently there are no adequate experts on the subject matter; therefore efforts should be taken by the Government and the respective enterprises to train their people on effective strategic planning techniques so that they may become competent and conversant and in return participate actively on the whole process.

6.5 Areas for further research

Strategic planning in business is still a new concept in most of the SMEs in Tanzania thus number of researches are demanded so as to realize its contribution in performance improvement and goal achievement. Possible areas include; Factors behind most SMEs' reluctance in adoption and execution of strategic planning in their operations as this was a limitation to this study that many SMEs are not using strategic planning. Also the relationship between strategic planning and business growth is another area for consideration.

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APPENDICES

Questionnaire ID _____

APPENDIX I: QUESTIONNAIRE

EFFECTIVENESS OF STRATEGIC PLANNING ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN TANZANIA: THE CASE OF SMEs IN ILALA MUNICIPALITY

My name is GRACE THOMAS, a student of Masters of Business Administration – Corporate Management at Mzumbe University 2011/2012. The motives of this questionnaire are to provide assistance in data collection which is aimed at evaluating the effectiveness of the strategic planning on the performance of organizations.

I am kindly requesting you to answer them.

The data provided in this study is confidential and will be used only for scientific purposes by the researcher.

Start Time _____

End Time _____

Date _____

PART I: GENERAL BACKGROUND INFORMATION

The questions asked in this section will be used for classification purposes only. The information gathered will not be used in any other way and will be kept strictly confidential. Please Tick [✓] the most appropriate alternative/s.

1. Which of the following category best describe your SME ownership?
 - a. Micro
 - b. Small
 - c. Medium
 - d. Large
2. Sex
 - a. Male
 - b. Female
3. Marital status
 - a. Single
 - b. Married
4. Which of the following best describe your age?
 - a. Bellow 20 years
 - b. 20 – 40 years
 - c. 41 - 60 years
 - d. 61 – 80 years
 - e. Above 80 years
5. What is your position in this business?
 - a. Owner
 - b. Employee

6. What is your highest education level?
- a. Primary school
 - b. Secondary/ High school
 - c. Certificate/ Diploma
 - d. Bachelor/ Advanced diploma
 - e. Masters
 - f. Other level (specify)
7. Which of the following best describe the total number of employees in your firm?
- a. 1 – 4
 - b. 5 – 49
 - c. 50 – 99
 - d. 100 and above
8. For how long has your enterprise been in the business?
- a. Less than 1 year
 - b. 1 – 5 years
 - c. Above 5 – 10 years
 - d. Above 10 – 15 years
 - e. More than 15 years
9. Which of the following categories can best describe your enterprise's annual revenue estimates for the past 12 months?
- a. Below 10 million
 - b. 10 – 30 million
 - c. Above 30 – 50 million
 - d. Above 50 - 70 million
 - e. Above 70 – 100million
 - f. Above 100 million

PART II: INFORMATION ON STRATEGIC PLANNING PROCESS

1. Do you apply strategic planning in the operations of your enterprise?

- i. Yes ()
- ii. No ()

2. What do you think are the factors that drove your business enterprise to the adoption of strategic plan in its operations? Put a tick on the chosen box in each factor mentioned below

	Strongly Agreed	Agreed	don't Agree
Organization complexities	☐	☐	☐
External constraints	☐	☐	☐
Globalization	☐	☐	☐
Scarce firm resources	☐	☐	☐
New technology	☐	☐	☐
Drive from the Government	☐	☐	☐
Environment dynamics	☐	☐	☐

3. What are the contributions of strategic planning in improving performance of your enterprise? Indicate the best answers by rating them 1 - 8.

- a. Better Decisions ☐
- b. Increased Energy ☐
- c. Increased Capacity ☐
- d. Improved Customer Satisfaction ☐
- e. Competitive Advantage ☐
- f. Better Solutions ☐
- g. Market Recognition ☐
- h. Greatly enhances the chance of success ☐

4. Mention other contributions of strategic planning in your enterprise which you think are not listed above;

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.....

.....

5. Are you aware of the procedures involved in the strategic planning process?

i. Yes ☐

ii. No ☐

6. Do you think the strategic planning process in your enterprise is effective?

i. Yes ☐

ii. No ☐

Why? Give reasons for your answer

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.....

.....

7. How often do you get involved in the process?

i. Always ☐

ii. Rarely ☐

iii. Not at all ☐

8. Did your enterprise do enough preparation for the formulation and implementation of the strategic plan?

i. Yes ()

ii. No ()

9. Were there enough training/seminars provided before strategic planning process?

i. Yes ()

ii. No ()

10. What is your comment on the qualities of the people involved in formulating and implementing strategic plan?

Best	Good	Normal	Poor

11. Were the resources enough for formulation and implementation of the strategic plan?

i. Yes ()

ii. No ()

12. Do you think your business policies support full implementation of the strategic plan in its operations?

i. Yes ()

ii. Need more emphasis ()

iii. Not at all ()

13. Are there any challenges you faced in the formulation and implementation of strategic plan?

i. Yes ()

ii. No ()

If yes mention some;

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.....

14. How do you rate the Management Support towards employees' involvement in the formulation and implementation of strategic plan? (Tick one on each category)

	Good	Fair	Not fair
Training to Staffs	☐	☐	☐
Availability of information	☐	☐	☐
Good Policies	☐	☐	☐
Enough Budgets	☐	☐	☐
Motivation	☐	☐	☐

15. What do you think are the challenges facing the implementation of strategic plan in the organisation? Rank the answers from 1-5 starting with the major challenge

- | | |
|---|----------------------|
| a) Inadequate resources | <input type="text"/> |
| b) Difficult to align Organization Culture and strategic plan | <input type="text"/> |
| c) Difficult to access information | <input type="text"/> |
| d) Ignorance of the Employees | <input type="text"/> |
| e) Poor Communication | <input type="text"/> |

16. a. Do you think the strategic plan of your organization is flexible

i. Yes ()

ii. No ()

16. b. If yes, how often is it reviewed in a period of five years?

- | | |
|--------------------|----------------------|
| i. Once | <input type="text"/> |
| ii. Twice | <input type="text"/> |
| iii. Thrice | <input type="text"/> |
| iv. More than that | <input type="text"/> |
| v. Not reviewed | <input type="text"/> |