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Vision Setting among Zimbabwean SMEs And Its Impact on SMEs' Survival and Growth

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Abstract:

Management literature has always argued on the importance of vision formulation for success in business undertaking. Vision formulation is equally important to SMEs development especially in development in the economic activities in Zimbabwe. It is acknowledged that vision formulation is key to the performance of SMEs. This study seeks to establish how vision influences the implementation of strategy which is important to both the survival and growth of SMEs, and their continued contribution to economic growth. There is evidence that SMEs owners have developed visions for starting and growing their businesses. The findings of this study indicate that vision formulation is anchored in either the social security of the owners or are competitive business driven. The social security businesses pursue strategies different from those that is essentially business focused with the later realising greater success than the former.

Key words vision, SMEs, strategy implementation, survival, growth

1. Introduction

Most countries realise the important role played by Small to Medium-sized Enterprises (SMEs) in driving economic development. In Zimbabwe, the sector employs more than 60% of the country's workforce and contributes about 50% of the country's domestic product. SMEs also help broaden the tax base and are also a major driver of rural development, (Biti, 2013) Economic development is a national vision aimed at addressing society's problems such as poverty, unemployment and lack of economic development among others. Temtime and Pansiri (2006), reported that Botswana still faced the problem of economic diversification, employment creation, income distribution and poverty alleviation. Zimstats (2012) established that the currently employed population aged 15 years and above, was estimated to be 5.4 million and of these, 84% were considered to be in informal employment, 11% were in formal employment and 5% were in employment not classifiable, emphasizing the role of SMEs.

However it needs to be accepted that individuals have their own visions when they start and run businesses and these have little to do with national goals. For example, at the national level the starting of businesses was to address the unemployment problem but at the individual level it might have been a matter of finding a job substitute and eking out survival at the household level. The quality of businesses referred to in the Zimstats (2012) survey report are not the ones that will drive national economic development as only 28 per cent of the 2 million SMEs had employees other than the owner. The majority of the informal businesses only had the owner as an employee.

The economic challenges are forcing people to start businesses both formal and informal. There is pressure to react (Mboko & Smith-Hunter, 2009) and this might generally affect how SMEs in Zimbabwe implement strategies in the long term given the short term orientation of some businesses. Such businesses are driven by the will to survive rather than any other long term goals.

According to the survey by McPherson (1991) most businesses were very small and only a very small percentage had grown in terms of employment and turnover in the last ten years, (Mboko & Smith-Hunter, 2009). Having a vision is pivotal in determining the amount of effort an individual will apply in moving an organisation in a given direction. SMEs is said to have formal or informal visions and missions (Mboko & Hunter-Smith, 2009; and Naicker & Saungweme, 2006), but there is very little literature on how such visions influence strategy implementation in the Zimbabwean context. The objectives of this study are:

- To establish how SMEs in Zimbabwe develop their visions and mission statements.
- To examine how vision orientation influences strategy implementation approaches in SMEs
- To determine the results of vision orientation on SMEs performance

2. Literature Review

Mboko and Smith-Hunter (2009) are of the view that Zimbabwean SMEs are focused on the short term and that they are still in the early stages of strategy formulation. Effective strategy formulation requires the effective setting of objectives, the