

ENHANCING BUSINESS OPPORTUNITY IDENTIFICATION PROCESSES IN ZIMBABWE'S MANUFACTURING SECTOR: THE CASE OF BULAWAYO'S MANUFACTURING SECTOR

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ABSTRACT

The manufacturing sector in Zimbabwe plays a critical role in the economic development of the country like employment creation, contributing to the country's GDP and saving and generating foreign exchange. It is for this reason the Government of Zimbabwe (GoZ) has crafted a number of programmes aimed at rejuvenating it since it started to decline in the late 1980s. However the programmes seem to have benefitted foreign competitors as the sector experienced further decline resulting in the country becoming a net importer, capacity utilisation in the sector declining and unemployment rising as firms closed shop. This study sought to establish why the sector is failing to identify opportunities that are presented in the government initiated programmes thereby allowing foreign competition to benefit at their expense. The study sought responses from top managers of the sampled 68 manufactures from Bulawayo. The sample was drawn from the 16 sub-sectors that constitute the Zimbabwe's manufacturing sector. Study findings reveal that the sampled firms have weaknesses in the way they scan the environment. The study is concluded by proffering relevant recommendations.

Key words: *Environmental scanning; economic development; agricultural sector; manufacturing sector; opportunities.*

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Introduction

Morris, Kuratko and Covin (2008) acknowledge that the business environment in the 21st century has been characterized by a high turbulence mainly driven by rapid technological improvements. These improvements have seen customer tastes rapidly changing in any given period of time; markets being fragmented and competition in industries intensifying as firms jockey for market share and preference from suppliers of both inputs and labour. Morris, Kuratko and Covin (ibid) argue that survival and growth in this era is based on the firms' and their managers' ability to develop competitive advantage based on their ability to adapt to change, rather than acquisitions and mergers as was previously the trend. The authors identified five key capabilities namely:

- adaptability;
- flexibility;
- speed;
- aggression; and
- innovation.

This argument implies that firms' survival and growth has to be through internal initiatives or organic means through innovation. Sarkar, Echambadi and Harrison (2001 p 702) argue that only firms that are pro-active are the ones that will be able to develop the above mentioned capabilities. Sarkar, Echambadi and Harrison (ibid) assert that the proactive approach considers that individuals and organisations shape their environments through their actions. Miller and Friesen (1978 p 923) posit that pro-activeness is achieved through scanning the environment to seek opportunities and taking pre-emptive action against the identified opportunities.

Prior to the year 1990 Zimbabwe's manufacturing sector played a critical role in contributing to the economy's Gross Domestic Product (GDP) and export earnings. The sector contributed an average of 23,3percent during the period 1980-1989, (Mlambo 1997). However by the end of the 1980s, the manufacturing sector was under strain as

evidenced by a decline of its contribution to GDP to 20,5percent from the previously mentioned 23,3percent (Mlambo ibid and UNDP Zimbabwe, 2010).

Hawkins and Ndhlela (2009) and UNDP Zimbabwe (2010) attribute this decline to shortages of foreign currency as the manufacturing sector was not exporting enough to generate foreign currency that could be used to import inputs for the sector. UNDP Zimbabwe, (ibid) also cites investor uncertainty, due to the GoZ's socialist rhetoric, and an overvalued Zimbabwe dollar which made the country's exports uncompetitive, as the causes of the poor performance of the manufacturing sector. Hawkins and Ndhlela (2009) and UNDP Zimbabwe (2008) also argue that the Zimbabwean manufacturers had lost their ability to compete internationally after 15 years of isolation and protection during the UDI era and that they were also to some extent reluctant, to export as they could make profit on the domestic market where they were protected from imports through a punitive tariff regime which was only second to India in the world.

Mlambo (ibid) also adds a political dimension to the reasons for the manufacturing sector's decline in performance at the end of the 1980's. He argues that Zimbabwe also faced destabilisation from the then apartheid regime in South Africa and RENAMO in Mozambique which hindered its trade. He further argues that the domestic market's disposable income was shrinking in real terms due to rising inflation which rose from 8,6percent in 1980 to 17,9percent in 1983.

These developments left the GoZ with no option but to adopt the IMF initiated Economic Structural Adjustment Programme (ESAP) in 1991 as a way of rejuvenating the economy (Hawkins and Ndhlela, 2009).

It is against this background that this study seeks to assess if the methods used by Bulawayo manufacturers are effective to render the manufacturers as pro-active.

Background to the Study

ESAP was envisaged to last only five years after which the economy was expected to grow to prosperity and the manufacturing sector was expected to expand rapidly and create more job opportunities (Mlambo 2000 p 110).

According to UNDP Zimbabwe (2010) and Hawkins and Ndhlela (2009) ESAP sought to achieve an economic rejuvenation by implementing the following:

- dismantling import controls through removal of tariffs and
- liberalising (opening up) the economy to allow foreign investment and competition.

The authors agree that the programme was a failure and it marked the demise of the manufacturing sector. The reasons proffered for the poor performance of ESAP by all the cited authors are the 1991/92 and 1994/95 droughts, the dismantling of the tariff regime and the liberalisation (opening up of the economy to foreign competition)

The droughts had a negative impact on agriculture upon which the manufacturing sector depended for inputs and foreign exchange. Riddel (1990) posits that Zimbabwe's manufacturing and agricultural sectors are heavily interdependence that by 1980, agriculture accounted for 60percent of the inputs used in manufacturing, while agriculture consumed 44percent of the manufacturing sector's output.

Dismantling of import tariffs and liberalisation of the economy is also cited as the cause of ESAP's failure (Hawkins and Ndhlela 2009). The extent of ESAP's failure is reflected in the First Merchant Bank's (FMB, 1993) annual report which states that the manufacturing sector's output fell by 19,8percent in 1993, with the hardest hit sub-sectors being transport equipment, -36percent; textiles and ginning, -26,6percent; petroleum and chemicals, -24,4percent and lastly the foodstuffs, -11, 1percent.

On the other hand, the national statistics indicate that by June 1993, 11percent of the working population was employed in the formal sector, the lowest level since 1970. The highest casualty of the effects of ESAP and the drought were the textiles sector which saw a decline of firms by 1994 from 280 to 193, with one firm (Cone Textiles), employing 6000 employees closing down (ZIMPREST, 1997).

After such a dismal performance, the GoZ was left with no option but to abandon ESAP in 1996 and adopted Zimbabwe Programme for Economic and Social Transformation (ZIMPREST). The programme sought to redress the ills that had been created by ESAP. The programme was also supported by the revised industrial policy document which placed high emphasis on indigenisation through the promotion of Small to Medium Scale Enterprises, SMEs (UNDP 2010). However ZIMPREST also failed due to two main reasons (Raftopoulos 2009).

The author posits that the year 2000 saw two developments that were to have a negative impact on Zimbabwe's economy in general and the manufacturing sector specifically. These were the birth of Zimbabwe's strongest opposition party since 1980, the Movement for Democratic Change (MDC) and the Fast Track Land Redistribution Programme (FTLRP) respectively.

Raftopoulos (ibid) contends that the GoZ suspected the commercial farmers (the majority of whom were white) of financially supporting the MDC hence adopted the FTLRP, which at times was violent, settling black people on previously white owned commercial farms, thus cutting off the MDC's umbilical cord.

The effect of this was a decline in agricultural output which in turn starved the manufacturing sector of inputs. Riddel (1990) argues that by 1980, Zimbabwe's agricultural sector supplied 60 percent of manufacturing sector inputs and that 95 percent of these were sourced from the commercial farms. Such a dependence on commercial farms therefore meant that disturbances on the commercial farms would have serious consequences on the manufacturing sector.

The farm invasions were also accompanied by parliamentary elections in 2000 and 2005 and presidential elections in 2002. The results of these elections were heavily disputed resulting in the country being isolated by the international community (Besada and Moyo, 2008). The World Bank had in October 2000 announced that it would not extend loans to Zimbabwe (ibid). These developments left the Zimbabwean manufacturing

sector with no sources of the needed foreign currency with which to import inputs. These developments left the manufacturing sector in a decline, which resulted in serious food shortages, cost-push and demand-pull induced inflation as cost of inputs rose due to scarcity, while on the other hand shortages of products on the market raised prices. The Zimbabwean economy then fell into a period of hyperinflation, which was last officially recorded at 231 million percent in July 2008 (Besada and Moyo, 2008), characterized by “brain drain” of skilled personnel to neighboring countries, United Kingdom, Australia and Canada (World Bank, 2008), low agricultural and manufacturing industry output, and other related shortages (RBZ 2006).

These developments drastically affected the agricultural sector and subsequently the manufacturing sector as shown by Table 1.1 and Table 1.2 on the next page:

Table 1.1 Maize, Wheat and Soya bean Production Trends from 1999 to 2008

Year	Maize			Wheat			Soya bean		
	Area	Output (t)	Yield (kg/ha)	Area	Output (t)	Yield (kg/ha)	Area	Output (t)	Yield (kg/ha)
1999	1 477 990	1 606 588	1 087	47 438	260 909	5 500	52 931	120 685	2 280
2000	1 373 117	1 619 651	1 180	42 551	229 775	5 400	60 650	135 417	2 233
2001	1 239 988	1 526 328	1 231	37 269	197 526	5 300	64 009	140 793	2 200
2002	1 327 854	604 758	455	39 000	195 000	5 000	51 282	84 441	1 647
2003	1 352 368	1 058 786	783	40 809	122 427	3 000	25 390	41 197	1 623
2004	1 493 810	1 686 151	1 129	70 585	247 048	3 500	49 572	85 827	1 731
2005	1 729 867	915 366	529	65 454	229 089	3 500	41 871	56 730	1 355
2006	1 712 999	1 484 839	867	67 201	241 924	3 600	47 137	70 273	1 491
2007	1 445 800	952 600	659	60 000	180 000	3 000	69 900	112 300	1 607
2008	1 724 844	435 160	250	51 000	132 600	2 600	72 311	48 320	670

Source: Ministry of Agriculture, Mechanisation and Irrigation Development (2009).

Table 1.2 Decline in manufacturing output

	2004	2005	2006	2007
Output (Zim\$ 000)	6 500 000	5 100 000	4 000 000	3 800 000
% Decline	-	21	17	5

Source: CZI, 2009

Faced with hyperinflation, the GoZ in August 2006 directed that prices be reversed to June 2006 levels as it attempted to contain pressure from consumers who could not cope with the hyperinflation (Makocheke, 2007). This directive put a further strain on the manufacturing sector resulting in its further decline. The Zimbabwe Industrial Development Policy (ZIDP) 2011-2015 (Ministry of Industry and Commerce, 2012) says that between 2006 and 2008 the manufacturing sector declined by a total of 73,3 percent, capacity utilisation fell to 5 percent in 2008 and manufacturing sector's contribution to GDP fell from a peak of 23 percent in the 1990's to 12 percent in 2008.

Other measures introduced to improve manufacturing sector performance

In 1997 the GoZ introduced the Export Processing Zones (EPZs) whose main objective was to stimulate and promote the country's exports and create employment (UNDP, 2010). However, the performance of the EPZ was not satisfactory and the issuing of licenses to applicants was stopped in November 2006, UNDP (ibid).

In 2003 the GoZ faced a shrinking manufacturing base of an annual decline of 20 percent (CZI, 2009), high unemployment levels formal employment shrinking from 1,4 million in 1998 to 998000 in 2004 (Raftopoulos, 2009) and a hyperinflationary economy of 623 percent in January 2004 (CSO, 2004), put in place a raft of support facilities mainly through the Reserve Bank of Zimbabwe (RBZ). These facilities were meant to boost the performance of the country's manufacturing sector however they seem not to have a significant effect on the sector as by 2008 capacity utilisation stood at 5 percent and GDP contribution stood at 12 percent (Ministry of Industry and Commerce, 2012).

In its budgetary statement of January 2009, the GoZ adopted the multi-currency system which saw the economy getting back on its feet as firms started to import goods for resale in response to demand stimulated by availability of hard currencies like the US\$ and the South African Rand. CZI survey (2009) acknowledges the significant role played by the multi-currency policy in stimulating manufacturing sector's performance which by June 2009 was operating at 32, 3 from a low of below 10 percent capacity utilization. The survey report also notes that the sector grew by 110 percent in 2009 compared to an annual decline rate of 28 percent in 2007.

However in 2013 the sectors' capacity utilisation dropped to 38% (CZI, 2013). On the other hand National Social Security Authority (nssa) also reported that a total of 711 companies in Zimbabwe closed shop between 2011 and 2013 while as at end of July 2013 149 firms from Bulawayo had lodged liquidation applications with the Bulawayo High Court (nssa, 2013).

Statement of the problem

The government of Zimbabwe recognises the important role that the country's manufacturing sector plays in its economy. This is demonstrated by the number of policy initiatives that the government has put in place; however the initiatives have not achieved the intended results because the sectors' players have not been able to effectively scan the environment for opportunities.

Hypothesis

The study proposes that firms in Zimbabwe's manufacturing sector, particularly those operating in Bulawayo, do not use effective methods in scanning the environment for business opportunities hence their failure to excel in the face of foreign competition.

Research objectives

The study sought to establish:

- if the manufacturing sector players in Bulawayo scan their environment for opportunities;

- the methods that are used by Bulawayo manufacturers to scan the environment; and
- recommend ways of improving the environmental scanning processes that are being used.

Literature Review

Environment Scanning/ Opportunity Identification

Van Aardt and Van Aardt (1997) define an opportunity as the difference between the desired and the prevailing situation. They further argue that an opportunity that is worth pursuing by a firm is one which should:

- be sustainable and profitable;
- have a relative advantage over existing ones;
- be compatible with society's values and beliefs;
- not inflict injuries to potential buyers; and
- be easy to communicate the benefits.

Barringer and Bluedorn (1999 p 423) define environmental scanning as the managerial activity of learning about events and trends in the organisation's environment. They argue that scanning is important for managers in that it helps them identify opportunities, assists managers in developing and maintaining successful innovation strategies and facilitates risk taking as it lowers uncertainty in the eyes of management.

Covin (1991), Kanter (1988) and Zumd (1983) agree that learning about the environment is a result of collecting and analysing information, thus one's level of knowledge of environment depends on the amount and quality of information possessed and how he/she analyses it. Shane and Venkataraman (2000) support this assertion when he argues that ability to identify opportunities is a result of prior knowledge that one possesses about the market being served. He further argues that this information can be obtained by firms from suppliers, distributors, competitors, customers etc. This means businesses need to create relationships with people outside their organisations in order for them to access this prior knowledge. This brings into perspective the social network theory as argued

by Powell, Koput and Smith-Doerr (1996 p 118) who postulate that entrepreneurial or opportunity information does not exclusively reside inside firms but that it is found in interstices between firms, universities, research laboratories, suppliers and customers. This means that firm managers need not rely solely on internal sources when scanning the environment but that they should also make use of external sources.

Hitt et al. (2001) identify several benefits of these external networks over and above opportunity detection, these include resources and capabilities required to compete and learning new capabilities. The authors argue that a firm can exploit complementary resources of its partners in the network to its benefit like a biotechnology firm that makes use of pharmacies in its network to distribute and market (commercialise) its new products. In this case, a firm would have used external networks to leverage its capabilities and resources. Hitt et al. (ibid) further argue that firms can use external networks to create alliances which can help them learn new capabilities which can help them compete effectively in new markets without first owning prerequisite resources or skills. Thompson, Strickland and Gamble (2010 p 167) cite the example of Ford Motor Corporation of United States of America and Mazda of Japan, as an alliance that allowed the two firms access to new technologies and markets in foreign countries.

Barringer and Bluedorn, (1999) also provide another dimension to opportunity identification when they posit that locus of planning greatly contributes to the process. Locus of planning refers to the extent to which managers involve lower level employees in the planning process, a process that inherently requires scanning the environment. The authors argue that firms that involve lower levels (deep locus of control) tend to be effective in opportunity identification than those that have a shallow locus of control (only involve management). Shane and Venkataraman (2000) justify this effectiveness in opportunity identification to information asymmetry which posits that people at any given point in time, do not possess the same information. Including people from different backgrounds enhances analysis of given scenarios thereby identifying opportunities that may easily be overlooked by people sharing the same background. In this case management and workers scanning the environment together prove useful to the organisation. The information asymmetry concept can also be used to explain why

external networks are also equally effective in assisting organisations detect opportunities.

Research methodology

Research design

Leedy (2005 p 41) posits that designing a research is influenced by how it seeks to acquire knowledge. Thomas (2003 p 1) posits that research can assume a quantitative or qualitative approach depending on what the study seeks to establish.

Glesne and Peshkin (1992 p 6) define quantitative research as seeking explanations and predictions that will generalise to other persons and places.

Denzin and Lincoln (1994 p 2) define qualitative approach as multi-method in focus, involving an interpretive and naturalistic approach to its subject matter. They assert that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret phenomena in terms of meanings people bring to them. The authors affirm that the approach uses a variety of empirical materials like case study, personal experience, introspective, life story, interview, observation, historical, interactional, and visual texts that describe routine and problematic moments and meanings in people's lives.

This study's objective is to establish if Harare's manufacturing sector is using effective environmental scanning processes, thus making it a case study which is a qualitative approach.

Study population

Population is defined by Shajahan (2009 p 244) as the group of individuals under study or the aggregate of all objects-inanimate or animate. Thus the population of this study is the manufacturers in Bulawayo. According to the Confederation of Zimbabwe Industries (2012), this population is made up of 16 sub sectors (strata) namely: Bakers; Battery; Plastic, Packaging and Rubber; Pharmaceuticals; Chemicals; Leather and Allied; Car Assemblers; Building (including Construction); Grain Millers and Tobacco; Electric Appliances Manufacturers; Engineering and Steel; Printing and Publishing; Textiles and Clothing; Paints and inks; Timber Processors (Including Furniture) and Food, Dairy and Beverages.

Sampling and sample size

Shajahan (2009 p 244) defines a sample as a finite sub-set selected from the entire population. Kumar (2005 p 164) argues that at times it is difficult, if not impossible, to investigate all elements in a population, hence the need to identify elements that are representative enough of the population (sample). The process of arriving at a sample is referred to as sampling design (Shajahan, *ibid* and Kumar, *ibid*) which requires the researcher to identify the population, the sampling unit or where the sample is drawn from (for example geographically) and the sampling frame or source lists (where each sample element is identified).

33 sample elements were selected using the proportionate stratified random sampling method from the CZI register of Bulawayo manufacturers. Kumar (2005 p 175) defines proportionate stratified random sampling as a process of selecting elements from each population stratum in relation to its proportion to the total population. This sampling method has the advantage of ensuring that the sample is the reflection of the population; hence avoid particular population strata, with more elements than others, influencing the study findings.

Table 1.3 below shows the sample size of each sector used in the study.

Table 1.3 Sector Sample Sizes

Sector	Population	Bulawayo's Sample Size
Bakers	8	2
Battery	3	NIL
Plastic, Packaging and Rubber	13	3
Pharmaceuticals	7	2
Chemicals	11	3
Leather and Allied	4	1
Car Assemblers	2	NIL
Building (including construction)	8	2
Electric Appliances Manufacturers	5	1
Grain Millers and Tobacco	5	1
Engineering and Steel	18	5
Printing and Publishing	6	1

Textiles and Clothing	6	1
Paints and Inks	10	2
Timber Processors (including Furniture)	7	2
Food, Dairy and Beverages	29	7
TOTAL	142	33

Key: NIL= the city does not have manufacturers in that sector but has distributors

Data collection instruments

Data collection instruments, unlike research methods which focus on how data are collected, are the tools that one uses in the collection of research data (Shajahan, 2009 p 57). This study uses structured and semi-structured interviews, and recorded observations. Open and closed ended questions are to be used in interviews in the study to ensure that respondents freely express their opinions (Shajahan, 2009).

Data processing and analysis

Kothari (2004 p 18) posits that after collecting research data, there is need to bring order and meaning through coding, tabulating and editing. Thomas (2009 p 57-59) explains that data can be processed using content analysis which is the systematic process of searching through one or more communications to answer questions brought up by the researcher. He further acknowledges that the method is the “only appropriate” method to use in qualitative research as it answers most research questions through searching for insights in situations, settings, styles, images, meanings and nuances.

This study therefore uses content analysis when analysing data from the findings.

Ethical Considerations

Ethics in research are important as they assist in according a study the validity, reliability and objectivity it deserves (Kumar, 2005 p 210), as its responses and results are not fraudulently derived. This study observes the following ethical issues that:

- an introductory letter is enclosed with the questionnaire. The letter explains the purpose of the study, the participants' rights and protection and also seeks their consent; and

- no rewards are offered to the participants except the undertaking that the results of the study will be made available to them on request at the end of the study.

Findings and discussion

Response Rate

The response rate was of 88%. The high response rate is attributed to the fact that questionnaires were hand-delivered to the respondents who were then followed up after a week to collect the completed questionnaires. Where a respondent had not completed the questionnaire, the researcher would agree with the concerned respondent on the day of follow up and collection. Thus the constant follow up and the nature of respondents (senior managers) contributed to the high response rate.

Johnson and Owens (2009 p 127) argue that a response rate of at least 60% in a questionnaire survey is good and acceptable for contributions to refereed journal articles. Nulty (2008 p 308) agrees with the argument but goes further to state that a response rate of between 60% and 70% is more favourable. Thus, the overall response rate in this study is above the minimum threshold of 60% rendering the study findings reliable.

Profile of respondents

Respondents in this study were senior managers in the sampled Bulawayo firms that are in the manufacturing sector. 21% of the respondents said that they had been senior managers for a period of five (5) or less years while 41% stated that they had been in senior management position for a period of between five (5) and 10 years. However 38% of the respondents stated that they had been senior managers for a period of more than 10 years. This means that the majority of respondents are highly experienced senior managers with more than five (5) years' experience in their positions, thus their responses are deemed reliable.

This section sought to establish the strategic management practices in the sampled manufacturing firms drawn from Bulawayo.

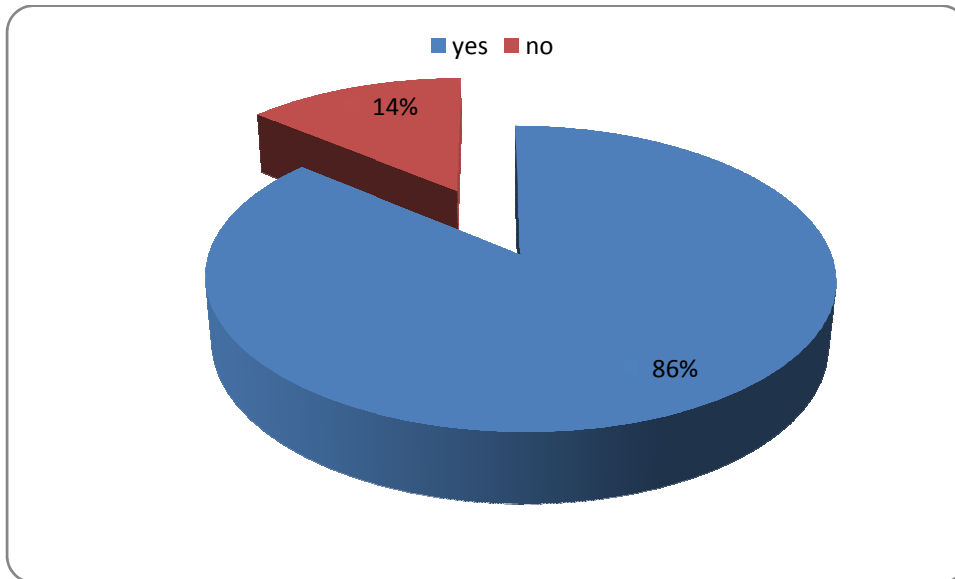


Figure 1.1: Existence of a strategic plan

Respondents were asked if their organisations had strategic plan documents. Figure 1.1 above shows that 86% of respondents said that they had strategic plan documents while 14% said that they did not have any.

Strategic plan documents are an important indicator of whether organisations are proactively engaging in scanning the environment in which they are operating. Scanning the environment is important in that it enables organisations to identify opportunities that they can exploit for purposes of growing their businesses. Besides opportunities, the process also allows organisations to mitigate their threats for purposes of remaining competitive. The strategic plan document acts as a guide to organisations as it outlines what actions the organisation will take to reach their objectives. Thus organisations that operate without that document are like ships without compasses and are bound to crash, in the case of organisations they will find themselves out of business.

Respondents who said they had strategic plan documents were asked if their organisations held formal strategic planning sessions. All of the respondents recorded that they held formal strategic planning sessions.

Formal planning sessions are important in that they allow participants to be aware of the organisation's expectations and intentions, secure buy-in from participants hence their commitment and most importantly for the plan to be as objective as possible.

Carrying out the process informally results in organisations not taking the resultant document seriously and believing that it is a formality that it must be in place lest they are viewed as not progressive.

Therefore notwithstanding the seemingly small number of firms not engaging in formal strategic planning the consequences of not doing so cannot be brushed aside.

The researcher sought to establish if the the employees in organisations that had strategic plan documents were familiar with the contents of the documents. Figure 1.2 on the next page shows that 64% of respondents stated that employees were very familiar with the contents of the strategic plan documents while 32% of the respondents said that they were fairly familiar. However 4% of the respondents recorded that the were not familiar with the contents of the strategic plan documents.

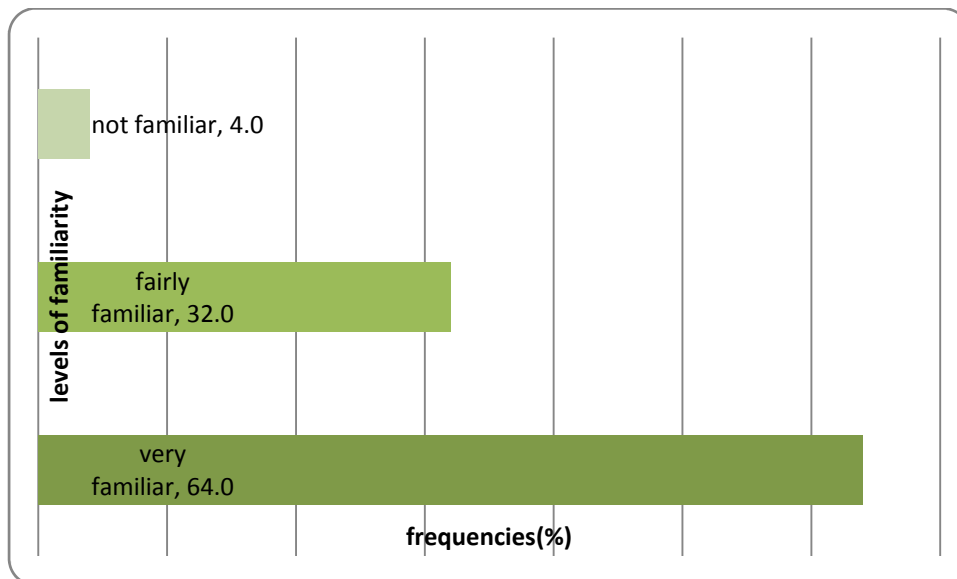


Figure 1.2: Employee familiarity with strategic plan

Employees who are familiar with the contents of their firms' strategic plan are an asset to their organisations as they will be able to make decisions that keep the organisation

focused on the set goals or identified opportunities. In this case employees are most likely going to keep the organisation on the chosen course.

The researcher sought to establish the participants in the formal strategic planning sessions in the respondent organisations. Figure 1.3 on the next page shows that 68% of the respondents said that in their organisations, both management and employees participated in the strategic planning process while 24% of the respondents said that only the senior executives and middle managers were the participants. However 8% of the respondents stated that it was only senior executives who participated in the process.

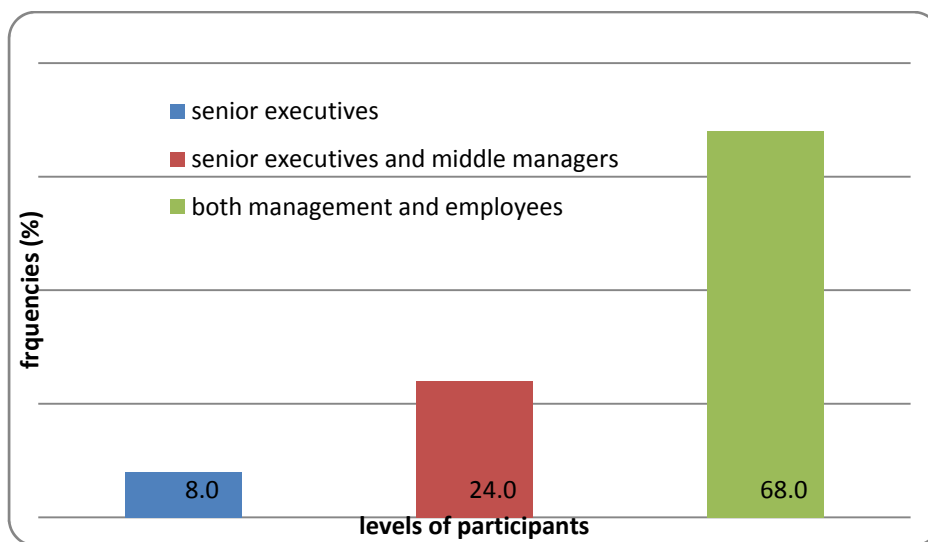


Figure 1.3: Participating levels

The quality of a strategic plan document is a function of who contributed to its birth as advocated by Barringer and Bluedorn (1999) in their locus of planning theory. The authors argue that organisations who practice deep locus of planning- involve management and employees- are bound to come up with more relevant and useful strategic plan documents than those who leave the task solely to management. The researcher agrees with this argument as managers are constantly sharing information among themselves to the extent that they have almost similar views on challenges facing organisations and the resultant solutions. This is commonly referred to as “group think”. To counter the negative effects of “group think” requires bringing in other views from employees who are on the ground and have firsthand experience with the challenges

facing the organisation. The result of having these two groups who have asymmetrical information is a thorough and objective analysis of issues leading to a rich strategic plan document.

On being asked where the respondents' organisations sourced information for use in the strategic planning, figure 1.4 below shows that 24% of the respondents said that they used only internal sources; 48% stated that they used external sources only while 28% said that they used both internal and external sources of information for inputting into their organisations' strategic plans.

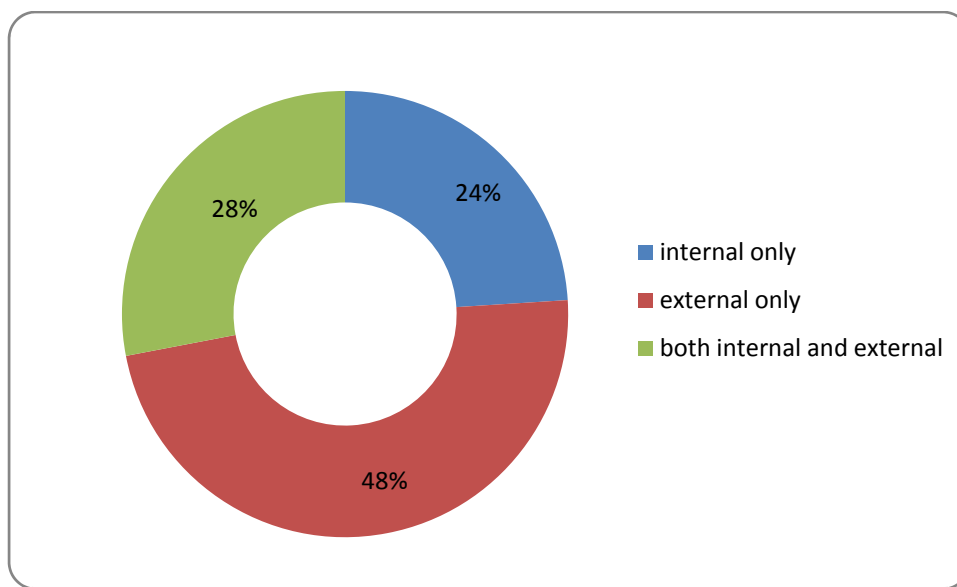


Figure 1.4: Sources of market information

Respondents were asked if their organisations reviewed their strategic plans. All respondents stated that they did review their strategic plans. The researcher sought to establish how often the respondents' organisations reviewed the strategic plans. Figure 1.5 on the next page reflects that 44% of the respondents reviewed their plans on a quarterly basis, 24% did so on a bi-annual basis while 32% said that they reviewed the strategic plan on an annual basis.

Planning horizon

Respondents were further asked on how long their strategic planning period was? 76% of the respondents stated that their strategic planning period was between 0-3 years; while

24% of the respondents said that they had a strategic planning period was over 10 years. However, there were no respondents whose strategic planning period was between 4-6 years and 7-10 years.

Planning horizons are critical in determining the environmental factors that planners will focus on as they develop their plans. Thompson, Strickland and Gamble (2010) argue that organisations that have short planning horizon tend to focus on environmental factors that will affect them in the short term ignoring those factors that are on the horizon (emerging) but will affect the organisation in the long term. However a too long planning horizon has the effect of rendering the plan ineffective and unrealistic as they become too futuristic. Thus short planning horizons leave out long term opportunities and threats, while relatively long planning horizons allow for accommodating both short and long term opportunities and threats.

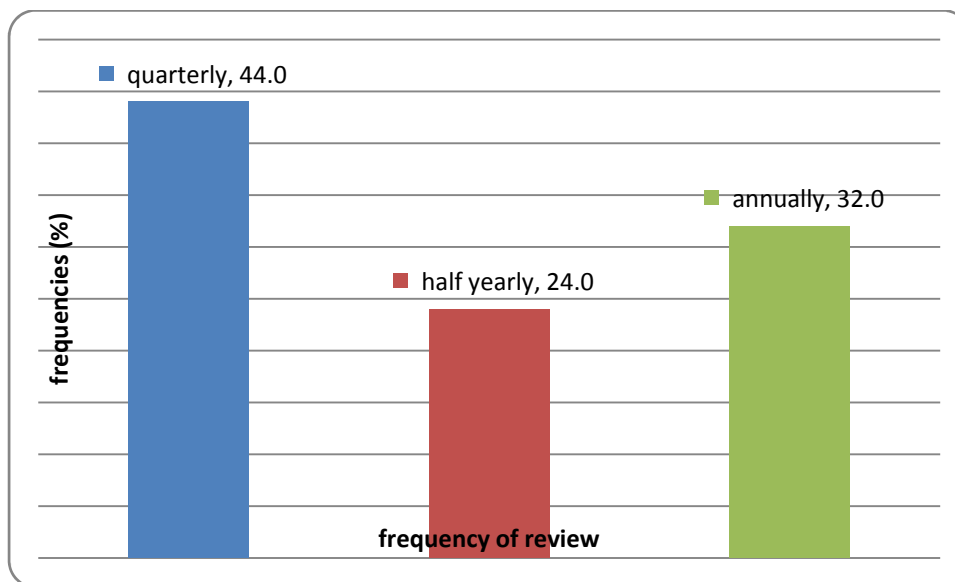


Figure 1.5: Frequency of review

Strategic plans are drawn based on developments in the business environment. However these developments are not constant therefore, the need to constantly check if the organisation's strategic plan is still in tandem with environmental developments. Where they are not, organisations should make necessary adjustments to remain relevant in the

environment. Strategic plans are guides to an organisation's operations in the dynamic environment, hence the need to reflect on the progress in strategic plan implementation. There also exists the need to assess whether the organisation is making progress towards its set objectives.

These benefits can only be achieved if organisations engage in strategic plan reviews. However the timing of the review is of great essence. Where reviews are delayed or not done at all, the consequences are that the strategic plan is overtaken by events rendering it irrelevant. Over and above that, organisations may have gone off course resulting in delayed remedial action and in some instances a great deal of irreparable damage (eg. in the form of losses or lost market share) would have been inflicted on the organisation. Therefore review of strategic plans on a regular basis cannot be overemphasized. Thompson Strickland and Gamble (2010) concur with this assertion recommending that it should be done on a quarterly basis.

Conclusions

Data analysis done in the previous section reveals the overall opportunity identification processes used by the sampled Bulawayo manufacturers has some few flaws. These few flaws though put the firms at risk of overlooking or missing opportunities that could make their businesses even more competitive. The correlation of this conclusion is that flawed environmental scanning processes can also hamper firms from identifying or anticipate threats that may render them uncompetitive.

To their credit though, the majority of sampled manufacturers though show that they are involving all employee levels in scanning the environment and this has the positive effect on the level of awareness of the contents of the strategic plan by all employees.

Recommendations

- that they raise their planning horizon to at least five (5) years and not more than seven years from the current three (3) years. This will allow them to incorporate long term environmental factors with a potential to impact on their operations. However for the few firms whose planning horizon is beyond 10 years they should shorten the planning horizon to the above mentioned time frames;

- that they review their strategic plans at least on a quarterly basis so as keep abreast with the environmental changes that may take place; and
- that they make use of both the internal and external sources of market information to be able to carry out effective and relevant SWOT analysis.

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