

International Journal of Management and Organizational Research

Strategy Formulation and Performance: A Pragmatic Study of Small and Medium Enterprises in Kabwe District, Zambia

Yanda L Ndila ^{1*}, Austin Mwangi ², John Moose ³, Clement Mwaanga ⁴

¹ PhD (Business and Management Strategy) Student, The University of Zambia, Institute of Distance Education, Lusaka, Zambia

² Lecturer, The University of Zambia, Graduate School of Business, Lusaka, Zambia

³ Lecturer, The University of Zambia, Institute of Distance Education, Lusaka, Zambia

⁴ Lecturer, Mulungushi University, School of Business, Kabwe, Zambia

* Corresponding Author: Yanda L Ndila

Article Info

ISSN (online): 2583-6641

Volume: 03

Issue: 05

September-October 2024

Received: 02-09-2024

Accepted: 10-10-2024

Page No: 81-90

Abstract

This study examines the relationship between strategy formulation and the performance of small and medium enterprises (SMEs) in Kabwe District, Zambia. Grounded in Resource-Based Theory (RBT) and Dynamic Capabilities Theory (DCT), the research investigates the involvement of vision, mission, goals, and objectives in SMEs and how these influence performances. Using a pragmatic epistemology and a mixed-methods approach, data were collected from 202 SME owners/managers through questionnaires and interviews. Quantitative data were analyzed using Structural Equation Modeling (SEM), while qualitative data were explored via Directed Content Analysis (DCA). Findings reveal that while SMEs acknowledge the importance of strategy formulation, practical implementation often falls short, with theoretical knowledge not always translating into practice. The study concludes that proper alignment between theory and practice in strategy formulation significantly enhances SME performance. Recommendations include training, collaboration, and access to financial resources to strengthen strategic management practices in SMEs in Kabwe District.

DOI: <https://doi.org/10.54660/IJMOR.2024.3.5.81-90>

Keywords: Strategy formulation, SMEs, performance, structural equation modeling, resource-based theory, dynamic capabilities theory, strategic management

1. Introduction

Strategy consists of the combination of competitive moves and business approaches that managers employ to please customers, compete successfully, conduct operations and achieve organisational objectives (David & David 2016) ^[20]. Mutambo *et al.* (2022:1776) ^[48] citing David, (2017) ^[17] envisaged that an organization without a strategy is like a ship without a rudder, wandering about without a direction or rather a homeless person with nowhere to go (Mwangi, *et al.* 2022; Mutambo, 2022; David, 2017; Mwangi, 2018) ^[55, 17, 49, 54]. Business strategies are essential to effectively maintain the profitability and competitiveness of all those who aspire and practice small, medium and large businesses, (Bryson, 2009; Vecchiato, 2012; David, 2017; Brinckmann, 2019; Mwangi, *et al.* 2022) ^[12, 74, 19, 17, 11]. A better way to establish a strategy is to put priorities rank ordering aside and return to first principles. There are three interdependent variables that are essential for executing any initiative which are objectives, resources, and timing, (Mutambo *et al.*, 2022; Majid & Mas 2016) ^[48, 41]. One cannot produce the desired effect of a project without precise objectives, ample resources, and a reasonable time frame. If you push or pull on one leg of this triangle, you must adjust the others as well (Mutambo *et al.*, 2022; Mwangi *et al.* 2022) ^[49, 55]. Monday *et al.* (2016:138) ^[44] viewed strategy development as managers' response to the opportunities and constraints presented by their marketing environment. Lynch (2015:20) ^[40] defined strategy formulation as 'a process of finding a match between organisational capabilities and opportunities that are present within the competitive environment', whilst Auka and Langat

(2016:2) ^[7] defined it as ‘the process of selecting the most appropriate course of action for the attainment of organisational goals and objectives and, thus, facilitating the realisation of both long-term and short-term objectives’.

The given definitions emphasise that strategy formulation accords with the organisation’s environment, resources and strategic objectives. Musandiwa (2014:112) ^[47] stressed the need for SME owner-managers to determine how the whole process of strategy formulation should be conducted to ensure that they develop sound and credible strategies.

More so, Mutambo *et al.* (2022) ^[48] promulgated that Strategy formulating is regularly a top-down approach. This allows managers to consider what the organization can do given the mission, environment and capabilities and the choice that reflects the values of managers and stakeholders (Otieno, 2013) ^[61]. It involves developing a vision and mission, identifying the organization’s external opportunities and threats, determining its internal strengths and weaknesses, establishing long term objectives, generating alternative strategies and setting policy guidelines and rules (Johnson *et al.*, 2008; Brinckmann, 2019; Mutambo *et al.*, 2022; Mwangi, *et al.* 2022) ^[33, 11, 49, 55]. As elucidated in Dauda *et al.* (2010) ^[18] and affirmed by Mutambo *et al.* (2022) ^[48, 11], a strong mission statement together with situational analysis tools facilitates the formulation of a competitive strategy. Since managers are often faced with several strategic options, they need to analyze these in terms of feasibility, suitability and acceptability before finally deciding on their direction (Wheelen *et al.*, 2017; Adewale, 2016; Mwangi, *et al.* 2022) ^[76, 55, 3].

Underpinned by the Resource Based Theory (RBT) which stresses the vitality of resources both tangible and intangible in the running of organizations, (Hillman *et al.*, 2009; Banda, M., and Mwangi, 2023) ^[29, 57, 8], and the Dynamics Capabilities Theory (DCT) which invigorates the cardinality of the external environment in the functionality of the businesses, (Samsudin & Ismail, 2019) ^[65], herewith conceptualized as SMEs, this paper investigated the critical role of Strategy Formulation Evaluation and Control in SME Performance with lessons from Kabwe District, Zambia. The study was premised against the backdrop that Zambian SMEs, especially those in Kabwe district, continue to face devastating ramifications in operations and progression, (Ministry of Commerce Trade and Industry, 2020; Mukosa *et al.* 2020; Mwewa, 2018; Mwika *et al.* 2018) ^[43, 45, 56, 57].

2. Objective

1. To investigate the involvement, availability and importance of the vision, mission, goals and objectives in relation to SMEs performance in Kabwe District, Zambia.
2. To explore the strategies formulated among SMEs performance in Kabwe District.

3. Literature Review

Small and Medium Enterprises (SMEs) are the backbone of many economies, contributing significantly to employment, innovation, and economic growth. Navigating the complexities of the contemporary business landscape necessitates a proactive approach to strategic planning. This literature review critically examines the growing body of research exploring the relationship between strategic formulation and the performance of SMEs, highlighting key findings, and emerging trends across diverse geographical contexts.

3.1. A Global Consensus on the Importance of Strategic Formulation

Numerous studies across the globe demonstrate a strong positive correlation between strategic formulation and the performance of SMEs. Studying SMEs in Hargeisa, Somalia, found that strategic planning positively impacts financial, customer, and learning and growth outcomes. In Kenya confirmed the positive impact of strategic planning on financial performance, specifically on net profits. Agwu (2018) ^[4] in Nigeria emphasized the need for SMEs to dare to formulate and implement strategies to achieve higher performance, while Akolo *et al.* (2018) ^[5] highlighted the need for clear strategic plans encompassing objectives, organizational structure, budgeting, information systems, and work plans. Further studies across diverse regions, including Bangladesh (Ali & Qun, 2019) ^[6], Malaysia, China (Zhang & Wang, 2021) ^[78], Japan, Ghana, Zimbabwe all support the positive influence of strategic formulation on SME performance. These studies highlight the benefits of aligning resources and capabilities with market opportunities and threats, developing strategies to achieve goals, and tailoring strategic approaches to specific contexts.

3.2. The Complexity of the Relationship: Factors Influencing Effectiveness

While the positive impact of strategic formulation on SME performance is widely recognized, researchers acknowledge the complexity of this relationship. Nwachukwu *et al.* (2017) ^[58] in Nigeria emphasized the moderating effect of environmental factors, highlighting the need to consider the dynamic and unpredictable nature of the business environment when formulating strategies. Similarly, Conz *et al.* (2017) ^[14] and Omsa *et al.* (2017) ^[60] argue that the relationship is not always straightforward, suggesting that researchers must consider specific strategic approaches to accurately predict the impact of strategic formulation on performance.

Several studies delve into the specific factors that contribute to the effectiveness of strategic formulation. In Ghana found that high-growth SMEs were more likely to engage in strategic planning. Adetayo (2018) in Nigeria highlighted the importance of top management actively participating in the strategy formulation process to achieve organizational objectives. Sandada (2014) in South Africa demonstrated that the formality of strategic planning, alongside mission and vision statements and environmental scanning, had a significant impact on SME performance.

The literature reviewed highlights a range of research methodologies employed to study the relationship between strategic formulation and SME performance. Quantitative approaches, including surveys, statistical analysis, and regression analysis, are frequently used to identify correlations and patterns (Mashingaidze *et al.*, 2021) ^[42]. Qualitative methods, such as interviews and case studies, provide in-depth insights into the specific experiences and challenges faced by SMEs (Agwu, 2018; Snyman, 2020; Izadi, 2012) ^[4, 70, 31]. Mixed methods approaches combine quantitative and qualitative techniques to offer a more comprehensive understanding (Kariuki *et al.*, 2023; Mashingaidze & Chinakidzwa, 2021) ^[34, 42].

3.3. Emerging trends in the literature

Several studies focus on specific industries, such as manufacturing (Adetayo, 2018) ^[2], high-tech (Izadi, 2012) ^[31]

[31], and religious institutions (Karoki, 2016) [35], providing tailored insights into the challenges and opportunities within these sectors. Jayeola (2015) [32] investigated the relationship between environmental sustainability practices and financial performance in SMEs, highlighting the growing importance of integrating sustainability considerations into strategic formulation. Snyman (2020) [70] developed a comprehensive framework for SME strategy formulation that incorporates factors influencing survival and growth, facilitating strategy formation through a blend of formal planning and continuous learning, and assisting SMEs in identifying opportunities and overcoming obstacles.

In conclusion, the research reviewed provides compelling evidence of the crucial role of strategic formulation in driving SME performance. However, it's essential to acknowledge the complex nature of the relationship, considering both the positive impact and the influence of various factors. The emergence of new trends, such as sustainability and framework development, further underscores the need for continued research and practical implementation of effective strategic planning practices. By embracing strategic formulation as a fundamental component of their business operations, SMEs can equip themselves with the necessary foresight, agility, and resilience to thrive in the dynamic and competitive global marketplace.

4. Methodology

Underpinned by the delineation of Epistemological thought which is the nature, sources of knowledge or facts, (Saunders, 2019), the study was invigorated in the realm of the pragmatic philosophy herewith the consequences of actions, (Dudovskiy, 2018; Dawadi *et al.*, 2021; Muzata, 2017) [23, 21, 16]. Additionally, Deductive (Testing), (Murphy *et al.*, 2014; Muzata, 2017) [46, 16], and Inductive (Theory), Muzata (2017) [16] were applied. Compounded by concurrently presentation, (Muzata, 2017, Creswell, 2014a) [51, 16], the researcher applied both Explanatory-Relationships and Effect and Exploratory-In-depth Investigation, (Creswell, 2014) [16] generated within the domain of descriptive case study. Furthermore, data was obtained via Likert Scale Questionnaire, and Semi-Structured Interview Guide and analysed using Structural Equation Modelling (SEM) in IBM. SPSS version 27 and IBM SPSS AMOS version 23, (Hair *et al.*, 2006; Hair, 2010; Kenny, 2020) [27, 26, 36], for quantitative data and Directed Content Analysis (DCA), (Krippendorff, 2018) [37], for qualitative data.

5. Results

5.1. Descriptive Statistics

A review of SF1 reveals that 77.2% (majority) agreed while 22.8% strongly agreed. SF3 revealed that 60.9% agreed while handfulls 0.5% were undecided. SF4 indicated that the majority (71.3%) agreed while a few (1.5%) were undecided. Additionally, SF5 showed that most of the participants (70.5%) agreed while the minority (4.0%) were undecided. SF6 reported that most of the respondents (70.8%) agreed while the minority (0.5%) disagreed. SF 7 further indicated that the majority of the respondents (70.3%) agreed while a few (0.5%) were undecided. Similarly, it was found in SF8 that the majority (72.3%) agreed while the minority (0.5%) were undecided. The findings thus elucidate that the majority of the SMEs in the study formulated strategies to improve the business performance of their businesses.

5.2. Structural Equation Modelling

This report presents a Confirmatory Factor Analysis (CFA) of the findings from the survey of SMEs in Kabwe. The CFA aimed to test a hypothesized model of underlying factors influencing SME performance, based on the three measured indicators obtained via Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) reduction processes. The results showed that Factor Loadings were SF1, $p=0.687$, $p=1.0$; SF5, $p=0.664$, $p=1.0$; SF8, $p=0.665$, $p=1.0$, depicting a good correlation of between strategy formulation and the performance of SMEs as espoused by Hair *et al.* (2010) [26], suggesting a strong relationship between strategy formulation and the indicators in the study. Additionally, the mode Fit saw indices with acceptable fit to excellent across generally indicated by CMIN/Df χ^2 (X^2) $p < 3$ (1.689); RMSEA, $p < 1$, (0.059); Pclose, $p > 0.05$, 0.030; CFI, $p \geq 0.09$, 0.914; TLI, $p \geq 0.09$, 0.901; IFI, $p \geq 0.09$, 0.916; PCFI, $p \geq 0.50$, 0.791; PNFI, $p \geq 0.50$, 0.706; AGFI, $p \geq 0.50$, 0.784; SRMR, $p < 0.08$, 0.063. Generally, the CFA provide valuable insights into validity and reliability of research findings underlying factors influencing SME performance in Kabwe.

5.2. Qualitative findings

5.2.2. The Importance of the Vision and Mission to SMEs

The findings solicited thematic areas such as; Informs Decisions, Direction, Growth, Achieving the Goals and Objectives, Planning and Communicates the Purpose and Strategy. In that vein, the preceding literature reports the aforementioned thematic areas and gives exempts of the participants' responses.

5.2.2.1 Informs Decisions

According to the respondents, both the mission and vision provided a platform for making current and future decision about their businesses. In light of that, the participants promulgated that the mission and vision was a guide that made them to make strategic decisions to counter threats that engulfed their SMEs. Henceforth, P61, P3, P16, P48, P30 all agreed that the mission and vision helped to make viable decisions about their SMEs, however, none of the respondents gave explicit decisions that they made in line with their mission and vision as SMEs. This was evidenced from their responses below:

"These helps in making day to day decisions that are central to strategic management of our business" (P61)

"It is more like a business plan that entails and informs our current and future decisions of the company" (P3)

"the mission provides us with a clear cut guide for making decisions whereas the vision ensures that all our decisions are aligned with what we want to achieve" (P16)

"The vision, mission, shapes our strategic decisions regarding the business" (P48)

"The mission helps us with clear decision making while the vision helps with achieving the decision" (P30)

5.2.2.2. Direction

The findings further elucidated that the mission and vision provided a mechanism for focusing on the future direction of the SMEs. Their narratives (participants) posited that they were able to see where they would be in the future in the context of their vision and mission. Due to the vision, the

participants were of the view that they became innovative and were able to devise strategies that informed the furtherance of their SMEs. In light of that, P87, P83, P48 all illuminated that the mission and vision gave the business direction to their SMEs. However, the participants narrowly gave to what extent such direction was devised and achieved in line with their vision and mission of their SMEs. As such, the participants explicated that:

“It gives direction of where the company is going and how exactly to get there” (P87)

“it is important as the sense that the mission of vision acts as foundation as a forward and pillar to which the employees look up” (P83)

“Helps us the management and the workers to become informed about certain future trends in the business and also helps us to focus” (P48)

5.2.2.3. Growth

At the centre of growth is the expansion and diversification of the SMEs as espoused by the respondents. The respondents orated that the vision and mission helped them to grow their current businesses by opening up new outlets. They attested that, through their planned vision and mission, they have been able to open up new business in addition to what they initially started with. In view of this, P35, P12, P92, P62 espoused that:

“It has helped us to brand ourselves as the best herbal and traditional medical firm” (P35)

“Our vision helps us to expand the business while our mission helps us to provide quality hospitality” (P15)

““The vision and mission has helped us to have our transport services, expand to greater expectations of our clients and stakeholders” (P92)

“These I trust are ideal for growth and success of business as we have diversified our services across the country now” (P62)

5.2.2.4. Achieving the Goals and Objectives

The participants were on record to have eluded that the mission and vision were central to the realization of the goals and objectives of their SMEs. In this vein, it was found that the mission and vision enabled them (SMEs) to focus and concentrate on the achievement of the objectives and goals set. With the vision and mission in place, the participant envisaged that they were able to project and focus on the planned benchmarks and all the employees worked to achieve a common goal and objective. In light with that, P54, P24, P79, P58, P22 said:

“The vision helps provide internationalized standard education that is not only necessary to Zambia but also outside the corridors of this nation” (P54)

“Helps to achieve the set objectives and goals of the business” (P24)

“Our business vision and mission entails what our business does, who do it and what we offer. Employee are able to know what they ought to achieve in constant with our goals and objectives” (P79)

“These are cardinal to the success of our school as these actualization translates into achieving academic excellence” (P58)

“Our vision makes us offer health services sustainably

and our mission has seen to it that we provide best pharmaceutical services in the District” (P22)

5.2.2.5. Planning

Accordingly, the findings further revealed that the mission and vision helped the SMEs in planning ahead of the businesses. It was vividly stated that through the vision and mission, the SMEs were able to focus on the future in making strategies. In other words, the participants echoed that they were able to devise strategies that addressed current and future challenges and opportunities in their SMEs. In support of this stance, P62, P74 stated that:

“The vision and mission helps us to plan ahead and achieve our organization object of been the cheapest retail and whosale of goods in the District” (P62)

“These planning mechanisms for our business as all follow suite in the business” (P74)

5.2.2.6. Communicates the Purpose and Strategy

In this aspect, the participants espoused that the purpose of the SMEs was informed by the mission and vision. According to the respondents, the mission and vision described the reason why the SMEs existed. On the other hand, it was reported that the strategies formulated were in line with the vision and mission of the SMEs. This was illuminated by P22, P76, who opined that:

“It is very important because it helps to communicate the purpose, inform strategy development and develop the organization goals and objectives” (P22)

“Motivates employees, communicate the direction of our business, sets a tone for the future and the current decisions” (P76)

Arguably, despite having an understanding of the concepts of vision and mission, most of the participants showed a lack of practical conceptualization of the vision and mission in line with their SMEs. A fusion review of the findings publicized that SMEs only understood the meaning of the vision and mission academically, as most of them failed to give practical inferences on the actual importance of the vision and mission in their respective SMEs. Specifically, none of the informants was able to explain their vision and mission of their SMEs. On the other hand, the majority gave implicit explanations indicated by P7, P14, P26, P34 promulgated that:

“Very important, it paves the way for the stability of the business” (P7)

“The vision and mission are pivotal to the success of the business” (P14)

“They important because they service as a strategy plan, help the organization focused and help day to day” (P26)

“Helps in business alienation to set projections” (P34)

5.2.3. Employee’s Familiarity with the Vision and Mission of their SMEs in Kabwe District

A review of the findings indicates that in the majority (95) of the SMEs, the respondents agreed that their employees understood the mission and vision. On the hand, that in 5 of the SMEs, the employees were not familiar with the vision and Mission. This implies that employees understood the Vision and Mission of the SMEs as espoused by the findings. These findings are cemented by P1, P38, P74, who stated

that:

“Yes, we all carry the same vision and mission” (P74)
“Yes, we normally engage during Mufula general meetings” (P1)
“Yes/no, we employ people that have different visions and missions. Some have difficulties following the objective of the business” (P38)

Whereas it was found that over 95 employees understood the mission and vision of their SMEs, a comparative of the findings on the level of involvement showed that less than 5 of the SMEs, either involved everyone or employees were involved in the formulation of the vision and mission as shown. Similarly, the findings indicated that the majority if not all the respondents, were not able to quantify and differentiate between the vision and mission of their SMEs. This therefore questions the extent to which employees understood the mission and vision of their SMEs as this study failed to bring on the fore the mission and visions of the SMEs investigated.

5.2.1. Involvement in the process of developing the Vision and Mission as well as determining Strategic Choices in SMEs in Kabwe District

An analysis of the findings indicated that in 70 of the SMEs, the process was done by the Owner of the business while only in 6 were everyone involved. Concisely, the findings indicate that in most SMEs, the Owners were at the helm of developing the vision and mission and also making the strategic decision of the businesses in the exclusion of other stakeholders who included the employees. These findings are reciprocated in the following direct responses by P13, P22, P33, P61, P72, P92, who posited that:

“Management/owners because they are the vision and mission carrier” (P13)
“To a certain extent we involve all because marketing and sales is the process that ought to be understood holistically in our company” (P22)
“Management because they are the initiators of the company's vision and mission” (P33)
“Management and employees because we all carry the same vision” (P61)
“These are set at the onset of a business, so the owner of the business or the proprietor of the business idea is central to this end” (P72)
“Manager, human resource, secretary, our workers in the field” (P92)

5.2.4. Measurement of the Success of Strategic Planning in SMEs in Kabwe District

A review of the findings invigorated that SMEs measured the success of Strategic Planning through Increased customer base, Sales increase, Customer Satisfaction, Diversification of the SMEs business operations and increased income (profits). These findings are explained below;

5.2.4.1. Customers

According to the findings, the success of strategic planning was associated with increased customer base among the SMEs. In light of that, the participants espoused that the more customers who accessed their goods and services, the effectiveness of their strategic planning were measured. In

light of that, P4, P10, P19, P30, agreed that they measured the success of strategic planning through having more customers accessing their services and products. They were cited to have said the following:

“Once we see more customers, we do tell that our services of quality and appreciated by our customers” (P4)
“When we constantly have bookings and good recommendation” (P10)
“Large customer/consumer base” (P19)
“A large base of clientele” (P30)
“More people accessing our services” (P36)

5.2.4.2. Sales

According to the participants, the essence of strategic planning was achieving more competitive advantage over their competitors in the context of having increased sales that resulted in monetary gains. Therefore, they (participants), asserted that an increase in sales was associated with the success of strategic planning in their business as this meant having more money to run their businesses. In light of that, P16, P81, P6, P60, P136 reiterated that:

“When we have increased sales” (P16)
“When we increase in sales and also when we have good employee/company relationship” (P81)
“When our products that we strategies through the strategic plan makes more sales and reaches the market” (P6)
“When what we plan to sale in a given period is achieved.....” (P60)
“Rate of returns against sales for the month, it is conducted every month” (P36)

5.2.4.3 Customer Satisfaction

The participants were on record to have promulgated that the feedback they received from their customers posited that the initiatives they embraced through the strategic planning brought about some positive contribution to their businesses. They stated that when customers appreciated and preferred the quality of goods and services, it sent a positive signal over their competitors. This was emphasized by P68, P75, P14, P10 who echoed that:

“Customer satisfaction entails that our environment analysis is effective” (P68)
“..... Parent satisfaction of the pedagogical and moral education we provide” (P75)
“Through employer engagement and customer feedback” (P14)
“Customer satisfaction” (P10)

5.2.4.4. Diversification

The participants further illuminated that the purpose of strategic planning in their SMEs was to grow the volume and magnitude of their businesses. In light of that, the more services and products they provided, the more viable their businesses were conceptualized as successful. According to them (participants), due to the strategic planning, they were able to provide new services and eventually open up new businesses within Kabwe District. This was evidenced by those SMEs who had opened up new businesses around the District (different locations). In light of that, P92, P11 opined that:

“Diversification, increasing of business activities.....” (P92)

“When we are growing and expanding our business operation” (P11)

5.2.4.5. Income/Profits

In the context of the SMEs, the more they generated money, the more they associated the former to the latter. In line with that, the findings elucidated that income generation was one of the major undertones to the success of their strategic planning. This according to them (SMEs) was congruent with having their goods and services being remindful to the customers. Dependably, P21, P25, P45 informed that:

“By completing tasks in good time and measuring performance such as revenue and profit growth” (P21)

“Maintaining up to date data as well as a sticking to strategic objectives (profits, revenue and cash flow)” (P25)

“When we have business growth e.g increases in revenue collection” (P47)

5.2.5. The influence of the vision and mission on the growth and performance of SMEs in Kabwe District

The majority of the participants could not quantify responses, but merely gave theoretical view of how the vision and mission generally helps an organization to grow. By design, the participants posited that the impact of the vision and mission on the growth and performance of SMEs was assessed through Expansion, Brand Development, Qualified Personnel, Purchase of Assets and Customer Growth. This is epitomized below.

5.2.5.1. Expansion

At the centre of the influence of the vision and mission on the growth and performance of SMEs was the expansion of their businesses. According to P4, P8, P16, P31, they had been able to magnify the infrastructure, increased on business activities, open new outlets around Kabwe Central Business District (CBD) and other surrounding areas. In light of that, they participants were cited to have said the following:

“We have expanded our business from running a night club to include lodge” (P4)

“We have expanded in terms of rooms and also facilities as you can see we have two outlets just across here” (P8)

“We have grown to expand and attract the attention of the community not only in railways but surrounding areas” (P16)

“This has led to the expansion of business where we have more than one outlet and we expanding into other subsidiary business” (P31)

“We have been able to establish varied business outlets and also we have one in time” (P79)

5.2.5.2. Brand Development

Succinctly, the findings further revealed that the participants had grown their own brands due to the vision and mission. In light of that, they were able to promulgate that what started as story had been realized to be business brands that is well known in Kabwe District and beyond the. In that vein, P7, P59, P96, P72 were cited to have echoed the following:

“I have my own intellectual property” (P7)

“We have been able to establish ourselves as the preferred private education within the region” (P57)

“We have established ourselves as the best among the best hotel in Kabwe with the best contemporary services” (P96)

“we have made tremendous strides to the success of our business by being innovative and introducing services that are appealing to our customer base/demand driven and also business growth” (P72)

5.2.5.3. Qualified Personnel

Concisely, the participants also eluded that at the centre of their vision and mission was to have a qualified human resource as this was synonymous with increased production. According to the informants, they had employed qualified human resource who had seen their SMEs grow to a larger magnitude. In cementing this finding, P18, P54, P56 advanced that:

“We have managed to employ quality teachers and embraced modern technology teaching methods” (P18)

“We have increased manpower/human resource.....” (P54)

“We have managed to bring on the fore engineers, plumbers, electricians to implement the vision” (P56)

5.2.5.4. Purchased More Assets

Similarly, the participants clarified that their mission and vision was to increase in physical and capital assets such as infrastructure which led to increased productivity which entailed having a more competitive advantage over their competitors. In light of that, P20, P67, P10 opined that:

“We have purchased more trucks including large tonnage trucks” (P20)

“We have increased our computer and technological base and provision to our customers” (P67)

“We have made progress in infrastructure development” (P10)

5.2.5.5 Customer Growth

A further review of the findings indicated that the participants had achieved a vision and mission of having an increased customer base. In light of that, the participants reiterated that they had attained business growth through having a large customer base. This was congruent with P47 who espoused that:

“Business growth e.g our customers has grown to a large scale due to our good services” (P47)

6. Discussion

6.1. A Consensus on the Instrumentality of Strategy Formulation: Revealing the Reality

The quantitative data of the study indicates a widespread agreement among respondents regarding the significance of strategy formulation in enhancing SME performance. This alignment with existing literature underscores the widely recognized role of strategic planning or formulation in guiding business operations, aligning resources, and achieving organizational goals as espoused by numerous studies across the globe that demonstrate a strong positive correlation between strategic formulation and the performance of SMEs. Studying SMEs in Hargeisa, Somalia, found that strategic planning positively impacts financial,

customer, and learning and growth outcomes. In Kenya confirmed the positive impact of strategic planning on financial performance, specifically on net profits. Agwu (2018)^[4] in Nigeria emphasized the need for SMEs to dare to formulate and implement strategies to achieve higher performance, while Akolo *et al.* (2018)^[5] highlighted the need for clear strategic plans encompassing objectives, organizational structure, budgeting, information systems, and work plans. Further studies across diverse regions, including Bangladesh (Ali & Qun, 2019)^[6], Malaysia, China (Li & Liu, 2022; Zhang & Wang, 2021)^[78], Japan (Wang & Chen, 2019), Ghana, and Zimbabwe (Mashingaidze *et al.*, 2021)^[42], all support the positive influence of strategic formulation on SME performance. These studies highlight the benefits of aligning resources and capabilities with market opportunities and threats, developing strategies to achieve goals, and tailoring strategic approaches to specific contexts and are congruent with the findings of the current quantitative findings in this study.

6.2. Divergence of the significance of Strategy Formulation

Divergently, the study's findings diverge when explored from the qualitative perspective which shows a painted picture of the application of strategy formulation. In contrast to the quantitative findings, the qualitative data paints a more nuanced picture of how strategy formulation is perceived and practiced within SMEs in Kabwe District, Nwachukwu *et al.* (2017)^[58] in Nigeria emphasized the moderating effect of environmental factors, highlighting the need to consider the dynamic and unpredictable nature of the business environment when formulating strategies. Similarly, Conz *et al.* (2017)^[14] and Omsa *et al.* (2017)^[60] argue that the relationship is not always straightforward, suggesting that researchers must consider specific strategic approaches to accurately predict the impact of strategic formulation on performance. The narratives provided by SME owners and managers suggest a superficial understanding of strategy formulation, as evidenced by the absence of essential components such as a mission statement, vision, objectives, and strategic plans. This discrepancy between perception and practice highlights a fundamental disconnect between rhetoric and reality in strategic management among SMEs. Several underlying factors contribute to this gap which could include limited Strategic Acumen or insight. Many SME owners and managers lack formal training in strategic management, leading to a piecemeal approach to strategy formulation that fails to capture the holistic essence of strategic planning. Additional, resource constraints. SMEs in Zambia often operate under resource-constrained environments, with limited time, expertise, and financial resources dedicated to strategic development. This hampers their ability to engage in comprehensive strategy formulation. Furthermore, the traditional entrepreneurial culture in Zambia may prioritize operational efficiency over strategic foresight, leading to a short-term focus that overlooks the long-term benefits of strategic planning. The absence of a clearly defined strategic framework within SMEs not only hinders their ability to leverage strategic advantages but also compromises their long-term sustainability and growth prospects.

To delve deeper into the complexities surrounding strategy formulation and SME performance in Zambia, it is essential to analyze these findings through the lens of key theoretical

frameworks. The owner's theory posits that the personal values, aspirations, and decision-making tendencies of SME owners significantly influence business strategies and outcomes. In the Zambian context, where many SMEs are family-owned or proprietor-led, the owner's characteristics play a pivotal role in shaping strategic behaviors. The study finds that due to the inclination of the owners' theory in SMEs, it was difficult for the SMEs apply strategy formulation process as the process requires the acumen of the entire SMEs rather individualistic approach as found in this research. The intersection of the study findings with these theoretical framework sheds light on the multifaceted challenges confronting SMEs in Kabwe District and Zambia more broadly. The consensus on the importance of strategy formulation juxtaposed with the lack of strategic depth and coherence in actual practice underscores the need for targeted interventions to bridge this gap.

6.2. Synergization: A critical Evaluation

A review of the quantitative findings opined that the majority of the respondents agreed with the alternative hypothesis (H_1) that assumed that there is a relationship between strategy formulation and the constructs (manifest variables) as evidenced SF1, $p=0.687$, $p=1.0$; SF5, $p=0.664$, $p=1.0$; SF8, $p=0.665$, $p=1.0$. By implication, it was noted that the findings were significant enough to predict a positive relationship between SF and the performance of SMEs. In light of the above, the researcher further interacted with participants to further cement the quantitative findings. Accordingly, it was found that in most SMEs, the owners were at the helm of formulating the mission and vision and making strategic choices. Additionally, a handful of participants gave the cardinane of the vision and mission although they could not substantiate their missions and vision on one hand while on the other hand, the majority the participants failed to explain the importance of the mission and vision and a consortium could not differentiate between a mission and vision. In the same vein, the study found that the majority of the employees understood the vision and mission of their SMEs though such were not quantified. Likewise, the study found that the strategic plan was a vital document to SMEs, however, the SMEs were found not to have a strategic plan and the majority associated a strategic plan with a business plan. This was evidenced by aspect that most of the participants explained the success of the strategic planning, however they failed to provide vividly the extent to which the success was measured as they were heard merely commenting on the success. In the similar vein, the mission and vision was associated with the growth of the SMEs, however, the majority of the participant could not qualify how the mission and vision contributed to the growth of their SMEs. Therefore, in the wake of the gaps identified in the practice among the participants, the author makes two implications on the hypothesis that entails that there is a relationship between strategy formulation and the business performance of SMEs in Kabwe district as affirmed by the quantitative findings. While on the other side, the application of the strategy formulation process was watered down by lack of practical inferences among the SMEs. Thus, the application of the strategy formulation as a management practice among the SMEs was by default not by design.

7. Conclusion

The study confirms that strategy formulation significantly impacts the performance of SMEs in Kabwe District. SMEs that effectively incorporate vision, mission, goals, and objectives into their strategy formulation processes tend to experience enhanced performance. However, there is a disparity between theoretical knowledge and practical application, with many SMEs failing to align their formulated strategies with daily operations, limiting their growth potential.

8. Recommendations

- SME owners should receive training on practical strategy formulation techniques that bridge the gap between theory and practice.
- Government and SME support organizations should provide financial and infrastructural resources to facilitate the proper execution of formulated strategies.
- SMEs should be encouraged to involve all levels of management and employees in the strategy formulation process to ensure buy-in and alignment with operational activities.
- Promote collaborative efforts between SMEs and external consultants to assist with strategy formulation and implementation.

9. References

1. Abosede AJ, Obasan KA, Alese OJ. Strategic management and small and medium enterprises (SMEs) development: A review of literature. *International Review of Management and Business Research*. 2016;3(2):75-86.
2. Adetayo A. Impact of strategic planning in organizational planning on organizational performance: A study of Unilever Nigeria Plc and May and Baker Nigeria Plc. *International Journal of Scientific and Engineering Research*. 2018;2(2).
3. Adewale AA. Change, customer satisfaction and competition: Issues from the strategic management context. *International Journal of Economics, Business and*. 2016;3(2):55-66.
4. Agwu ME. Analysis of the impact of strategic management on the business performance of SMEs in Nigeria. *Academy of Strategic Management Journal*. 2018;17(1):1-20.
5. Akolo AO, Mulili B, Kiboi A. Effects of strategic planning on performance of small and medium enterprises: The case of SMEs in Nairobi. *Journal of Strategic Management*. Stratford Peer Reviewed Journals and Book Publishing. 2018.
6. Ali M, Qun W. Strategic management practices and performance of the SMEs in Bangladesh. *International Journal of Advance Research (IJAR)*. 2019. DOI: 10.21474/IJAR01/8298.
7. Auka DO, Langat JC. Effects of strategic planning on performance of medium-sized enterprises in Nakuru Town. *International Review of Management and Business Research*. 2016;5(1):188-203.
8. Banda M, Mwange A. Corporate governance: A theoretical review. *European Journal of Business and Management*. 2023;15(16).
9. Bassey E, Isayas B. Factors impacting strategic management practices among SMEs in Nigeria. *African Economic and Management Review (AEMR)*. 2022. DOI: 10.53790/aemr.v2i1.31.
10. Bondy KM. The art and science of transition: A descriptive case study between a two- and a four-year institution. PhD thesis. Grand Forks, North Dakota: University of North Dakota; 2020.
11. Brinckmann J, Dietmar H. Of those who plan: A meta-analysis of the relationship between human capital and business planning. *Long Range Planning*. 2019;52(2):173-188.
12. Bryson JM. Understanding strategic planning and the formulation and implementation of strategic plans as a way of knowing: The contributions of actor-network theory. *International Public Management Journal*. 2009;12(2):172-207.
13. Cheng WH, Kadir KA, Bohari AM. The strategic planning of SMEs in Malaysia: A view of external environmental scanning. *International Journal of Business and Society*. 2014;15(3):437-446.
14. Conz E, Denicolai S, Zucchella A. The resilience strategies of SMEs in mature clusters. *Journal of Enterprising Communities: People and Places in the Global Economy*. 2017;11(1):186-210.
15. Creswell J. A concise introduction to mixed methods research. Available at: <https://books.google.co.zm/books?isbn=1483359050/>. 2014.
16. Creswell JW. *Research design: Qualitative, quantitative, and mixed methods approaches*. London: Sage; 2014.
17. Damke EJ, Gimenez FA, Damke JW. Strategic configurations and performance: A study in micro and small business retailers. *Management Journal*. 2018;5(3):11-27.
18. Dauda AY, Akingbade AW, Akinlabi BH. Strategic management practice and corporate performance of selected small business enterprises in Lagos metropolis. *International Journal of Business and Management*. 2010;5(11):97-105.
19. David FR. *Strategic management: Concepts and cases: A competitive advantage approach*. Saddle River: Pearson; 2017.
20. David ME, David FR. The quantitative strategic planning matrix: A new marketing tool. *Journal of Strategic Marketing*. 2016;25(4):342-352. DOI: 10.1080/0965254X.2016.1148763.
21. Dawadi S, Shrestha S, Giri RA. Mixed-methods research: A discussion on its types, challenges, and criticisms. *Journal of Practical Studies in Education*. 2021;2(2):25-36. DOI: <https://doi.org/10.46809/jpse.v2i2.2>.
22. Donkor J, Donkor GNA, Kwarteng C. Strategic planning and performance of SMEs in Ghana: The moderating effect of market dynamism. *Journal of Innovation and Entrepreneurship*. 2019;12(1):62-76.
23. Dudovskiy J. *The ultimate guide to writing a dissertation in business studies: A step-by-step assistance*. 2018. Available as an e-book.
24. Galbreath J, Lucianetti L, Thomas B, Tisch D. Entrepreneurial orientation and firm performance in Italian firms: The moderating role of competitive strategy. *International Journal of Entrepreneurial Behavior & Research*. 2020;26(4):629-646. DOI: 10.1108/IJEBr-07-2019-0457.
25. Gorondutse AH, Muhammad YM, Rogo HB, Tanko GI. Effect of corporate strategy and corporate resources on performance of Nigerian SMEs. *International Journal of*

- Transformations in Business Management (IJTBM). 2015;5(3).
26. Hair J, Black B, Babin B, Anderson R. Multivariate data analysis. 7th ed. Upper Saddle River, NJ, USA: Pearson Prentice Hall; 2010.
 27. Hair J, Tatham R, Anderson R, Black W. Multivariate data analysis. Englewood: Prentice Hall International; 2006.
 28. Hayes AF. Introduction to mediation, moderation, and conditional process analysis: A regression-based approach. Guilford Press; 2022.
 29. Hillman AJ, Withers MC, Collins BJ. Resource dependence theory: A review. *Journal of Management*. 2009;35(6):1404-1427.
 30. Hu L-T, Bentler PM. Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modelling: A Multidisciplinary Journal*. 1999;6:1-55.
 31. Izadi H. Strategy formulation and firms' performance: The case of high-tech SMEs in the UK. Doctor of Philosophy in Strategic Management, Bangor University; 2012.
 32. Jayeola O. The impact of environmental sustainability practice on the financial performance of SMEs: A study of some selected SMEs in Sussex. *International Journal of Business Management and Economic Research (IJBMER)*. 2015;6(4):214-230.
 33. Johnson G, Scholes K, Whittington R. Exploring corporate strategy: Text and cases. Pearson Education; 2008.
 34. Kariuki DN, Kitonga DM, Arasa R. Influence of strategy formulation on the performance of catholic parishes in Kenya. *Journal of African Studies and Development*. 2023;15(1):1-13. DOI: 10.5897/JASD2022.0668.
 35. Karoki A. Influences of strategic management on the performance of Christian churches in Nairobi, Kenya. Unpublished Master's thesis, University of Nairobi; 2016.
 36. Kenny DA. Measuring model fit. Available from: <http://www.davidakenny.net/cm/fit.htm>; 2020.
 37. Krippendorff K. Content analysis: An introduction to its methodology. Sage publication; 2018.
 38. Kumar P. Correlation between strategic planning and firm performance. *International Journal of Management & Business Studies*. 2015;5(2):2231-2463.
 39. Li Y, Liu X. The impact of strategy formulation on the performance of SMEs in China. *Journal of Small Business Management*. 2022.
 40. Lynch R. Strategic management. 7th ed. Edinburgh Gate: Pearson Education; 2015.
 41. Majid NANBA, Mas BBB. The relationship between strategic planning and Malaysian SMEs business performance: The effect of employee participation, implementation incentive, and strategy evaluation and control. *The International Journal of Business & Management*. 2016;4(3):353-368.
 42. Mashingaidze M, Chinakidzwa M. Strategy formulation and financial performance perceptions and relationships: The mediating role of strategic approaches. *Journal of Accounting and Management*. 2021;11(3).
 43. Ministry of Commerce Trade and Industry. The impact of COVID-19 on SMEs in Zambia. The business survey report; 2020 Aug.
 44. Monday JU, Akinola GO, Ologbenla P, Aladeraji OK. Strategic management and firm performance: A study of selected manufacturing companies in Nigeria. *European Journal of Business and Management*. 2016;79(2):176-192.
 45. Mukosa F, Mweemba B, Mwitumwa L, Mbewe SB, Sikazwe W, Sinkala NK. The impact of COVID-19 on small-medium enterprises in Zambia. *Banking and Insurance Academic Journal*. 2020;2:6.
 46. Murphy KR, Myors B, Wolach A. Statistical power analysis: A simple and general model for traditional and modern hypothesis tests. 4th ed. New York: Routledge; 2014.
 47. Musandiwa TJ. Customer orientation in small business marketing mix strategy formulation and implementation [PhD thesis]. Johannesburg: University of Johannesburg; 2014.
 48. Mutambo LN. The management of a business strategic plan. *Journal of Economics, Finance and Management Studies*. 2022;1776-1784.
 49. Mutambo N, Mwangi A, Manda R, Chiseyengi J, Mashiri G, Masase-Muza MA, Bwalya J. The management of a business strategic plan: A systematic literature review. *Journal of Economics, Finance and Management Studies*. 2022;5(6):1776-1789. DOI: 10.47191/jefms/v5-i6-29.
 50. Muuka LM. To assess effects of business environmental factors on profitability of curio business in Zambia: A case of Mukuni Curio Park. *The International Journal of Multi-Disciplinary Research*. 2019;ISBN: 978-9982-70-318-5.
 51. Muzata KK. Curriculum implementation for learners with special education needs: The case of selected inclusive and special schools in Zambia [PhD thesis]. City of Tshwane: University of South Africa; 2017.
 52. Mwaanga C. Environmental factors and the formation of students' entrepreneurial intentions: Perspectives from Zambia [PhD thesis]. City of Tshwane: University of South Africa; 2022.
 53. Mwaanga C, Mulenga J, Lubinda M, Siame M, Kaliba-Chishimba K, Mulenga MC, Kafula CS. COVID-19 pandemic and its implications on small and medium enterprises (SMEs) operations in Zambia. *Journal of Business Administration Research*. 2021;10(1). Available from: <http://jbar.sciencedupress.com>.
 54. Mwangi A. A critical review of strategic directions for enhanced employment creation in Zambia. *EPH - International Journal of Business & Management Science*. 2018;4(4).
 55. Mwangi A, Mutambo N, Manda R, Chiseyeng L, Mashiri G, Bwalya J. Principles and practices of strategy for effective and efficient performance of business organisations. *European Journal of Business and Management*. 2022;14(14).
 56. Mwewa K. A study to find out the factors affecting the economic growth of SMEs in the retail sector (case study of Mbala district). *The International Journal of Multi-Disciplinary Research*. 2018;1(1):1-40.
 57. Mwika D, Banda A, Chembe C, Kunda D. The impact of globalization on SMEs in emerging economies: A case study of Zambia. *International Journal of Business and Social Science*. 2018;9(3):59-68.
 58. Nwachukwu C, Chladkova H, Fadeyi O. Strategy formulation process and innovation performance nexus. *International Journal for Quality Research*.

- 2017;12(1):147-164.
59. Nyamwanza T. Strategy implementation for survival and growth among small to medium-sized enterprises (SMEs) in Zimbabwe [PhD thesis]. Gweru: Midlands State University; 2015.
 60. Omsa S, Ridwan M, Jayadi M. The effect of strategic management practices on SME performances in Makassar, Indonesia. *American Journal of Theoretical and Applied Business*. 2017;3(4):71-80.
 61. Otieno M. Strategic issue management practices by small and medium enterprises in Mombasa County, Kenya [Master's thesis]. Nairobi: University of Nairobi; 2013.
 62. Pratiwi A, Sutopo W, Zakaria R, Rasli AM. Formulating strategy through QSPM based on SWOT framework: A case study spin-off company in Malaysia. *Advanced Science Letters*. 2017;23(9):8646-8651. DOI: 10.1166/asl.2017.9945.
 63. RegNo:2002/002017/07. Copyright: © 2021. The Author(s). Licensee: AOSIS.
 64. Rosner B. *Fundamentals of Biostatistics*. 8th ed. Boston; 2016.
 65. Samsudin ZB, Ismail MD. The concept of theory of dynamic capabilities in changing environment. *International Journal of Academic Research in Business and Social Sciences*. 2019;9(6):1071-1078.
 66. Sandada M, Chikwama RT. The driving forces for the practice of strategic planning in SMEs: Evidence from Harare metropolitan province, Zimbabwe. *Acta Universitatis Danubius*. 2016;12(6):95-114.
 67. Sandada M. Mission and vision, environmental scanning and formality of strategic planning as predictors of the performance of small and medium enterprises (SMEs) in the Gauteng province of South Africa. *ECOFORUM*. 2014;3(2):5.
 68. Saunders MNK, Lewis P, Thornhill A. *Research methods for business students*. 8th ed. Harlow: Pearson; 2019.
 69. Shu C, De Clercq D, Zhou Y, Liu C. Government institutional support, entrepreneurial orientation, strategic renewal, and firm performance in transitional China. *International Journal of Entrepreneurial Behavior & Research*. 2019;25(3):433-456. DOI: 10.1108/IJEBR-07-2018-0465.
 70. Snyman HA. Towards a strategy formulation framework that supports SME survival and growth [PhD dissertation]. Stellenbosch: Stellenbosch University; 2020.
 71. Teece DJ. Dynamic capabilities and entrepreneurial management in large organizations: Toward a theory of the (entrepreneurial) firm. *European Economic Review*. 2016;86:202-216.
 72. Teece DJ. Dynamic capabilities as (workable) management systems theory. *Journal of Management & Organization*. 2018;24(3):359-368.
 73. Teece D, Peteraf M, Leih S. Dynamic capabilities and organizational agility: Risk, uncertainty, and strategy in the innovation economy. *California Management Review*. 2016;58(4):13-35.
 74. Vecchiato R. Environmental uncertainty, foresight and strategic decision making: An integrated study. *Technological Forecasting & Social Change*. 2012;79:436-447.
 75. Wang G, Dou W, Zhu W, Zhou N. The effects of firm capabilities on external collaboration and performance: The moderating role of market turbulence. *Journal of Business Research*. 2015;68(9):1928-1936. DOI: 10.1016/j.jbusres.2015.01.002.
 76. Wheelen TL, Hunger JD, Hoffman AN, Bamford CE. *Strategic management and business policy*. Pearson; 2017.
 77. Wheelen TL, Hunger JD. *Strategic management and business policy*. 13th ed. New York, NY: Prentice Hall; 2014.
 78. Zhang Q, Wang Y. Strategy formulation and the performance of SMEs in China. *International Journal of Entrepreneurship and Small Business*. 2021.