

## Why Small and Medium Enterprises are left choiceless in adopting Strategic Management ethological (ethos) practices in Africa! A comprehensive study of selected small businesses across Africa

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**Abstract:** In highly competitive business environment and unstable economic situations, small businesses in the SMEs sector fold up due to a series of management challenges based emanating both from the internal and external structures of the environment. The life of small businesses in Africa is highly volatile and unpredictable given the level of competition posed by the global business environment. The future is always uncertain and much needed to be done in terms of how to deal with that future today. This paper provides a pedestal and an ontological perspective within which Small businesses self-manage their operations from strategic-orientation perspectives. Significantly, small businesses in Africa are the engines that drive economic development and contribute significantly to the Gross Domestic Products (GDP) of most countries. A resurgent of entrepreneurs starting up companies and the need to place them in their rightful position is undisputable despite continued stereotyping and misconceptions on their contribution. The paper argues that the sustainable survival of small businesses in the SMEs sector will entirely depend among other critical factors, embracing strategic management culture. Strategic management practice is an area worthy of research considering the huge importance of small businesses to nations 'economic recovery, growth, competitiveness and performance. The paper explores many of the strategic orientations critical to the success of small businesses in Africa. To obtain critical data required to make informed recommendations, the present study reviews existing literature on strategic management adoption and also made use of six empirical studies across the SMEs sector in selected parts of Africa. Sixteen businesses were sampled and studied to understand the strategic model and practice using face-to-face interviews. In addition to literature review, the choice of phenomenology adopted for the empirical study was appropriate for this study in order to understand the lived experiences of the sixteen participants selected to give first hand experiences on strategic management, which in turn supported the theoretical understanding obtained from the secondary data. The study suggests further research on best practices in formalizing strategic management in Africa.

**Keywords:** Small Business, Strategy, Strategic Management, ethological practices, Sustainable Growth, Small and Medium Enterprise.

*“Without a strategy, an organization is like a ship without a rudder, going around in circles. It’s like a tramp; it has no place to go.”-Joel Ross & Michael Kami (Fred 2011, 35).*

*There is a Japanese saying that goes, “When you’re dying of thirst, it is too late to think about digging a well.” This saying exalts the importance of strategic management to success in any endeavor.*

## Introduction

At the pinnacle of the economic growth spectrum of Africa, is the Small and Medium enterprise sector comprising small businesses (SBs). Small businesses are considered to be the engine of economic growth through employment generation, contribution to GDP, technological innovations and other aspects of economic and social development. Several studies have been conducted in this area of strategic management (Perry, 2001; Ama et al., 2018; Gibson and Cassar, 2005). Not much is currently known about how small business managers actually perceive strategy and strategic planning, and what strategy actually means to them in their everyday business. Several studies have recommended that business failure is due largely to an organization’s failure to plan. As Norman and Thomas (2003) noted, “Without a clearly defined strategy, a business has no sustainable basis for creating and maintaining a competitive edge in the marketplace.” The present study picked interest in that gap, and extend the debate on the necessity for SBs to engage themselves and serious embrace focused planning and implementation, which is more systematic than otherwise. Understanding the meaning of strategy in small enterprises is a necessary step for detailed studies of how and what types of strategy making influence small firm performance in Africa. The fundamentals of firm growth points out those strategies are key to enterprise growth (Weinzimmer, 2000; Baker et al, 2012; Greenhouse, 2001; Julian, 2013). Fundamentally, the role of strategy is to put the business theory in action and help the business to achieve desired results despite the environmental unpredictability. Strategy helps the business in the purposeful search for opportunities (Drucker, 2001).

## Background of the study

The continued survival and growth of SBs is a function of several factors. Being clear of what goals they intend to achieve becomes paramount in order to remain competitive. Typical business goals for SBs in the SMEs may include survival, growth, customer satisfaction, creating outstanding value for customers and other stake holders, developing new product lines and service

offerings, profitability, reduced operating cost and developing a great company amongst others (Baker and Leidecter,2001; Bamberger,1994; Gibus and Kemp,2005). The difficulties in predicting growth for SBs in Africa is a major cause for concern and a peripheral understanding of the businesses accounts to laxity of most businesses to prepare solid strategic management programmes that can guide their operations during both turbulence and normal environments. Numerous developed economies have seen a relative increase in the number of SMEs compared with large organisations since the 1980s (Ruigrok & Tate, 1996; French et al.,2004; Lobontia and Lobontia,2001). The ability of small businesses to creatively and strategically manage and survive challenges facing them is still a tall order issue and subject of debate-raising the question-why? The rate at which SMEs are increasing has given birth to an intense competition among these companies (Jorosi, 2008; Hitt et al., 2005; French et al., 2004). Attempts to derive an understanding of the strategic management process in small businesses have been constrained by a dominant debate. This is centered on short-term financial success and survival rather than long-term sustainability. It therefore implies that the management of small businesses can no longer be 'business as usual' but that there is need for them to adopt tested and tried management models for them to survive the hit. Strategic management is one such model. It is for this reason that the present paper interrogates small businesses in Africa to identify existing gaps and draw upon those gaps methodologies and strategies that can be designed for adoption in order to advance their cause for surviving in a competitive business environment. In Africa and in Botswana in particular, SBs play a significant role in contributing towards the country's economy (Jorosi, 2008; Small, Medium and Large Enterprises Database, 2007). SBs in Botswana are found across various sectors of the industry including leather, restaurants, tourism, construction, craft, digital, event organiser, photography, beauty parlour, liquor and horticulture. A study conducted in Botswana shows that these businesses have the capability to cause sustainable employment generation and economic diversification, but timely information on the activity sectors of the economy can influence policies. SBs employ a significant share of the working population in Botswana and play a central role in its economic growth strategies. (Jorosi, 2008). Making them more competitive can help the country achieve its development objectives by creating more jobs, strengthening sectors and developing business models that work. It is fundamental, from studies conducted to acknowledge that at the international

level, SBs are instrumental to achieving the United Nations 2030 Agenda on Sustainable Development. They promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work (Goal 8); foster inclusive and sustainable industrialization and catalyze innovation throughout the economy (Goal 9); and make important contributions to ending poverty (Goal 1). Because of this role, it is important to get empirical evidence on the adoption of strategic management facets by the small businesses found in this sector as this has a bearing towards their survival growth and sustainable development. Penrose, (1959) argue that the basic problem exists in understanding growth, in that larger, developed firms are so different from small firms “that in many ways it is hard to see that they are of the same genus”. Penrose goes on to argue that this scenario of large versus small is akin to the caterpillar-butterfly growth. The main problem facing SBs is that of putting together and differentiates corporate, business and functional level strategies together or off-together. Thus it is not possible, in small business, to talk of strategic management in the way that term is used in large firms (Julien, 1998).

### Research questions

In arriving at my research questions, I sought to understand the strategic management intricacies and ethos from an ontological paradigm (as is adopted and adopted by SBs). The primary research question is therefore linked to the adoption of strategic management as a tool for growth of small businesses. The complementary questions pertains the understanding of challenges facing small businesses in adopting formal strategic management practices and lastly a question to explore on the merits of strategic management culture for SBs.

### Justification of the study

Studying strategic processes in SBs therefore contributes to our understanding of the growth process which on the other hand bears broader economic relevance on sustainable businesses being major source revenue and job creation (Parker, 2004; Valliere, 2006). The study also provides relevant data and information for small business researchers, practitioners and theorists. The study also reports on an obvious gap in the prevailing literature that few empirical research works have explored on the possible impacts of environmental dynamics on the performance of small businesses. All the constituencies affected by SBs could benefit directly and indirectly by the ‘told

story' and the expectations of SBs in terms of their ability to live with completion and sustain their operations. Obviously than not, the study aids policy makers to determine the practical direction SBs should take but improving their management and planning systems. The study pushes to the peripherals ignorance that have existed due to lack or scarcity of research in the area of strategic management for SBs in Africa.

### Literature review

Several studies on strategic management anchor towards large firms and pay little attention to small businesses (Stener, 2010; storey, 1994; white, 1998; Ama et al., 2018). It is unclear whether researchers think that strategic management is not relevant to the small sector. Ironically, the present study takes it that, because there is need to expand the future of small businesses, strategy becomes more important than is, with large firms. However, before providing a review of the related studies, I will start by opening up with the following strategy related quotes.

#### Strategy related quotes

- “Tomorrow always arrives. It is always different. And even the mightiest company is in trouble if it has not worked on the future. Being surprised by what happens is a risk that even the largest and richest company cannot afford, and even the smallest business need not run”. -Peter Drucker
- “No business can do everything. Even if it has the money, it will never have enough good people. It has to set priorities. The worse thing to do is a little bit of everything. This makes sure that nothing is being accomplished. It is better to pick the wrong priority than none at all.” - Peter Drucker
- “If you don't invest of the long term, there is no short term”. -George David
- “If we know where we are and something about how we got there, we might see where we are treading and if the outcomes which lie naturally in our course are unacceptable, to make timely change”. -Abraham Lincoln
- “The purpose of an enterprise is to create and keep a customer”. - Theodore Levitt,

*Source compiled by researcher (2020)*

In presenting literature for this study, I start by defining two critical terms that have a direct bearing on the study implications (small business and strategy). Until today there is still not a universally acceptable definition of a small firm or business (Storey, 1994; Ama et al,2018; Aragon-Correa,2008). A small business is a business that has a relatively a small market share in economic terms, and is managed by its owners or part-owners in a personalized way and not through the medium of a formalized management structure. It is also independent, in the sense that it does not form part of a larger enterprise and that the owner-managers should be free from outside control and interference in taking their principal decisions (UK Committee of Inquiry on small firms - the Bolton Report, 1971). The European Commission defines it differently; A micro enterprise by the EC is an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million (EC recommendation 2003/361/EC). The definition centres on the number of employees and annual turnover. Greenbank (2001) argue that small business owner-managers are of course guided by some objectives and planning despite the variations that exist between them and large enterprises. In Botswana small enterprises are defined as those entities employing less than 25 employees and an annual turnover of between P60,000 and P1,500,000; while microenterprises have less than six workers including the owner and an annual turnover of less than P60,000 (Government of Botswana, 1999).

### **1. Strategy**

There is no consensus on the definition of strategy despite efforts by scholars to articulate their positions. It is argued that the word strategy has entered the management more recently. At first, the word was used in terms of Military Science to mean what a manager does to offset actual or potential actions of competitors. Originally, the word strategy has been derived from Greek 'Strategos', which means generalship. The word strategy, therefore, means the art of the general. Fundamentally, strategy ends, or yields to tactics when actual contact with enemy is made. "Strategy is the determination of the basic long-term goals and objectives of an enterprise and the adoption of the course of action and the allocation of resources necessary for carrying out these goals." Chandler (1962), states that strategy is a determination of the fundamental long-term goals and objectives of a firm, and the adoption of a course of action and the allocation of resources necessary to carry out these goals. Back in 1978, Hofer and Schendel defined it as a pattern of

present and planned resource deployment and environmental interactions that indicate how the organization will achieve its objectives today and tomorrow. Porter also defines it as the development of a unique and value proposition, involving a different set of activities (Porter, 1996). Strategy itself affects the whole set of activities and needs to be looked at from a holistic point of view. A strategy integrates the goals of the organization’s policies and sequence of actions into a cohesive whole and it does serves as the compass for moving the organization towards a desired future outcome. Porter (1985) identifies three principles underlying strategy-namely creating a unique and valuable [market] position, making trade-offs by choosing "what not to do and creating "fit" by aligning company activities with one another to support the chosen strategy. In the course of defining these terms, the several authors seem not to show if there is a difference between strategy for small businesses and strategy for large businesses. It is at this juncture that strategy has been to be understood differently depending on the size of the enterprise. While they may be points of convergence on strategy, but the meaning will vary according to size and focus. Tribute on the understanding of strategy and the evolution of strategic management goes to many researchers and the gurus labelled on the table below.

**Table 1. Contributing gurus to strategic management**

<b>Author</b>	<b>Works/Research</b>
Alfred D Chandler (1962)	Chandler did make a comprehensive analysis of interrelationships among environment, strategy, and organizational structure. He analyzed the history of organizational change in 70 manufacturing firms in the US. While doing so, Chandler defined strategy as: “The determination of the basic long-term goals and objectives of an enterprise and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals.”
Kenneth Andrews (1965)	Andrews belongs to the group of professors at Harvard Business School who were responsible for developing the subject of business policy and its dissemination through the case study method. Andrew defines strategy as: “The pattern of objectives, purpose, goals, and the major policies and plans for

	achieving these goals stated in such a way so as to define what business the company is in or is to be and the kind of company it is or is to be”.
Igor Ansoff (1965)	Professor Ansoff is a well-known authority in the field of strategic management and has been a prolific writer for the last three decades. In one of his earlier books, Corporate Strategy (1965), he explained the concept of strategy as: “The common thread among the organization’s activities and product. Ansoff has stressed on the commonality of approach that exists in diverse organizational activities including the products and markets that define the current and planned nature of business.) Another well-known author in the area of strategic management was.
Henry Mintzberg (1987)	Mintzberg’s of McGill University is a noted management thinker and prolific writer on strategy. He advocates the idea that strategies are not always the outcome of rational planning. They can emerge from what an organization does without any formal plan. He defines strategy as: “a pattern in a stream of decisions and actions”.Mintzberg distinguishes between intended strategies and emergent strategies.
Michael E Porter (1996)	Michael Porter of the Harvard Business School has made invaluable contributions to the development of the concept of strategy. His ideas on competitive advantage, the five-force model, generic strategies, and value chain. He opines that the core of general management is strategy, which he elaborates as: “... developing and communicating the company’s unique position, making trade-offs, and forging fit among activities”.
William F Glueck (1972)	He was a Distinguished Professor of Management at the University of Georgia till his death in 1980. He defined strategy precisely as: “A unified, comprehensive and integrated plan designed to assure that the basic objectives of the enterprise are achieved”. The three adjectives, which Glueck has used to define a plan, make the definition quite adequate. ‘Unified’ means that the plan joins all the parts of an enterprise together; ‘comprehensive’ means it covers all the major aspects of

	the enterprise, and ‘integrated’ means that all parts of the plan are compatible with each other
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*Source: Compiled by researcher*

## **2. Strategic management process**

An important point of departure in understanding what small businesses should basically acknowledge in their strategic management planning orientation is the strategic management process within its five phases–phased approaches. Despite the size, a complete appreciation of strategic management requires the strategist to capture and take the business through a process, which is not linear of course as the facets can move to and from one paradigm to another. The present study is an attempt to bring the small businesses to the platform that requires them to adopt the systematic but not linear approach in putting their businesses off risk of being trapped by the unplanned future. To get to know this, this section will focus on the process and articulate the extent to which studies on small businesses has embraced these phases. Several studies have been conducted to assess the structured process of making use of business strategy for sustainable growth and development by the small and medium enterprise in Africa. By definition, strategic According to a set of managerial decisions and actions that determines the long-term performance of a corporation (Wheelen and Hungers, 2006). The fundamental pillar of this process concerns an analysis of the internal and external environment. Dess and Miller (1993) views strategic management from a three pillar perspective namely strategic analysis, strategy formulation and strategy implementation. Wheelen & Hunger (2006) agrees with Wheelern and Hunger in the other three pillars and views it from a four pillar perspective namely environmental scanning, strategy formulation, strategy implementation and evaluation (Wheelen & Hunger 2006). This is a major task for the small businesses in Africa. Do they really understand the protocols to be followed when conducting the environmental analysis alluded to?

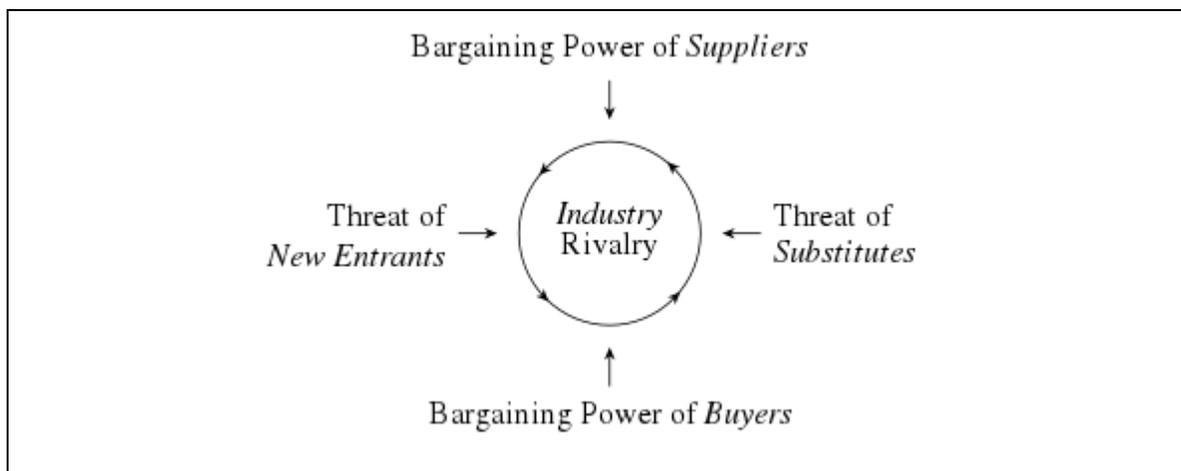
Most enterprises do face challenges if they do not make use of a strategic management orientation. For example, Appiah-Fening et al., 2008’s study confirmed that, one of the major reasons of the failure of SMEs in Africa is the inability to practice strategic management successfully in their businesses. Literature available also attributes ignorance as one of the reasons for not embracing strategic processes in decision making platforms made by small businesses. This is also confirmed

by studies conducted on strategic management for small businesses in Africa. For example Aragon-Correa et al.,( 2008) also revealed that managers of the SMEs might not have adequate knowledge about the benefits accruing to the business, if they practice strategic planning. The strategic management process starts with a comprehensive package of strategic planning. This is important for small businesses which may be run intuitively leading to the loss of direction in the medium to long term. It is important to note that the relevance of strategic planning has been widely acknowledged worldwide due to its influence towards maintaining strong institutions within the organizations. While strategic planning has its own side issues, strategic planning can be acknowledged as one of the most paramount activity for the strategic management modelling for a business, small or large (Julian,2013). It is also important to note strategic planning, as an action plan provides direction and guidance to enable, in this case small businesses to know where they are coming from and where they are going (Bryson (2011). Steiner (2010) explains that strategic planning is an efficient and effective approach used to map out and shape fundamental organization objectives, standards and policies. Understanding the two environments is critical during the early stages of strategic management planning for the small businesses which entails environmental scanning. Conducting a SWOT analysis is critical. Jobber (1995) stated that SWOT (strengths, weaknesses, opportunities and threats) analysis is an analysis of a company's advantages, shortcomings, favorable factors and clubs external. A comprehensive SWOT analysis provides a business with and knowhow to understand itself better and it is an important guideline for making a proper business decisions (1995). Conducting an industrial analysis using Porter's five forces model helps the small business to understand forces existing in their industry and determine how they can combat them. The figure below is brief illustrations showing the forces that the business must face head-on make decisions that resolve any negative effect on their present business using results from the analysis.

Briefly looking at the above model-Porter is content that this model will determine the profitability of the business within the given industry. In the model he identified the forces that shape the industry structure or environment namely bargaining power of buyers and suppliers, the threat of new entrants, the availability of substitute products, and the competitive rivalry of firms in the industry. These forces affect the organization's ability to raise its prices as well as the costs of inputs

for its processes. The formulation phase involves putting together long-term plans for the operations (defining vision, mission, goals, values, action plans and strategy and overall strategic intent to be put in place) of the business using information obtained from the SWOT analysis. *Formulation* of strategy further involves analyzing the environment in which the organization operates, and then making a series of strategic decisions about how the organization will compete and it does end with a series of goals or objectives and measures for the organization to pursue. Important to note is that the SWOT analysis is not a once off even but continuous activity that provides feedback to the business about the two environments. The hierarchy of strategy needs to be understood from the onset.

**Figure 1. Michael Porters five forces model**



*Source: Adopted from Porter's five forces model (1985)*

There are basically three levels of strategy [corporate level, business level and functional level strategy]. The size of small businesses makes it difficult for them to classify at which level their strategy should be molded and implemented. The next phase which the small businesses need to grasp and commit them to—is the implementation phase. This phase involves decisions regarding how the organization's resources(i.e., people, process and IT systems) will be aligned and mobilized towards the objectives set by business. This is putting in place programmes, policies, action plans and tactics to achieve business goals, in line with the mission and vision agreed. The last phase is the evaluation and control where the business assesses the level of goal attainment in line with its

vision and mission agreed upon during the formulation phase (Wheelen & Hunger, 2006; Freeman and Wilmes, 2009 ;).

## Methodology

The study was designed to make meaning on SMEs profile, trends, enterprise planning and orientation focusing on strategic issues. The samples were drawn from across selected countries in Africa namely: Zimbabwe, Botswana, Cameroon, South Africa, Ghana and Tanzania and do include small businesses from the service sector and the manufacturing sector to avoid deep end bias. Two participants were drawn from each of the named countries to allow for extensive understanding of the practical issues on strategic management across the continent. Thus each region is represented [Southern, Central, Eastern, Northern and Western Africa]. The participants are sampled from different sub-sectors mainly food and beverages, textile and garments, wood product and furniture, metallic products equipment and machinery, Leather products and industrial support services. The choice of one country representative was critical in providing a balanced view of the strategic management status quo across the continent despite the limited number of small businesses that were selected. The researcher admits that more countries and more businesses could have been sampled at this point in time but due to logistical constraints content with the six countries and sixteen small businesses for empirical investigation.

**Table 2. Sample by sector**

Sub-Sector	Sample size	Cumulative total
Textile and garments	3	3
Engineering	2	5
Carpentry	2	7
Beauty parlour	2	9
ICT	1	10
Beauty parlour	2	12
Real estate	1	13
Agro-business	1	14
Food and Beverages	2	16
<b>Total</b>	<b>16</b>	<b>16</b>

*Source: Compiled by Researcher (2020)*

The sample size is 16 small businesses comprising of owners and appointed managers who were interviewed face to face and through zoom meetings using in-depth method of data collection (Yin, 2008). The sample was stratified, with further strata within in order to reflect the differences between trade, production and services. Triangulation became the centre piece for the design to allow a strength weakness compensatory approach. Thus the review of related literature provided insight into the primary question raised in the study while empirical field work gave the study with first hand data that answered the questions phenomenologically. Data was analysed using content analysis and thematic grouping-appropriate for this kind of study.

## Results

It is apparently from the study that SMEs are playing an important role in economic development, and they continue to be the main source of creating the new jobs and generation of income as well as they show a rapid re-vitalization in the post-colonial era. This is solidified by the need to put in place pragmatic strategies to help the businesses to compete well. Many of the small businesses have no clear strategic options for their enterprises. While the results show that the majority (74%) of SBs have a casual approach when it comes to adopting strategic orientation that is formal. While these businesses have shown resilience, the major challenge is creating a formidable through putting in place properly defined visions and missions. Absence of a visible business model is the heart of a business strategy and lays out exactly how the small business owner fails. Some of the challenges emerging from the feedback obtained from participants include the belief that the product or service will sell itself because it is there (65%); business myopia (54%) and a rush to diversify or grow bigger than their normal size (60%). There is considerable confusion in small businesses regarding the various terms used in strategic management. 88% of the 16 respondents found it difficult to define and differentiate business plans, strategy, policy, procedures and differentiate between strategy, policy and objectives, further compounding the difficulty of implementation and follow up. Similar studies conducted by Julian (2013) and Chaganti (1987) confirmed the same semantic confusion. This means that most of the small businesses do things without really knowing what their implications are in the long-run. The study shows that small businesses cannot compete with larger organisations in terms of economies of scale, investment in Research and Development, or

major promotional expenditure. 84% of the respondents said they were vulnerable to larger competitors despite their efforts to exploit their inherent strengths such as flexibility and speed of response to customer requirements and focusing on a niche market. 54% of the respondents concurred that creating a competitive advantage was made possible by their ability to provide personal touch to customers, quick decision making and speedier delivery of goods. 67% revealed that decisions are taken based on intuition rather than forecasts that are in turn based on available data on trends. There is lack of concentration on developing projections that would take the business to better strategic position. Thus the small businesses become reactive rather than being proactive to their business situations. All the studied businesses indicated an awareness of their visions but unfortunately did not document them. This caused problems especially for those businesses that were family owned given that once the owner dies or retires, they are challenges of rekindling the mental plans into the next generation. It is evident from the study that a consistent application of strategic planning and management methodologies contributes to the advancement of Small businesses in Africa. The findings of this work confirm that conducted by Arasa and K' Obonyo (2012) who contended that strategic planning enhanced performance of small businesses. 45% of the studied businesses simultaneously employed innovation strategies designed to regularly introduce new products, services, or processes to their customers and systems. 60% of the businesses that customization is critical for survival where the market has different tastes. This of course enabled them to survive in a competitive environment. The remaining 40% did not embrace customization because of the high cost involved and time taken to do so. These motives for being in business vary among various small business owners- varying from the craftsman seeking, an alternative lifestyle to the opportunistic entrepreneur driven by materialistic gain and the need to survive. This directly determines the kind of strategy they pursue for their businesses. Surprisingly 64% of the studied small businesses pursued a survival strategy with 36% being focused on growth. The informal strategic modes were conceptualized as deliberate, emergent, and reactive strategies. All the 16 SBs being surveyed indicated showed that they consciously analyse and get feedback about customers in a non-structured manner. 86% of the SBs were found to think in terms of market segments. Therefore, it seems that it is a spontaneous nature of the SBs to care about their customers and market. 70% SBs surveyed did not conduct competitor analysis regularly while the remainder

of 30% seldomly did so. Their major emphasis is on changes in competitors activities, which may have an impact on them. Concentration ratio was a totally new concept to most participants and the response was mixed. Those SMEs in huge and highly fragmented market showed no interest at all on the ratio. The argument is; “There is enough for everybody. We will have our market whatever they may try to do.” Businesses with small markets e.g. niche marketers or the guerrillas, monitor concentration ratios not exactly on the changes as this could have a devastating impact on them. This section describes the results obtained from participants on strategic management adoption. Thus an assessment to determine the comprehensive inclusion of strategic management practice by the selected participants resulted in the researcher creating a data collection tool (template) similar to the Likert scale, as a way of capturing the extremeness of adoption and implementation of a given practice. In order to determine the researcher scaled the participants response in terms of the degree of agreeing and disagreeing on the adoption and implementation of given practice. The said feedback was obtained through asking the participants during the interviews, without necessarily applying the standard approach of the questionnaire. The researcher had prepared this template on a piece of paper and ticked responses accordingly. This enabled data to be holistically collected consistently and in time. The good thing about this manual approach to Likert alignment through the in-depth interview is that participants have an opportunity to elaborate on why they are taking a particular position. Data was not regressed because the intention was fulfilled by getting an elaborated position during the face to face interviews, which satisfied the researcher’s position of obtaining the lived experiences of the researched. For example in one case a participant, interviewee (09) said they did not formally develop a vision and mission statement because he did not want his rivalries to know as it was a family secret.

*“Certain things must be kept a secret and sacred. I do not wish to share my vision because my enemies (referring to competitors) will get there before me after copying me...so I prefer to keep it a secret..”*  
 [Interviewee 09 –South Africa]

**Table 3. Consolidated summary of participants perspectives on strategic management elements placed on the agree-disagree continuum according to Likert’s model**

Core Practice (activity)	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
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Defining the vision of the company	1	6	3	4	2
Selecting a strategy	3	5	3	3	2
Developing strategic alternatives	4	10	1	1	-
Formulating detailed strategy	-	6	6	2	2
Preparing a plan	2	6	6	3	1
Implementing a strategy	-	5	8	3	-
Evaluating a strategy	-	-	3	10	3
Defining the mission of the company	-	3	3	7	3
Determining the purposes or goals	2	5	6	2	1
Defining the objectives	2	7	7	-	-
Conduct environmental scanning	-	2	5	7	2

Source: Researcher compilation (2020)

The above summary of results based on practice is heavily sided on a non-strategic management culture, where the culture is known it is sporadically practice. Future planning was limited to a week or a month’s planning. Only in eight instances did the participants indicate some kind of draft plan they use to move on with their business. A mental model of planning permeates across almost all participants. This is consistent with the way African owned businesses are conducted (mental approaches).The researcher had the burden of explaining some of the strategic concepts in order to gain understanding from the owner managers. Evidence shows that while there were instances of practicing, the terminology used differed greatly from those they used. For example, in one instance the owner referred to customers as ‘enemies’. In another interview, interviewee 04 referred to a particular segment that buys their product as a ‘group of people’. In more than ten instances, there was confusion in terms of distinguishing strategy from guidelines, policy and framework. The study further provides a summary of the views and perspectives of the studied participants focusing on Michael Porter’s five forces model and adoption of PESTL Analysis by the selected participants. Both tools appeared very strange and unusual from the participants’ perspectives. A strange tool to

76% of the participants, with some saying they have never heard about it, and others saying they know it but they have never used it and others saying they know it but do not use it.

**Table 4. Result on use of Porter’s model to analyse industry**

<b>Force</b>	<b>Level of engagement and practice</b>
Bargaining Power of Suppliers	All the 16 participants did not have control over the majority of their suppliers because they bought in small quantities. Supplier monopoly made it difficult for the majority of these businesses to bargain on price and discounts, resulting in their orders being high and this made most of their products also highly priced. This is in concurrence with the argument that a buyer’s strengths are built on the ability to switch suppliers, its relative size, ability to integrate vertically, and availability of market information. This greatly affected their purchasing power.
Bargaining Power of Buyers	On the aspect of the degree of power of their buyers, again, 88% agreed that their buyers had no power at all; hence deliberately charged price they want; however, price determinant was based on the level of competition by businesses offering similar products and services.
Rivalry among Existing Firms	The intensity of competitive activities was high among all the participants in this study. Ironically the participants did not fully undertake a competitor analysis to understand the behaviour of their industry. Apparently this affected their business, though they did not have a data base to show the loss they incur due to competitors actions.
Threats of Substitutes	Another challenge area affecting the performance of the selected participants was lack of knowledge on those p[roducts and services that were really a threat to their business. Informally 70% of the participants new one or two threats but did not really create a threat matrix to inform them –what strategy they will need to adopt to deal with the threat.
The Threat of Entry	The threat of entry is high among the selected participants because of the nature of business they were in except but two who were into engineering. 88% were

	exposed with threat of new entry due to the easiness of their business and industry to penetrate.
PEST ANALYSIS	Macro-economic factors affecting an enterprise's existence and performance (indirectly) can be conveniently classified under four major groups: political / legal, economical, socio-cultural, and technological. The first alphabets of the four categories thus form the acronym PEST.

Source: Researcher compilation (2020)

The next table is a summary of the participants' responses on the use of PESTEL analysis in order to have a picture of their external environment.

**Table 5. PESTEL Analysis**

Determinant	Practice
Political environment	All the participants confirmed that they did not formally assess the politics of the country and link it to their businesses. But they all confirmed that they do follow the political developments informally and are satisfied with the peace prevailing in the country as this had a bearing on the performance of their business
Economic environment	80% of the participants concurred of the lack of formal assessment of the economy. 75% bemoaned the competition brought by Chinese goods where the issue was more to do with low prices, resulting in low business.
Social environment	Social environment is mixed given the interaction of people from diverse backgrounds. However, 50% expressed this as an opportunity to also diversify their portfolios and gain more business.
Technological environment	60 of the participants agreed that technology had impacted negatively in their business while 40% agreed that it has brought more business opportunities. The emerging trend is that the business have started to analyse technological trends such as e

	commerce and how it can assist them to reach customers and suppliers who are far, including the local market. 70% mentioned the emergence of COVID-19 as a push factor. Indicating that they are being conscious of market trends and this allows them to be proactive in future-a key recipe for strategic management.
Environment	80% expressed awareness on the environmental laws that protect the environment. Although they did not formally assess all the laws, they expressed some kind of knowledge pertaining effects of bad practices that may affect the environment; hence they were always on the lookout for any new laws aligned to the health, safety and green revolution.
Legal environment	All the business expressed a positive degree awareness of the legal issues of the country. Despite being knowledgeable, about certain laws affecting their businesses, there are other technical issues that they said needs to be explained by them by those with the technical know-how.

*Source: Compiled by the Researcher (2020)*

A snapshot view of the above table shows that small businesses are not really used to formal procedures of environmental scanning which should aid them to collect the much needed information which is positively going to aid them in decision making-especially those decisions that affect their business. It appears that the approach being adopted by the majority of the selected participants is ‘informal’ and quite acceptable to them given their circumstances and orientation.

It can be concluded that from the results obtained the majority of small businesses do not employ isolated individual competitive strategies, but rather combinations of strategies (Bamberger & Wrona, 1994). Despite the challenges faced by small businesses it is clear that some of the small businesses that have done very well are resilient. The relative growth and profitability of small businesses have been a result of innovation and commitment exhibited by owner managers. An interesting observation is that it can be observed small business owner-managers are becoming more

and more conscious of the strategic management importance and they are more interested in applying strategic management in the management of their businesses. (Lobontiu, 2001).

### **Recommendations**

The study recommends the crafting of national framework on how to create a strategic framework for the SMEs. The framework should provide some incentives for those SMEs that have clear strategy in terms of supporting them with funding on their running projects. Given that the foundation of any long-lasting venture in Africa depends on the continuous empowerment of small businesses and young entrepreneurs, practical oriented policies need to be crafted to support these businesses to grow strategically. The study recommends that all SBs need to go under training on strategic management for SBs. The nature of strategic management to be adopted by SBs needs to be slightly modified to accommodate the context in which they operate.

### **Future research**

A more comprehensive empirical study need to be conducted across the spectrum of various industries and the related subsectors on the degree of strategic management embracement by the small businesses. Another study recommended is to look at the challenges of strategic management after COVID 19 pandemic across the continent with high percentage coverage of countries and the concerned small businesses.

### **Conclusions**

Aiding African small businesses to flourish is important not only for Africa but for the global economy. The conclusion is that strategic management is largely relevant to small businesses. Strategic issues require top-management decisions that have the perspective needed to understand the broad implications of such decisions and the power to authorize the necessary resource allocations. And so long as due attention is paid to threats and crisis handling, the vulnerability of SBs should be reduced. Emerging from the study is that strategic decisions involve substantial allocations of people, physical assets, or moneys that either must be redirected from internal sources or secured from outside the firm but this is a challenge for the small business which is highly constrained by resource shortage. This challenge is compounded by the one man band model where

the owner of the small business assumes multiple roles which leads to accountability challenges and role conflict-“*the who will guard the guard paradox*”. The findings of this work therefore emphasize how vital it is for SMEs to develop strategies and action plans especially within the turbulence of business environment under which small businesses in Africa find themselves in. This study concludes by further reiterating that the present culture of not paying much attention to future planning by small businesses is a cause for concern. It is prudent for policy makers to take steps and encourage the small businesses to be more proactive and move away from the reactive modes-which characterize the majority of them. The survival and success for small businesses does not only benefit them alone but society and Africa at large and therefore-their businesses are not theirs alone but ours. That we need to advance their cause cannot be overstated.

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