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# Critical Factors for the Successful Implementation of a Strategic Business Plan among Small and Medium Size Enterprises

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**ABSTRACT**

In today's dynamic and competitive business world, small and medium-sized enterprises require strategic planning as a business tool. The purpose of this study was to determine requirements that a small business must meet to successfully implement a strategic business plan. The study employs a qualitative research approach for collecting and analysing data. A non-probability sampling method was used to select the 20 small business owners and managers who participated in the study. The data collection was done through the conduction of interviews and thematic analysis was carry out to analyse the data. The findings demonstrate that strategic business planning helps small businesses in analysing their existing contexts, examining how current trends could affect them, and determining best practices to overcome potential barriers to success. The study equally portrays those small businesses that implement strategic business planning into their operations have a higher chance of success than those that do not.

**Keywords:** Critical Factors, Strategic Business Plan, SMEs, Implementation, Success
**JEL Classifications:** M130, M13, M21

## 1. INTRODUCTION

As competition intensifies, small and medium-sized enterprises (SMEs) in many nations are stepping up their efforts to learn how to improve their performance. However, opinions on the impact of strategic planning on business performance are divided. Highly competitive and volatile market conditions pose a threat to the survival of SMEs. These operations must undertake strategic planning to survive and compete in a tough business environment. Unstable corporate dynamics necessitate more extensive yet adaptable strategic planning techniques to ensure survival and growth (Tinashe, 2018). SMEs must engage in strategic planning as business environments become more sophisticated and uncertain. This demonstrates how strategic planning processes could assist SME owners and managers in determining where they are now, where they are going, and how to deal with business uncertainty in the future. Strategic business planning is a feasible alternative because it connects an organization's mission, vision, goals, objectives, strategic decisions and resources.

Strategic business planning is a management tool that protects companies from highly competitive and volatile markets by offering an operational framework that helps them to achieve a competitive advantage and improve performance. The primary components of strategic business planning methodologies include mapping where an organization wants to go, where it is now, how it plans to get there, and what changes could occur in the business environment. This strategic planning includes the creation of an organisation's purpose statement, the establishment of goals, the formulation and execution of strategies, as well as the monitoring and control of strategy implementation progress (Sandada et al., 2014). Academics, professionals, and policymakers are increasingly interested in the elements that determine the success of SMEs. A substantial amount of literature shows that critical success factors (CSF) have been and continue to be the focus of

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research in a variety of disciplines, including CSF for business development in many countries throughout the world (Al-Tit et al., 2019).

In order to successfully implement a strategic business plan in SMEs, a more methodical and intentional assessment of the essential aspects is required. This is because small businesses need to be aware of the factors that enable their organisations to successfully implement the strategic business plan., The strategic business plan is extremely important in SMEs due to the role these enterprises play in the growth of an economy (Olszak and Ziemba, 2012). Small businesses can use strategic business planning to figure out what causes problems and how to solve them, as well as to comprehend the operating environment, define the organisation's purpose, and explain the company's goals, values, and account for the resources. The more a small business practises strategic planning in a dynamic market, the more stability it may accomplish its objectives. In this way, strategic business planning assists to clarify business objectives, collect data in a methodical way, prioritise initiatives, foster teamwork, raise environmental awareness, communicate strategic intentions to all stakeholders, and improve performance (Sandada et al., 2014).

Scholars have put forth numerous theories to explain SME performance, however the theory of mergers and acquisitions has never been projected as the underlying foundations for success of small firms. This is due to the fact that mergers and acquisitions are one of the most effective strategies for small firms to develop and become more successful. A merger or acquisition in business is defined by Arvanitis and Stucki (2015) as the combination of two or more enterprises into one new entity. He goes on to say that in the twenty-first century, mergers and acquisitions have become a critical strategic tool for achieving certain company goals and objectives. This means that a merger and acquisition occurs when two legal entities' assets and liabilities are integrated to form a single legal entity. According to Roberts et al. (2010), SMEs merge to create synergies or collaboration between the acquirer and the target, increasing the value of the company unit. Synergies between businesses give major benefits since businesses with stronger market strength charge higher prices for their products and, as a result, make more money from consumer surplus. This indicates that mergers benefit both parties since they boost profitability because they provide the new business entity significant market strength, allowing it to dominate smaller businesses, charge higher prices, and earn more.

The purpose of this study is to develop a conceptual framework for SMEs success determinants that could assist investors, entrepreneurs, small business finance organisations, and government agencies in devising a strategy to help small enterprises flourish while avoiding managerial and financial failures. The study is important since it shows the impact of CSF for SMEs, which may be used as a starting point for future research. By evaluating essential small company success characteristics, the study's major goal is to identify SME success elements that contribute to long-term development. Based on this context, the study seeks to answer the following question: What are the most significant factors for a small enterprise's strategic business plan to be implemented successfully? As a result, the findings of this study benefit SME owners and managers in understanding those aspects they should consider in their strategic business planning and how important they are to their companies' success and growth.

## 2. LITERATURE REVIEW

Small and Medium Size Enterprises are by no means easy to establish and grow into successful entities. The purpose of this section is to examines the theoretical perspectives that analyses the philosophy and ideas that underpin the success of SMEs and also review literature of the principal elements of strategic business planning.

### 2.1. Theoretical Perspective of SMEs Success

Scholars have put forth several theories to explain SME success and sustainability. The major theories underpinning SME sustainability are the financial gap theory, the resource dependence theory, the theory of mergers and acquisitions, investment theory and trickle-down theory. These theories form the underlying foundations for SMEs survival and sustainability.

#### *2.2.1. Financial gap theory*

Asplund and Henriksson (2012) note that the financial gap theory states that there is a gap between investors and/or financiers and small business owners, with the underlying reasons typically being insufficient cash from the financiers, inadequacies from the business owners, or both. According to these experts, the financial gap arises from a "knowledge gap" between SMEs and financiers, in which the financiers do not understand the situations of the entrepreneurs and the entrepreneurs do not satisfy the investors' or financiers' demand for information and have insufficient knowledge of various capital-raising prospects. The financial gap theory raises awareness of the need for SMEs to obtain financing from the government and other sources such as commercial banks in order to grow and sustain their businesses.

#### *2.2.2. Resource dependency theory*

Resource dependency theory calls for the use of adaptive techniques to reduce reliance on other interested parties and to seek out new coalition-building strategies, such as mergers, to help businesses develop. The main ideas of resource dependency theory are that organizations have methods to increase their autonomy and pursue their interests, that social environment is crucial, and that understanding internal and external activities of organizations is critical (Davis and Cobb, 2010). The resource dependency theory is relevant for small businesses because it advocates for alliances to be formed during periods of low environmental munificence, when stock market reactions are more favourable, demonstrating the magnitude of dependency that successfully predicts these types of alliances.

#### *2.2.3. The theory of mergers and acquisition*

Roberts, Wallace and Moles (2010) describe a merger and acquisition as the combination of two or more enterprises into one new corporation. He goes on to say that in the twenty-first century, mergers and acquisitions have become a critical strategic tool for achieving certain company goals and objectives. According to Mboroto (2012), mergers and acquisitions take place when the

assets and liabilities of two legal entities are integrated to establish a single legal entity. As a result, mergers and acquisitions theory is one of the reasons why businesses have been able to become more commercialized and successful in recent years.

#### *2.2.4. Investment theory*

Investment theory gives the foundations of making investment decisions, starting with portfolio theory and the trade-off between risk and return. Investment theory portrays how the definition of entrepreneurs or an investor risk depends critically on diversification. Investment theory mainly portrays the risk and returns expected by entrepreneurs and investors when they invest in a business such as an SME. The classic problem of financing investment is whereby an entrepreneur or an investor identifies a great investment opportunity but lacks the cash to take advantage of it. Hence, in such a situation, the only option for the investor is to borrow money either privately from a bank, or from the public by issuing securities with promises of future payment (Goetzmann, 2017). Investment theory is important to SMEs because it provides investment options or strategies by entrepreneurs or investors which in this case, is equity and debt investments. Hence, it is imperative for SMEs to implement the tenets of investment theory if they desire to succeed.

#### *2.2.5. Trickle-down theory*

Trickle-down economics theory advocates that the benefits of wealthy individuals should trickle down to everyone else in the society, especially the poor population. According to Bhalotia and Tech (2017), the benefits of big companies and wealthy individuals are usually tax cuts or reduction on big businesses, on high-income earners, on capital gains, and on dividends because investors, business owners and savers are the real drivers of economic growth in every nation. Sowell (2013) further adds that though it is assumed that the jobs would increase the opportunities for the local people, there would also be trickle down effects because the new rise in incomes of the workforce would boost their purchasing power. Consequently, boosting the purchasing power of the local people enables them to buy more goods and services especially from SMEs, which in turn would boost the SME sector and lead to the growth and sustainability of small businesses.

Out of the five theories that form the underlying foundation for SMEs survival, the theory of merger and acquisition portrays one of the best strategy of small business success. The theory of mergers and acquisitions has been developed almost exclusively from the study of large deals by large firms. Entrepreneurs and managers of SMEs are fully aware of the importance of growth strategy by merger/acquisition and that is why these small business entities make up a greater proportion of the yearly mergers and acquisitions population as a strategy for their survival and sustainability (Weitzel and McCarthy, 2011). The theory of mergers and acquisitions is important to SMEs because the theory generally advocates for merger or acquisition, which can enable small businesses to form a larger business entity that can survive the commercial hurdle associated with small enterprises. The theory of mergers and acquisitions is also important to the success of SMEs because it portrays the benefits of amalgamation or integration of small business entities to become one larger business entity.

### 2.3. Principal Elements of Strategic Business Plan

In a well-planned and managed organisation, controls are put in place to identify plans that oblige management to regularly monitor progress toward the attainment of its goals. Kalane (2015) states that a strategic business plan is an important step for a small firm in order to build a long-term vision of where it wants to go and what techniques it should employ to get to this destination. Strategic business planning helps small businesses make future decisions now; it allows them to make better decisions, determine future orientations, create priorities, allocate resources, improve operations, and track outcomes. An organisation's ability to plan and act strategically enables it to creatively adapt to changing circumstances. With this in mind, it is imperative to review literature on the organizational vision, mission, core values, critical success factors, strategies, goals, objectives, and action plans, which are the five main components of a strategic business plan.

### 2.4. Organisational Vision

The strategic management process includes shaping a SME's vision, which portrays the company's future image. Papulova (2014) asserts that an organisation's vision is a result of creative imagination, which is the act of imagining the future. A vision of the future based on concepts that go beyond the present and motivate generations of small business owners and managers is called an organisational vision. Darbi (2012) considers that for all types of companies, especially small and medium-sized companies, the organisational vision is recognised as an essential part of the strategic management process. As a result, vision statements influence business strategy and most aspects of overall performance. If a small business owner does not have a vision, they would not know where they are going, how to create a strategy to get there, or how to know when they have arrived (Grusenmeyer, 2017).

To get from where they are now to where they aspire to be in the future, SMEs can utilise an organisational vision to structure operations, assign priorities, and allocate resources. The vision of a company describes what it wants to be or how it wants to be. As a result, for SMEs, having a vision is the quintessential dream. Darbi (2012) claims that by giving strategic direction, organisational vision functions as a catalyst for SMEs' purpose and other important goals. This is because a business entity's vision serves as a guide, motivator, and source of purpose and direction for its employees, managers, and stakeholders. A vision is obviously a significant aspect for the success of SMEs because it affects an enterprise's future. A business's ability to overcome the inevitable obstacles in its growth is driven by its vision. It also expresses hope and optimism about future prospects (Papulova, 2014). This means that SMEs must pursue their goal on a daily basis in order for their company vision to become a reality one day. This implies that a vision is essentially what SMEs should strive to actualise, and it should always serve as the road map that stimulates, inspires, and drives management and other stakeholders.

### 2.5. Mission Statement

An organisation's mission is a statement of why it exists, the broad purpose it serves in society, the boundaries it operates within, and how it guides everyday operations and decisions.

It also serves as a yardstick by which the company's activities and plans should be measured (Braun et al., 2012). Along with strategy, vision, and goals, a mission statement is one of the four essential elements of a business plan. A mission offers an organisation a sense of purpose and establishes boundaries, which are both vital for the organisation's effectiveness, success, and long-term survival. A mission statement, like a vision statement, is an important aspect of strategic business planning and management for all kinds of enterprises (Darbi, 2012). Mission statements affect strategy and practically every aspect of an organisation's performance, which is why they are so important for SMEs to flourish. As a result, stakeholders in SMEs must create a written mission statement that articulates the company's objectives and determines priorities among competing demands for limited resources.

Darbi (2012) notes that a mission statement is an important part of corporate integration because it aligns everyone with the same goals and encourages them to work together to achieve corporate success. A mission statement should reflect the owners' beliefs and guiding principles. Varcoe (2016) asserts that the most effective job performance strategy when a member is an employee, consultant, or owner is to ensure that individual values and missions are consistent with those of the organisation. Entrepreneurs, managers, executives, and small business owners need to have a vision for the future before writing a mission statement. SMEs prefer mission statements because focusing on customer values which helps to develop a customer service culture. The development of a customer service culture can improve consumer satisfaction and increase employee behaviour that has a direct impact on financial performance. Therefore, the mission statement needs to be tied to personal and business value, as well as aspects that set the SME apart from other companies.

## 2.6. Core Values

The beliefs and ethics that bind an organisation's employees, stakeholders, and customers together are known as values. Values are frequently defined in order to give an ethical context and standards for organisational decision-making (Kenny, 2014). People with similar value systems, or fundamental values, are more likely to succeed in the job. On the other hand, those who do not share the same set of values are more likely to fail. Darbi (2012) avers that an enterprise's essential values are long-term views held by the founders, referred to as corporate vision, and which distinguish one organisation from another. A values statement is required by SMEs to tell employees and customers about the enterprise's top priorities and basic convictions. Barrett (2010) says that SMEs' fundamental values are crucial since they affect the reputation of an organisation, stakeholder relationships, and everything that is done within the company to ensure success. When allocating a business's limited resources, fundamental values are especially important since they govern the development and implementation of programme services and activities. As a result, fundamental values in business organisations are significant because they are interwoven into the enterprise, dictating behavioural patterns, affecting how customers and suppliers are regarded, and impacting relationships inside the organisation, much like values in people's lives.

Berkhout and Rowlands (2007) argue that organisations that coordinate their selection process so that individual values fit with the basic principles of the business are far more successful in business because their employees are happier. Therefore, employees strive to achieve organisational goals to the best of their ability. Kaye and Jordan-Evans (2009) contend that certain individuals value a solid fit between personal values and company basic principles more than the amount of money they make. This demonstrates that people are beginning to value how they feel and how content they are at work over how much they are paid for the work they do. This means that fundamental values are vital in the strategic planning process of an enterprise. Hence, SMEs must set fundamental principles to guide the execution of programme services and activities in order to succeed in business, especially when resources are limited.

## 2.7. Critical Success Factors

In order to ensure corporate success, it is vital to apply creative ways and technologies to decrease waste and focus on value-added operations due to ongoing pressure and market competitiveness in the organisation (Alaskari et al., 2013). Critical Success Factors (CSF) are essential components for effective strategic planning and have the capacity to influence an organisation's overall performance. Raravi et al. (2013) argue that crucial success factors are the actions that must be taken in order for a company to succeed, as well as the features of a company that help it survive in a competitive market. This indicates that the CSF of all organisations in any market is likely to expand significantly to ensure sustainability. Alaskariet et al. (2013) consider that organisations that achieve higher results in the important success criteria outperform their market competitors because they have capabilities in specific areas of the industry. Therefore, when a company seeks to outperform its competitors in the same market, the management should focus on a small number of important success variables rather than a large number.

Soheili (2015) asserts that understanding the potential strategic effects of information systems necessitates effective planning. Therefore, the key policy in the design of information systems is that they must follow managerial tactics. Sanyang and Huang (2010) consider that many business experts are realising that information systems are key strategic management resources that may help SMEs establish a competitive advantage and boost productivity. This suggests that with better strategic information system planning, a business have fewer, if any, operational problems. Sanyang and Huang (2010) proceed to argue that any enterprise's ability to achieve short- and long-term business success depends on its complete acceptance of vital success elements. As a result, in order for SMEs to survive and thrive, they must implement a complete set of crucial success elements.

## 2.8. Strategies, Goals, Objectives and Action Plan

a) Strategies: The following activity system is a duplication of the business plan. Strategies are contingent action plans or binding decisions that are developed by management to achieve a specific objective (Casadesus et al., 2010). Networking, coalition building, education, community development, advocacy, and political or legislative reform are examples of strategy that businesses could

use to achieve their goals. Nagy and Fawcett (2009) mention that a good strategy development process enables a company to develop plans and tactics that generate strategic advantage in a highly competitive market. As a result, strategies assist SMEs in determining which business model to use in the event of a disaster.

(b) Goals: Goals are the desired future results that a person or an organisation conceives, plans and commits to achieve by setting deadlines within a specified period. Cothran and Wysocki (2012) assert that goals are statements about a future to which an organisation aspires. Goals are intended to symbolise what an organisation is trying to achieve and serve as an internal source of motivation and inspiration, as well as a roadmap for action and as a measure of success. This means that an organisational objective is important in determining whether or not a small business prospers. Cothran and Wysocki (2012) also confirm that goals provide motivation, direction, and purpose. This means that if SMEs want to achieve their goals, they must design them in such a way that they are achievable. This is because articulating organisational goals in terms of fostering positive outcomes and avoiding negative outcomes makes the goal more achievable.

(c) Objectives: Business objectives are the long-term intentions that an enterprise seeks to achieve, such as making a profit or providing high-quality goods or services to customers (Root, 2016). This suggests that a business has only one main goal: to maximize profits. Root (2016) asserts that business profitability requires ensuring that total revenues always exceed operating costs, calling for a greater focus on cost control in operations and manufacturing, while sustaining an income margin in the sold items. Sadiq et al. (2007) are convinced that productivity is not the main objective of a company because, although entrepreneurs focus on profits, they must also consider the interests of their customers, employees and the community. As a result, in order for SMEs to exist, they must have goals, particularly economic goals, that are aligned with their business aims and mission.

(d) Action plan: This is a set of instructions for achieving a certain goal. A corporate action plan's purpose is to describe the types of resources needed to achieve the goals, provide a timeline that illustrates when each task must be completed, and determine the resources needed to achieve the goals (Rouse, 2013). As a result, an action plan outlines in detail who is responsible for what, when, and how to effect changes in the organisation. A list of potential obstacles or resistance, necessary resources, and open partners or communication channels can also be included in an action plan. Scheid (2013) states that an action plan leads an organisation to its objectives by outlining the steps that must be taken and the day-to-day activities undertaken to accomplish its objectives. This means that any action plan must start with a precise description of objectives, then break down large objectives into smaller ones within a given time limit, and finally overcome setbacks and hurdles that may hinder an organisation from achieving its objectives.

## 3. METHODOLOGY

This study uses a qualitative data collection and analysis approach. Quantitative studies generally involve the systematic collection of data about a phenomenon, using standardized measures and statistical analysis. Qualitative research is a form of social action that stresses on the way of people interpret, and make sense of their experiences to understand the social reality of individuals. It makes the use of interviews, diaries, journals, classroom observations and immersions; and open-ended questionnaires to obtain, analyse, and interpret the data content analysis of visual and textual materials, and oral history (Mohajan, 2018). Qualitative data therefore consists of open-ended questions that the researcher ask to get information by interviewing participants. Open-ended questions shape the interview process, allowing the participants to respond in their own words for the researcher to better understand a complex situation.

The interview was used in this study to get confirmatory information provided by small business owners and managers about their perceptions or opinions concerning the critical factors for the successful implementation of strategies for the survival of SMEs which is the subject matter of the study. In this regard, the interview questions for this study were formulated to address the strategies implore by small business owners and managers to ensure the success of their SMEs. Twenty small business owners and managers were chosen from among the small businesses around South Africa. This is because saturation was reached after this number of participants had been questioned, as the majority of their responses to the interview questions were the same at this point.

Sampling techniques were implored to determine the sample size of the study. Gray (2014) asserts that a sample is the entire selected set of items or objects of which hypotheses are tested or of which research questions are asked, taken from the total available population. Hence, sampling is used to determine the sample size which is the representation of the entire research population. This also implies that sampling studies the features of the bigger group in order to save time, minimize cost and to avoid inconveniences associated with arranging appointments with the entire population. As such, sampling is the selection of a unit of individuals to measure from a bigger population. A simple random selection procedure was utilised to choose the 20 interviewees. Participants were given the opportunity to share their ideas on important aspects for the effective implementation of a strategic business plan among SMEs using open-ended interview questions.

The nonverbal communication process was used to categorize the main themes in the analysis process while the audio-recorded interview complements the transcription of the data. The analyses in this study required comprehensive consideration to the recording and data coding in the content analysis. Therefore, the analysis that was performed on the data for this study is thematic analysis. Thematic analysis is a method of analysis in qualitative study that put emphasis on pinpointing, examining, and recording patterns, otherwise known as themes within a data set. Thematic analysis is carry out in qualitative research study so as to be able to identify, analyse, organize, describe, and report themes that are within a data set in order to produce trustworthy and insightful findings (Nowell et al., 2017). Therefore, thematic analysis can be said to be a technique which works to reflect both the reality, and to unravel or disentangle the surface of reality.

## 4. FINDINGS

This study used a qualitative data collection and analysis approach to aid in the goal of identifying important criteria for the successful implementation of strategic business plans among SMEs. This research design emphasises the use of analytic methodologies for interviews, a thematic approach of coding, and conclusions based on each of the interview questions. The results of qualitative data analysis utilising the ATLAS.ti application software are presented in this section. By assessing participants' perceptions, understandings, and knowledge, this study used ATLAS.ti and qualitative thematic data analysis to establish how they attribute meaning to a certain phenomenon. Making meaning of the interview schedules was the first step in the data analysis, which began with identifying themes. The data analysis began with compiling all 20 participant responses into a single transcript. The qualitative study's interview questions were carefully crafted to elicit the perspectives of small business owners and managers in South Africa's North West Province on what they require to grow their businesses. The questions were open-ended, giving participants as much latitude as possible to respond and provide as much information as possible.

ATLAS.ti used automatic coding in the transcript to visualize participants' understanding and ideas about the key factors that describe the successful implementation of strategic business plans among SMEs. ATLAS.ti created codes that describe how people think about a topic when they talk about it. Figure 1 depicts the results of the thematic analysis, which established two significant themes: strategies utilised to ensure the success of SMEs and how successful the strategy is ensuring SMEs' success.

In relation to the theme: *strategies utilized to ensure the success of SMEs*, apart from two participants, all participants submitted that they used one or more strategies to ensure the success of their businesses. Four business owners stated that they had re-invested all of their profits. These participants were convinced that the tactics they use could help them expand their businesses. Similarly, four other participants indicated that advertising is the most effective approach for ensuring business growth. They highlighted door-to-door marketing, word-of-mouth marketing, flyer marketing, target marketing, and social media marketing as examples of different types of advertising. The survey also shows that setting annual goals and ensuring that they are met are crucial factors for SMEs' growth and success. The SME owners and managers interviewed noted that working longer hours, bulk purchases, management, quality control, and stocking high-quality goods and products are all ways that SMEs could use to grow. The following are some of their verbatim responses.

> *...I reinvest all profits into the company to ensure its growth and long-term viability.*
> *...In my fashion business, I use target marketing to target primarily the adolescents who are fashion obsessed.*
> *...I sell my stuff to potential clients by going door to door.*
> *...I set annual goals and ensure that they are met.*
> *...I work long hours, including weekends and holidays*
> *...I buy in bulk from the manufacturer at a reduced price, allowing me to make a considerable profit.*
> *... I set aside enough time to oversee the personnel and run the company.*

Semi-structured questions were asked about the many business practices entrepreneurs or small business owners and managers utilise to make sure that their enterprises succeed. With most business owners trying to implement one or more strategies to ensure success, it is clear that strategic business planning is vital to the survival of an enterprise, as the above codes and the direct comments made by participants about their survival plans indicate. This could explain why some SMEs without strategic business plans have difficulties maintaining their solvency, some even fail. Lorette (2017) states that a strategic business plan is essential for the success of an enterprise since it gives small business proprietors a step-by-step path for achieving their company's goals and objectives in order to survive and expand.

In response to the question of how successful the strategy is for SMEs' success, the majority of those polled claimed their strategies had been successful thus far. Figure 2 shows their precise wording as generated by ATLAS.ti.

The following are some of the participants' verbatim submissions regarding SME survival strategies:

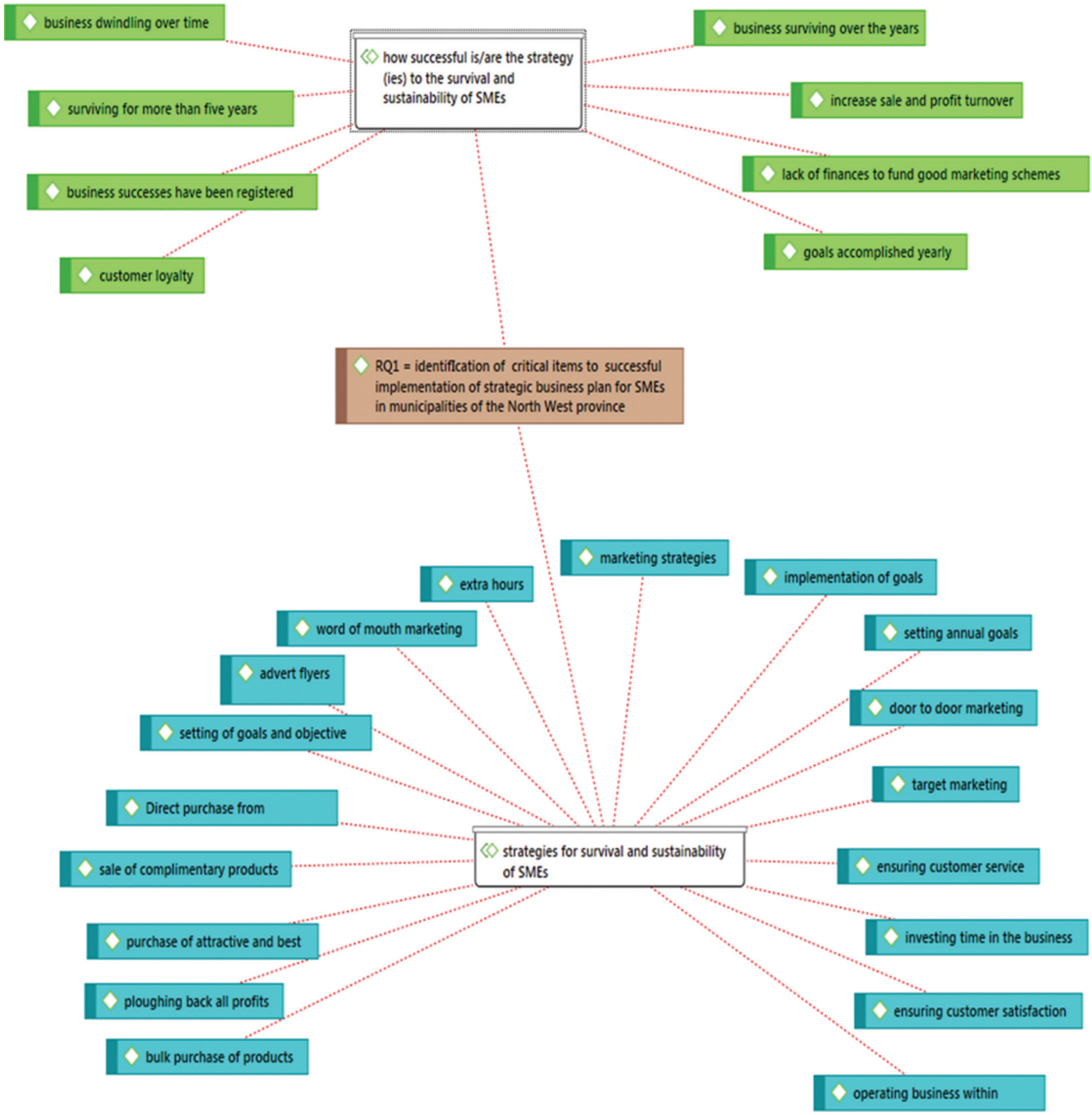
> *...The tactic has worked since my company has endured throughout the years*
> *...The strategy isn't working in my case since my enterprise is shrinking all the time*
> *...I don't have sufficient fund to invest in a decent advertising strategy to reach out to prospective clients, so the approach is not very effective.*
> *...The method worked since I was able to achieve a number of successes in my firm*
> *...The method is effective since it has increased client loyalty, which has resulted in increased product sales*
> *...The method is effective since it has increased client loyalty, which has resulted in increased product sales*

The business owners who were interviewed noted that strategies such as setting and fulfilling yearly goals have had a good impact, as seen by the fact that their enterprises have endured over time. Fifteen business owners said that marketing strategies and setting annual goals have helped them develop their businesses. These participants documented that their businesses have experienced consumer loyalty, as well as increased sales and earnings over time. Two business owners, on the other hand, noted that the plan had failed since their businesses had shrunk over time due to a lack of financial resources to meet the objectives they set for themselves. Only one stated that because of financial constraints for marketing objectives, the goal-setting technique was unsuccessful. Another business owner shared this viewpoint, claiming that despite using goal-setting as a strategy, his business continued to decline. Another business owner, on the other hand, disagreed, noting that the strategy had been extremely successful in his organisation.

## 5. DISCUSSION

The results of the study portray that the majority of small business owners and managers use strategic business planning in their

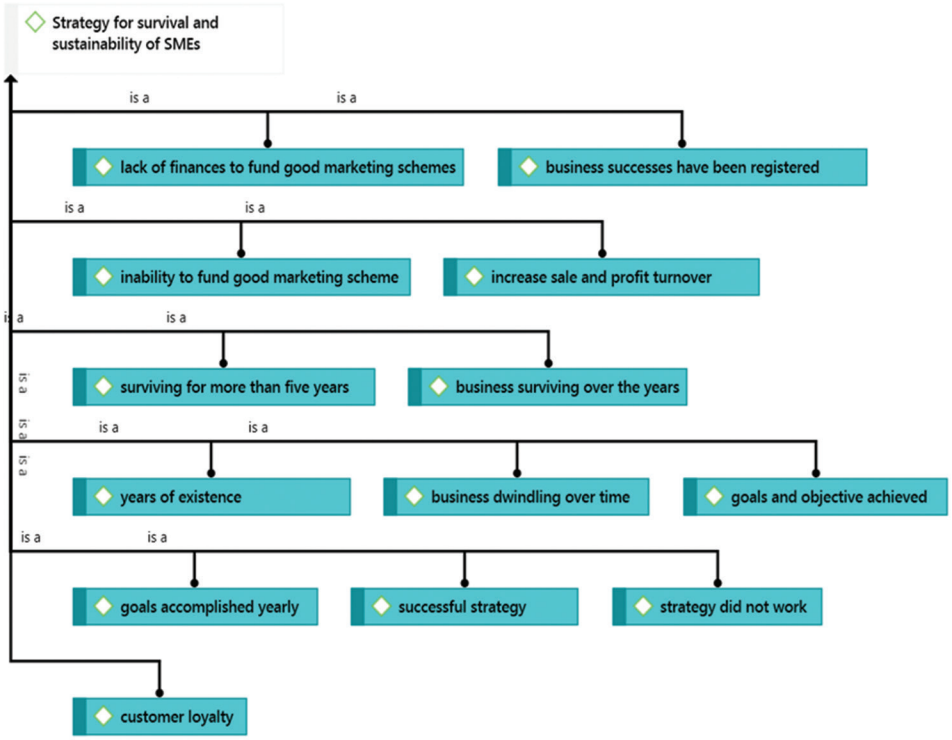
**Figure 1:** Items for successful implementation of a strategic business plan an SMEs




operations. From the literature, Wiese (2014) avers that many studies confirm a correlation between strategic planning and business success, meaning that formulating and implementing an effective strategic business plan boosts a company's chances of success. Due to a lack of well-developed management and resources, such as restricted access to money and human capital, most SMEs frequently fail to establish and implement efficient strategic business plans. For most of the SMEs in South Africa that are most likely to fail due to a lack of strategic business planning, the study is theoretically consistent with the proposition for mergers and acquisitions. The many small enterprises that are on the verge of bankruptcy because of lack of strategic business planning could buy and combine tactical business strategies with each other as a strategy to succeed.

Most of the strategies that entrepreneurs and managers employ to run their businesses are successful, according to the responses of the study participants. Indeed, most of them stated that the strategy they implemented to run their companies yielded positive results. According to the responses from the two themes that emerged from the important factors outlining the effective implementation of strategic business plans in SMEs, small business proprietors and managers must establish and implement a strategic business plan for their companies. Because most entrepreneurs seek to

**Figure 2:** Strategies for survival of SMEs




formulate strategic plans for their businesses and the majority of them succeed. Hence, the findings of this study demonstrate that strategic business planning is a significant aspect in assuring business success. This indicates that the mainstream of small enterprises with robust and more effective business tactics could face little or no challenges in running their businesses and achieving their goals and objectives.

Strategic business planning can give SMEs more market power, allowing them to block other potential firms from entering the market in the future, allowing their enterprises to command a higher quality and provide another long-term basis of proceeds. Most business people strive to develop strategies for running their companies because they have realised that it is akin to a road map to success. This remark backs up Berry (2017)'s assertion that a tactical business strategy defines where an organisation's energy and resources will be focused, as well as defining goals for stakeholders to reach in order for their enterprises to succeed. Mergers and acquisitions are one strategy that SMEs might employ in order to grow. This logically gels with the theory of mergers and acquisitions, which states that a merger or acquisition is the merger of two or more companies into a new organisation (Roberts, 2010). As a success strategy, large organisations with excellent business strategies can amalgamate or buy smaller companies that do not have a good business strategy and are on the margin of failure so that they can be revived.

SMEs merge to develop synergies that increase the enterprise's value (Salama, 2015). According to mergers and acquisitions theory, combining corporate synergies provides enormous benefits since companies with more market strength bargain higher prices for their goods and, therefore make more profits from customer surplus. A merger or purchase of a business is defined by Roberts et al. (2010) as the combination of two or more firms into a single new entity. He goes on to say that in the twenty-first century, mergers and acquisitions are a critical strategic instrument for achieving certain corporate goals and objectives. Hence, SMEs can employ merger and acquisition as a tactic to expand and succeed. Cefis et al. (2009) assert that SMEs that explore mergers and acquisitions are likely to produce value, which is a critical tactic for their success and growth. The idea of mergers and acquisitions, it is argued, explains why business organisations have become more commercialised and viable in recent years. As a result, strategic business planning is a method that SMEs may utilise to stay afloat and grow. This means that SME owners and managers require a solid business strategy to strengthen and secure the success of their businesses through strategic business planning.

## 6. CONCLUSION

From the findings of this study, a well-planned and well-managed business is well positioned to detect plans that compel management to keep track of progress toward its goals on a frequent basis. This is because strategic business planning assists an organisation in understanding its current situation, examining how present and imminent trends might influence it, and determining the greatest course of action to counter looming difficulties. Small businesses can benefit from strategic business planning in overcoming unpredictably tough business situations. Insights gained throughout each planning cycle may enable SMEs to respond effectively to rapid and complex change while actively focusing on reaching their desired destination. SME owners can benefit from strategic business planning in a variety of ways, particularly since it teaches staff how to think and act strategically.

An organisation's ability to think and act strategically allows it to adjust creatively to changing circumstances. Consequently, strategic business planning is a strategy that SME proprietors and managers may utilise to make better-informed decisions, determine future orientations, identify priorities, apportion scarce resources, increase their operations and track results.

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