

MACRO-ENVIRONMENTAL SCANNING PRACTICES OF SMALL AND MEDIUM MANUFACTURING ENTERPRISES: EVIDENCE FROM EMERGING MARKETS

Mugove Mashingaidze^{*}, Maxwell A. Phiri^{**}, More Chinakidzwa^{***}

^{*} Corresponding author, Faculty of Commerce, Great Zimbabwe University, Masvingo, Zimbabwe
Contact details: Faculty of Commerce, Great Zimbabwe University, Masvingo, Zimbabwe

^{**} School of Management, IT & Corporate Governance, University of KwaZulu-Natal, Durban, South Africa

^{***} School of Business and Management Sciences, Harare Institute of Technology, Harare, Zimbabwe



Abstract

How to cite this paper: Mashingaidze, M., Phiri, M. A., & Chinakidzwa, M. (2021). Macro-environmental scanning practices of small and medium manufacturing enterprises: Evidence from emerging markets [Special issue]. *Journal of Governance & Regulation*, 10(4), 282–292. <https://doi.org/10.22495/jgrv10i4siart8>

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ISSN Print: 2220-9352
ISSN Online: 2306-6784

Received: 26.05.2021
Accepted: 28.10.2021

JEL Classification: M19, C12, M10
DOI: 10.22495/jgrv10i4siart8

Most research on strategic management concentrates on strategy formulation and implementation. Little research considers environmental scanning (ES) and how small, and medium manufacturing enterprises (SMMEs) scan their environments in preparation for strategy formulation and implementation (Nandonde, 2019). This study investigates the environmental scanning behaviour of SMME owners/managers in a volatile environment, Zimbabwe in particular. The study employed a qualitative methodology to accomplish its objectives. The recorded in-depth interviews were transcribed and analysed using ATLAS.ti. The findings reveal that SMMEs in Zimbabwe emphasise scanning the political and economic environments as they are the most unstable. The results also illustrate that environmental scanning is a continuous, informal, and less structured activity, often using cheap, personal, and highly informal sources of information. Therefore, the paper concludes that contrary to the demands of strategic management literature, the informal and sequential environmental scanning behaviours of SMMEs support the growth and development of the sector. The study explored environmental scanning in a single country, Zimbabwe; therefore, generalisability is limited. The study results must be interpreted in light of this limitation.

Keywords: Environmental Scanning, Information Sources, Macro-Environment, Small and Medium Manufacturing Enterprises, Scanning Mode, Zimbabwe

Authors' individual contribution: Conceptualization — M.M.; Methodology — M.M.; Investigation — M.M.; Resources — M.A.P. and M.C.; Data Curation — M.A.P. and M.C.; Writing — Original Draft — M.M., M.A.P., and M.C.; Writing — Review & Editing — M.M., M.A.P., and M.C.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

Acknowledgements: We would like to thank all the manufacturing SMEs and the official from the Department of SMEs, business development section for participating in the survey. We also acknowledge the role of the Ministry of Women Affairs, Community, Small and Medium Enterprises, the Ministry of Industry, Commerce and Enterprise Development, and the University of KwaZulu-Natal, South Africa.

1. INTRODUCTION

Little research has been conducted on environmental scanning in Zimbabwean SMMEs. Although researchers underscore the need for environmental scanning (Aldehayyat, 2015; Wolugbom, Levi, & Onuoha, 2018), little has been done on how SMEs scan their macro environment (Elshamly, 2013). Environmental scanning is typically associated with large enterprises (du Toit, 2016; Wheelen & Hunger 2013). As a result, the literature on environmental scanning is rich but does not capture the intricacies of SMMEs, such as resource constraints, informal nature, short-sightedness, small size (Kraus, Reiche, & Reschke, 2007). Environmental scanning practices in SMEs may be different from that of larger enterprises (du Toit, 2016).

Although extensive academic research has explored the strategy formulation and implementation practices of SMEs (Nyamwanza, 2015; Monday, Akinola, Ologbenla, & Aladeraji, 2015; Ahmed & Mukhongo, 2017) less research has investigated solely environmental scanning as one of the critical facets of the SMME strategy process (Cancellier, Junior, & Rossetto, 2014; Aldehayyat, 2015). Zimbabwe's current turbulent, complex, and uncertain environment (Dlamini & Schutte, 2020) drives the need for this research beyond the extent of environmental scanning to the nature of environmental scanning amongst SMMEs. This need is illustrated in many ways. For example, most SMEs recognise the importance of formal and structured strategy planning for growth and survival (Sandada, 2015). Besides, environmental scanning is no longer a source of competitive advantage but a competitive necessity (du Toit, 2016).

Elsewhere, studies on environmental scanning produced varying results. For example, Elshamly (2013) conducted a study on developing a holistic strategy process for SMEs in the United Kingdom (UK) and observed that environmental scanning amongst SMEs is reactive. In another study, Cancellier et al. (2014) studied the environmental scanning practices of SMEs in Brazil and established that SME owners/managers had little understanding of proactive scanning. In the Middle East, Aldehayyat (2015) noted that environmental scanning is done at personal levels using more personal, informal external sources of information. Therefore, generalising results from one geographical area, such as the UK, to another research context, Zimbabwe, is misleading (Bomani & Derera, 2018; Mom, 2018). Instead, a phenomenon must be investigated in different research contexts (Martens, Lacerda, Belfort, & de Freitas, 2016). Therefore the current study considers the Zimbabwean context.

Zimbabwe is one of the emerging countries in South Africa (Dube & Zvitambo, 2019). Zimbabwe is widely known for its unique socio-economic and political context. Zimbabwe's operating environment, primarily political and economic, remains fragile (Dlamini & Schutte, 2020; Bomani & Derera, 2018). For instance, in the medium-term budget report, the Minister of Finance and Economic Development, Professor Mthuli noted that several shocks had confronted the Zimbabwean economy since the beginning of 2020. The shocks include the 2019-2020 drought, Cyclone Idai, currency

volatility, energy challenges, and the current devastating COVID-19 pandemic. Further, conflicting government policies have confused the business community and have stalled the economic recovery process (Dlamini & Schutte, 2020; Kuwaza, 2020). For example, the government suspended the multi-currency system in January 2019 and adopted the local real-time gross settlement (RTGS) dollars (African Development Bank Group, 2019). In March 2020, the government reintroduced the multi-currency system. Therefore, the Zimbabwean context is characterised by dynamism, unpredictability, policy inconsistency, and an unstable economic environment that led to the closure or downsizing of large manufacturing firms. Manufacturing SMEs are now the new economy, given that as of 2012, more than 60% of large enterprises collapsed (Mashingaidze, Phiri, & Bomani, 2021a).

The importance of investigating environmental scanning amongst SMMEs in the Zimbabwean context derives from the need to develop a robust SME sector in a society where foreign investors are shunning the country. A review of the literature indicates a dearth of studies on the environmental scanning practices of Zimbabwean SMEs. Therefore, it remains unknown how SMMEs scan their environment to learn and understand the Zimbabwean context. Even though Mashingaidze, Phiri, and Bomani (2021b) conducted a study on the strategy formulation practices of SMEs in Zimbabwe, the study is not specific to environmental scanning. Therefore, this paper aims to explore the environmental scanning practices of Zimbabwean SMMEs. Specifically, the study attempts to answer the questions:

RQ1: Which areas of the macro-environment are scanned frequently by SMMEs in Zimbabwe?

RQ2: What is the nature of environmental scanning among SMMEs in Zimbabwe?

RQ3: How frequently do SMMEs scan their external environment in Zimbabwe?

RQ4: What specific sources of information do SMME owners/managers use when scanning the external environment.

The interrogation of SMMEs environmental practices in Zimbabwe is important because it contributes to the literature in several ways. The study provides empirical evidence of environmental practices from a Zimbabwean perspective. This is necessary because business contexts are not the same. The study contributes to the discussion on drivers of environmental scanning in SMEs. The different contexts in which SMEs operate influence SMEs' environmental scanning practices differently. For example, the political environment may not be important in a politically stable market. The results of this study have important implications for the SMMEs owners/managers, as well as policymakers. For example, the results can influence SMMEs owners/managers' resource allocation.

The structure of this paper is as follows. Section 2 reviews the relevant literature. Section 3 analyses the methodology that has been used to conduct empirical research. Section 4 presents the results of the study, while Section 5 provides a discussion of the findings. The article ends with conclusions in Section 6.

2. LITERATURE REVIEW

Nyamwanza (2015) notes that the increasingly turbulent operating environment poses severe challenges to SMEs, especially in the emerging world. Abosede, Obasan, and Alese (2016) note that SMEs should predict changes in the external factors through environmental scanning to enhance their survival chances. Environmental changes outside the organisation's control influence business growth (Sahinidis, Xanthopoulou, Tsaknis, & Vassiliou, 2021; Kotler, Cao, Wang, & Qiao, 2020). Environmental scanning is a search endeavour of obtaining valuable and relevant information for making important business decisions (Aldehayyat, 2015). The very foundation of strategic management in organisations hinges on environmental scanning activities (Bhardwaj & Kumar, 2014). Environmental scanning is the first phase of the strategy development process (zu Knyphausen-Aufseß & Santarius, 2021; David, 2015). Information gathered in the environmental scanning stage is used to develop a thorough understanding of the opportunities and threats of the organisation (Cancellier et al., 2014). Enterprises that quickly recognise and adjust to changes in the environment ahead of their rivals enjoy a competitive advantage (Chinakidzwa & Phiri, 2020; Wheelen & Hunger, 2013). In their study, Chen and Liu (2012) concluded a positive relationship between the formality of environmental scanning and the SMEs' company size.

Although research on environmental scanning is not new, there are wide disparities in the results. Extant research shows that SMEs in different countries execute environmental scanning differently, for various reasons using diverse sources of information. Macro environmental scanning is limited, with most scanning activities limited to organisational capabilities (David, 2015; Maritz, Pretorius, & Plant, 2011). Chen and Liu (2012)'s study reported that SMEs frequently scan the impact of the economic and political environment on their strategy development. Cancellier et al. (2014) established that SMEs mostly scan the industry environment followed by the general economic conditions.

Similarly, Ngamkroekjoti, Speece, and Dimmitt (2005) note that the UK small and medium manufacturing firms collect information, particularly on customers and competitors, to align their strategy to the immediate external circumstances. In another study, Elshamly (2013) observed that UK SMEs paid close attention to the technological environment since they believe that the right technology is critical for their success. In India, Samnani (2014) observed that food entrepreneurs frequently scan the social environment that is the market's demography and culture.

There is no agreed style of scanning the environment amongst SMEs (Blomme, 2012; Cancellier et al., 2014). The literature review shows many scanning modes that SMME owners/managers can use to assess their environments. Aguilar (1967) (as cited in du Toit, 2016) proposed a typology consisting of four scanning modes, and the first one is an "undirected viewing", best described as the uncontrolled scanning without a particular purpose. In this case, management views the scanning of the environment as too complicated and challenging

to analyse the information gathered (Blomme, 2012). The second one is the "conditioned view". Cancellier et al. (2014) noted that with the conditioned viewing, the firm's manager looks for information of interest, and these could be recurring issues of interest (Hyde, 2000). The advantage of a conditioned view is that it provides processes that shape the firm's environmental scanning (Blomme, 2012). The third style is the "informal search", a somewhat unstructured effort to gather data for a particular purpose (du Toit, 2016). Blomme (2012) asserts that information is gathered for experimentation and testing the environment with this mode. In addition, du Toit (2016) notes that firms engage in an active search for information to identify key issues and assess their impact but in a limited and unstructured manner. Lastly, the "formal search" is a planned search to gather specific information for a specific purpose (Lo, 2014; du Toit, 2016). With this mode, firms are ready for the unexpected and enter the external environment to gather appropriate information (Lo, 2014).

In a study of manufacturing firms in South Africa, du Toit (2016) concluded that enterprises should combine all four modes for effective environmental scanning. In Brazil, Cancellier et al. (2014) noted that environmental scanning occurs in an often reactive way in SMEs. This is because SME owners/managers have little understanding of proactive scanning, and they also have little influence over the external environmental forces. Pimentel, Spinola, and Moraes (2015) discovered that SMEs scan their environments in an informal and unstructured way. In Nigeria, Wolugbom et al. (2018) observed that not many manufacturing SMEs owners/managers in Port-Harcourt engage in environmental scanning. Where environmental scanning was conducted, it was less sophisticated.

Notwithstanding the diversity of the scanning modes, the frequency of environmental scanning is equally essential (zu Knyphausen-Aufseß & Santarius, 2021). The scanning modes and the frequency of environmental scanning shape the enterprise's scanning behaviour (Tarpeh, 2017). A study by Babatunde and Adebisi (2012) claim that the high levels of strategic uncertainty often leads to an increase in scanning frequency. According to Babatunde and Adebisi (2012), environmental scanning frequency can be categorised into three forms that are irregular, periodic, and continuous. Smeltzer, Fann, and Nikolaisen (1988) (as cited in Jorosi, 2008) view these frequency categories as scanning modes. Lo (2014) equated irregular scanning to responding to a general crisis. It is an inconsistent way of gathering data; in reality, data is gathered by chance (Babatunde & Adebisi, 2012). However, Choo (2001) notes that firms are likely to be caught by surprises. Hence, firms adopting this form of frequency are likely to fail to detect radical solutions to problems in the long run though they can minimise uncertainty in the short run (Lo, 2014). Babatunde and Adebisi (2012) note that periodic scanning is more complicated than irregular scanning forms. Periodic scanning occurs at specific times, monthly or semi-annually (Smeltzer et al., 1988, as cited in Jorosi, 2008). Thus, habitually collecting information is done as managers get the information regularly (Jorosi, 2008). Lastly, the continuous scanning frequency, characterised

by a more formal and proactive search for environmental information (Tarpeh, 2017). Information is gathered continuously. Firms that engage in formal search mode will continuously scan their environments (Tarpeh, 2017).

Information is an indispensable tool in strategic management (Aldehayyat, 2015; Babatunde & Adebisi, 2012). There is a consensus that two significant sources of information are external and internal sources (Aldehayyat, 2015; David, 2015; Wheelen & Hunger, 2013). According to Wheelen and Hunger (2013), external sources include sources outside the organisation, such as competitors, government publications, customers and suppliers. Tarpeh (2017) claims that many enterprises rely on information from external sources. Chirima (2018) observes that internal sources provide information from the firm like company executives, managers, and subordinates. Researchers claim that external resources are more important than internal resources (Aldehayyat, 2015; Cancellier et al., 2014; David, 2015; Tarpeh, 2017). Pimentel et al. (2015) also observed that SMEs preferred to obtain information concerning their customers. In South Africa, Tarpeh (2017) observed that SMEs and large enterprises rely on formal sources of information like trade journals, government publications, and research reports. They claim that there are more accurate than information from friends (Tarpeh, 2017).

The literature review illustrates that environmental scanning in SMEs is diverse and ranges from sophisticated environmental scanning planners to those entrepreneurs who claim not to need environmental scanning at all. Furthermore, the literature review shows that, to date, no study of environmental scanning in Zimbabwean SMMES has been reported; hence, the researchers undertook this research to understand the environmental scanning behaviour of SMMES in Zimbabwe.

Due to the rising pressures in the external operating environments, environmental scanning has been transformed from a rarefied, high-level concern in large corporations to a necessity in firms of all sizes (du Toit, 2016). More recently, researchers concluded that no matter how small an organisation is, scanning must occur (Choo, 2001). This study sought to explore the nature of scanning given the smallness, informality, low resource endowment of SMMES. More so, Mashingaidze et al. (2021a) accuse Zimbabwean SME owner-managers of being "strategically myopic" lacking the long-term vision of their enterprises.

3. RESEARCH METHODOLOGY

This study aimed at obtaining a profound understanding of the environmental scanning conduct of Zimbabwean manufacturing SMEs. Consequently, a precise understanding of owners/managers' experiences and perspectives is needed (Patton, 2015). This exploratory objective is best accomplished by a qualitative approach (Creswell & Poth, 2017). Therefore, a single case study of manufacturing SMEs in Harare, Zimbabwe, was pursued to obtain a detailed description. The researchers used qualitative methodology to answer the research questions. Precisely, interviews

were used to find answers to the questions. Interview guides were prepared in line with the literature.

The current study employed a purposive sampling method as it helps to gather data from information-rich cases (Patton, 2015). In this respect, twenty-five enterprises were purposefully selected from the SME database obtained from the Department of SMEs in the Ministry of Industry, Commerce and Enterprise Development. The selected enterprises met the criteria of being SMMES. The study targeted mature SMMES that had at least ten years in business as these have experienced and have lived the volatility of the business environment in Zimbabwe (Peng, Ferreira, & Zheng, 2017). The study participants were identified from the database given that the year of registration for each enterprise was given. The unit of the study was the individual owners/manager.

The data collection process involved conducting interviews and reviewing the literature. The principal researcher went physically to conduct interviews with the participants. A total of twenty-five interviews with SMMES owners/managers were conducted between February 2019 and September 2019. Semi-structured interviews suited the inductive approach (Bryman, 2016). The majority of the interviews lasted between thirty and fifty minutes, and a few, however, exceeded one hour. The study was given an ethical clearance (number HSS/0507/018D) by the University of KwaZulu-Natal, South Africa. In addition, a gatekeeper's letter was issued by the Ministry of Industry, Commerce and Enterprise Development.

Before the interviews, the researchers provided the participants with a framework of the interview themes. More so, the researchers used pseudonyms to protect the identity of the study participants. The interviews were recorded and later transcribed for analysis. To preclude only an academic perspective, the researchers interviewed an official (herein referred to as Rollin) in the department of SMEs. The latter works closely with SMEs in Harare, Zimbabwe. The primary and secondary sources (articles from refereed journals) enabled data triangulation and verified and validated the research data (Saunders, Lewis, & Thornhill, 2019). In addition, the review of earlier studies offered a starting point to understand the study's background.

The study adopted Lincoln and Guba's (2013) proposed criteria to ensure data rigour. The study ensured credibility by taking field notes that assisted in identifying emerging patterns (Anney, 2014), while the study ensured transferability by describing the phenomenon under investigation in the literature review section. The study could be easily replicated in different contexts (Anney, 2014). A comprehensive description of the research design was provided, detailing the data collection process. This ensured that the study findings are dependable (Denzin & Lincoln, 2017).

The data were analysed using thematic analysis as Braun and Clarke (2006) pronounced (as cited in Denzin and Lincoln, 2017). Recorded interviews were transcribed verbatim. The recorded in-depth interviews were transcribed (reproduced as a written account using the actual words) and analysed using ATLAS.ti. ATLAS.ti supports the analysis of text-based documents, for example, transcripts (Paulus &

Lester, 2016). ATLAS.ti helped the researchers to manage the data through families and quotations and to narrow the analytic focus through codes and outputs, and it enabled the researcher to engage with the data through close line-by-line analysis.

In line with earlier work in the literature, a questionnaire-based method could have been used to explore the environmental scanning practices of SMEs in Zimbabwe. For instance, du Toit (2016) investigated the extent of environmental scanning activities at South African enterprises. In order to find results that would be generalised to SMEs across emerging markets, quantitative approaches through surveys could have helped. While questionnaires are indeed very efficient in gathering data from respondents who are geographically dispersed, they nonetheless do not allow the researcher to probe in order to obtain clarity to answers given. In du Toit (2016), a questionnaire was e-mailed to the CEOs of 1000 South African enterprises. However, the researchers chose to use qualitative approaches in order to have a deeper understanding of environmental scanning practices amongst SMEs in Zimbabwe.

4. RESULTS

4.1. Demographic data

The majority (65%) of the owners/managers were aged between 35 and 55 years. Owner/managers below 35 years represented 25% of the sample while the remainder (10%) were over 55 years of age. Education is often a foundation for developing skills and knowledge (Bomani, Fields, & Derera, 2015). The results show that the majority (55%) of the owners/managers had university degrees. In contrast, 20% of them had secondary education (i.e., Ordinary level), and 20.5% of the respondents had a diploma/certificate qualification from a polytechnic college. A minority (9.5%) did not have any educational qualifications. The results also indicated that only 17% had an educational qualification related to the manufacturing industry. Lastly, the majority (60%) of entrepreneurs had been operating for 10 to 12 years, while 15% had been in existence for 13 to 16 years. The other 18% had been in business for more than 16 years but less than 20 years, and the remaining 6% of entrepreneurs had been in the manufacturing industry for more than 20 years.

4.2. Areas for environmental scanning

This section presents the areas that are often focused on SMMEs when scanning their environments. Four themes emerged from the review of literature that is political, economic, socio-cultural, and technological. The study results reveal that SMMEs generally scan all four external environments. However, the majority of the participants indicated that they scan the political and economic environments. This is validated with the insights shared in the following quotations:

"I look at all the four external factors as they affect our business. However, in most cases, we consider the political and economic environments highly dependent on each other. For instance, our country's economy deteriorates periods typically just after elections." (Sandra).

"The political environment in Zimbabwe has not been stable for more than two decades, and in this period, the economy has plunged to its lowest levels ... this makes me believe that the unfavourable conditions in the other environments are due to political and economic factors. Thus my business often scans all the four sectors but more often the political and economic factors." (Norman).

"Our local environment is volatile warranting scanning all four external factors. If SMEs neglect any part of the environment, they will face the consequences. However, much focus should be on the economic environment as the country battles with the ailing economy." (Chiedza).

"We have no choice but to be vigilant on all the macro-environmental factors. However, the complexity of the political and economic environments necessitate daily scanning." (Masimba).

The respondents noted that the country's current political and economic challenges hamper their success, thus continuously assessing these factors. The quote illustrates that the political and economic environments tend to highly and negatively affect small businesses in Zimbabwe. One of the challenges noted by SMMEs is greater volatility in these environments. Consistent with interview participants, Rollin had this to say:

"I have noticed that most SMEs in Zimbabwe are worried about any political move that makes them constantly on the lookout for any change in the political environment. I also noticed that many businesses, including SMEs, focus their scanning on the economic environment, especially the existing government economic policies".

Further analysis of the interview data showed that few participants noted that they scan the socio-cultural environment. For instance, Bright stated that:

"The socio-cultural environment is the most critical variable in our business. It focuses on the buyers of our products. Yes, we are worried about our market, that is any changes in their buying behaviour".

"Despite the impact of the political environment on our business ... we regularly scan the socio-cultural environment as we produce clothes that are affected by customer preferences and wants. Our customers are price insensitive hence demands those items that are of fashion." (Melinda).

These findings show the importance of the social-cultural environment in a volatile economy. The two interview quotes show that despite the negative impact of the political and economic environments, businesses must also focus upon the needs of their customers to remain relevant in the market.

4.3. Mode of scanning

The literature review identified four themes: undirected viewing, conditioned viewing, informal search, and, lastly, formal search. The analysis of empirical evidence from in-depth interviews revealed that most participants employed the informal search mode of scanning. To illustrate the nature of environmental scanning among study participants, the following are some of the responses:

"We do not have a formal environmental scanning unit. Information is gathered informally, otherwise in most cases, unknowingly." (Wendy).

"Uuum... we gather environmental data by chance. We do not have a person responsible per se who is responsible for scanning. Information is collected by chance." (Nomsa).

"I look for information of interest such as changes in raw materials prices, government policies, especially regulations concerning the Corona Virus." (Nashua).

"Environmental scanning is continuously done informally ... we do not have a particular person in charge of environmental scanning." (Chiedza).

The analysis of the data from the in-depth interview suggests that environmental scanning in the manufacturing sector of SMEs is informal and often guided by interests. It was also found that no one is given a special responsibility to scan the business environment. To substantiate these claims, Rollin had this to say:

"Given the little strategic management knowledge, SMEs scan their environments haphazardly, and they are satisfied with limited, soft and mostly chanced information. These organisations use data mainly to reduce the adverse effects of environmental volatility".

Further analysis of interview data revealed that only eight respondents out of twenty-five adopted the conditioned view approach to scanning. These findings illustrate that the informal nature of the SMEs business in Zimbabwe. The following selected quotes illustrate this:

"I look for information on prices and customer needs only. This information is essential as it affects my weekly returns." (Collen).

"I am always busy with day to day operations to offer my market what they require ... hence I may not be able to consider scanning for whatever people say is essential." (Yamen).

The above quotes illustrate that SME owners/managers are always busy with operational activities to enhance their performance allowing the scanning of only information deemed necessary to their operations.

4.4. Frequency of environmental scanning

The scanning of the general environment is essential. Study participants were asked about their frequency of monitoring the macro-environmental factors. Three themes were identified: irregular, periodic, and continuous. The analysis of empirical findings from in-depth interviews illustrated that most participants (18 out of 25) conduct continuous assessments of their environments.

"Given the high volatility of the macro environment in Zimbabwe, we have suggested that we need to scan our external factors continuously... Hence we scan the environment daily." (Tanyaradzwa).

"Our local environment is volatile we need to scan the environment continuously to align our strategies with the changes in the environment." (Kudakwashe).

"I scan the environment every day because the benefits far more outweigh the costs. For instance, foreign exchange rates change daily, affecting the prices of meals." (Aaron).

These quotes illustrate that the frequency of scanning depends on the volatility and macro-environment areas' impact. Asked about the frequency of scanning, Rollin had this to say:

"I think scanning is an everyday thing as the trader interacts with customers and other traders... In Zimbabwe, businesses are forced to be on the lookout for any changes in the operating environment because of the high costs".

The above interview quote from the official form the Department of SMEs illustrates that without a careful examination of the environment to identify opportunities and challenges, businesses will not survive due to high operating costs. Also, the informal nature of doing business allows networking and interaction among traders, which is used to learn about the current happenings in the environment.

In examining the interview results, it was noted that few SME owners/managers (7 out of 25) scan their environments regularly. These participants indicated that the scan at specific times, which can be monthly, semi-annually or annually. To substantiate this, three of the participants had this to say:

"Due to the high cost of formally scanning the external environment, we conduct monthly checks, especially of the economic environment as political/legal environment. The technological environment and social environment are irregularly assessed." (Mercy).

"We have noted greater volatility during each month-end as people get salaries; hence that is the only time we can scan the environment." (Hartwell).

"Being busy with daily schedules, I am only able to scan the environment periodically." (Yamen).

The above interview quotes illustrate that the participants were concerned about the cost of scanning. In this respect, the participants suggest that scanning should be systematic and formal, requiring more funds directed to the activity. Time constraints and busy schedules are other factors that drive SME owners/managers to scan periodically.

4.5. Information sources

The analysis of findings from the semi-structured interviews indicated that the entrepreneurs use more informal and personal sources of information:

"We collect information from everywhere, but in most cases, we depend upon friends and customer feedback and suggestions." (Kudzai).

"Much of the environmental data is gathered from social media. Social media such as WhatsApp groups, Facebook and Twitter provide the latest information. These provide much data as people post whatever they want, from politics to economics." (John).

"Rarely do I read newspapers but here and there, I watch current news on television. I rely upon WhatsApp and friends. The national newspapers do not provide accurate information, that is why we rarely depend on them." (Norman).

"Our primary sources are our customers and contacts with some companies in the manufacturing industry. Other sources include client websites and consultants." (Tanaka).

A surprising insight emerging from the study is that SMMES do not use the national press or any government publication to gather

the macroeconomic situation in Zimbabwe. The primary source of macroeconomic information is social media, personal friends, and customers. Rollin further substantiated this by claiming that:

“External sources such as government publications are not commonly used.... Given the rapidly changing environment, SME owners/managers make greater use of personal and internal Internal sources such as subordinates and board of directors members”.

Another important internal source of information, the board of directors, is highlighted by the official from the department of SMEs.

5. DISCUSSION

The key findings of the study are that the majority of the Zimbabwean SMMEs scan the political, economic, and social environments. The SMMEs informally and continuously scan their environment using personal sources of information. The study found social media, personal friends, and customers to be the main sources of macroenvironmental information. However, no one is assigned responsibility to the scanning as the process is driven by interest. The study shows that the political and the economic environment tend to highly and negatively affect small businesses in Zimbabwe. Nyamwanza's (2015) study revealed that Zimbabwe has hostile political and economic environments that are not conducive to small businesses. This is because of their limited resources (Barney, 2018). The findings are consistent with extant literature; for instance, in Nigeria, Wolugbom et al. (2018) observed that SMEs frequently scan the political-legal and social environments, while in China, Chen and Liu (2012) observed that the economic and political environments are frequently scanned. These findings show the importance of the political, economic and social-cultural environment in a volatile economy. The findings indicate that despite the negative impact of the political and economic environments, businesses must also focus upon the needs of their customers to remain relevant in the market. This is emphasised by Nandonde (2016), who notes that the wider cultural and societal context in which businesses exist is a crucial significant consideration.

Findings from the study illustrate that SMME owners/managers employ the informal search mode of scanning. Environmental scanning in the SMME sector is informal and often guided by interests. These results concur with other empirical findings from previous studies (e.g., du Toit, 2016; Elshamly, 2013; Chen & Liu, 2012; Pimentel et al., 2015). These findings illustrate the informal nature of the SMEs business in Zimbabwe (Mashingaidze et al., 2021b). Specifically, the findings post to the undirected viewing mode propounded by Aguilar (1967) (as cited in du Toit, 2016). Abosede et al. (2016) observed that strategic activities in SMEs are informally conducted; thus, these findings do not surprise. Findings show that SMME owners/managers are always busy with operational activities looking for information that supports operational decision-making. This provides support to Cancellier et al. (2014)'s assertion that SME owners/managers look for information of interest. This finding supports the claim that environmental scanning

among SMEs is reactive, typically after encountering a particular situation (Blomme, 2012). Aldehayyat (2015) and Elshamly (2013) note that focus on operations do not allow SME owners/managers to devote themselves to formal and structured ES, even though necessary.

The scanning of the general environment is essential. The analysis of empirical findings from the in-depth interviews illustrates that SMME owners/managers conduct continuous assessments of their environments. These findings agree with extant literature (Jorosi, 2008; Elshamly, 2013; Nyamwanza, 2015). It was also established that the frequency of scanning depends on the volatility and macro-environment areas' impact. Pimentel et al.'s (2015) study established that scanning happens at all times due to the continued environmental dynamism. In this respect, the study results reveal that the political and economic environments are assessed continuously in Zimbabwe. These findings are consistent with other prior findings; for instance, Elshamly (2013) observed that UK SMEs scan their environments continuously. However, these results are inconsistent with other empirical findings in South Africa, as du Toit (2016) reported that enterprises in South Africa rarely scan their political environment as it is stable while, on the other hand, the economic environment is scanned daily.

The study's findings illustrate that SMME owners/managers use more informal and personal sources of information. The empirical findings are confirmed by extant literature (Aldehayyat, 2015; Kourtely, 2005; Chen & Liu, 2012). The primary source of macroeconomic information is social media, personal friends, and customers. The findings are consistent with the claim by du Toit (2016) that informal and personal sources account for more than half of the intelligence for strategic purposes. A surprising insight emerging from the study is that the national press or any government publication are not used to gather macroeconomic situation in Zimbabwe. On the contrary, SMEs in other developed countries, such as the UK, collect external data from several sources, such as government publications, primary research, the internet, newspapers (Elshamly, 2013). However, the environmental scanning practices in Zimbabwe are supported by evidence from elsewhere. Aldehayyat (2015) indicated that SMEs frequently use more personal, informal external sources of information to offer more accurate information. May, Stewart, and Sweo (2000) (as cited in Chirima, 2018) also observed that in highly dynamic environments, personal sources of information are vital as they bring information quickly. The need for quick information probably explains why SMMEs in Zimbabwe rely more on informal information sources.

6. CONCLUSION

To conclude, the importance of environmental scanning in effective strategy formulation cannot be overemphasised. The study's primary goal was to explore the environmental scanning practices of SMMEs in emerging markets, Zimbabwe, to be specific. The study findings show that regardless of the greater awareness of environmental scanning, SMMEs in Zimbabwe have informal scanning systems. The findings further reveal that SMMEs

mainly focus on the more volatile political and economic sectors of the environment. The study demonstrates that the degree of environmental turbulence influences the mode and frequency of environmental scanning. Contrary to the dictates of the strategic management literature, the study established that environmental scanning behaviours of SMMEs are short-sighted and often not sequential environmental scanning processes. The study concludes that due to insufficient resource endowment, small and flexible, and highly volatile operating environments, SMMEs have to use informal means of getting information.

The study also examined the frequency of environmental scanning and the specific sources of information used by SMME owners/managers when scanning the external environment. The findings suggest that SMMEs continuously scan their environments though informally through the use of cheap, personal and highly informal sources. The study, therefore, concludes that the frequency of scanning depends mainly upon the volatility of the macro-environment. The higher the volatility, the more frequently the SMMEs scan their environments. Hence, the political and economic environments are assessed continuously in Zimbabwe as they are the most volatile. The study concludes that informal and personal sources account for more than half of the SMEs' intelligence for strategic purposes. At the same time, the national press or any government publication provides little information to support strategy making.

The prevalence of an irrational approach is evidence that SMMEs can develop breakthrough strategies in complex environments. Methodologically, this study has an important implication. By conducting an inductive study, it can be learnt that informal actions and frameworks for environmental

scanning are appropriate for the sustainability of the SMME sector. Using the qualitative approach, the nature of the actions may perhaps be understood in an unblemished manner, which may not be possible using a deductive approach. This approach enabled the researchers to develop familiarity with the research context, which may not be possible with a quantitative study.

The study has an essential contribution to both the strategic management theory and practice.

The study provided empirical evidence from Zimbabwe that SMMEs informally and continuously scan their environment. The study further provided evidence that SMMEs in Zimbabwe rely on informal, cheap sources of information primarily from friends, customers and social media. No person is allocated the responsibility of environmental scanning. Instead, interests and market events determine information collected. This practise drives more reactive than proactive scanning behaviours. These results contribute to our understanding of strategy formulation in developing and unstable markets such as Zimbabwe.

However, the study has notable limitations that call for cautiousness in the assessment of the findings. The study has methodological weaknesses: it was qualitative. While the qualitative approach help to explore issues in greater depth, it cannot produce generalisable findings. Future researchers need to adopt a mixed-methods approach to provide in-depth findings that can be generalised. The study explored the environmental scanning practices solely in the manufacturing sector of SMEs in Harare, Zimbabwe. Consequently, the findings suffer from sector and country bias. Similar studies need to be conducted involving SMEs from various industries and other countries.

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