



STRATEGIC FOUNDATIONS: UNRAVELLING THE ROLE OF BUSINESS STRATEGY AND STRUCTURE IN FOSTERING SME SUCCESS IN BOTSWANA

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ABSTRACT: *The study investigated the influence of business strategy and structure on SMMES business success in Botswana. The study was guided by market orientation theory which holds significant importance within the field of marketing research, as it underscores the need for organisations to align their internal processes, products, as well as strategies with the current market conditions. The quantitative research approach was employed, and the Poisson regression employed to analyse the survey data collected. It was found that strategic planning expertise, the application of a corporate strategy, employee inputs, and adherence to rigorous standards are all associated with a large rise in profitability. The results also highlight the value of a cooperative strategy within the company. When staff members participate in decision-making, they develop a sense of ownership and dedication to the company's success, which leads to increased commitment and output. Customer experiences, operational effectiveness, and ultimately the bottom line is all positively impacted by this. The emphasis on adhering to rigid guidelines also emphasises the significance of discipline and uniformity in operations. The study concludes that Botswana's SMMEs should prioritise strategic planning and ongoing skill development to adapt their company operations to changing market needs, so ensuring long-term growth and competitiveness. Policymakers and business support institutions should cultivate a cooperative environment that promotes employee involvement in decision-making and the implementation of strict operational benchmarks to stimulate innovation, productivity, and responsibility within the small, medium, and micro enterprise (SMME) sector.*

KEYWORDS: Business Structure, Business Strategy, SMME, Profitability.



INTRODUCTION

The Small, Medium, and Micro Enterprises (SMMEs) play a crucial role in the economic structure of Botswana, serving as a fundamental element for innovation, job creation, and social cohesion. The complex interplay between business strategy and structure of these companies has a substantial impact on their success and ability to withstand changes in the economic landscape. Although SMMEs are seen as catalysts for economic growth and development, they face distinct obstacles that hinder their progress and impact on the overall economy (Gherghina et al., 2020; Mafoko, 2019).

The success of SMMEs is influenced by various factors, one of which is business strategy. This strategy includes elements such as market orientation, innovation, and competitive positioning. According to Alvarez and Busenitz (2001), resource-based entrepreneurial strategies offer a framework for comprehending how small, medium, and micro enterprises (SMMEs) utilise their distinct resources and talents to establish a specialised position in the market. Barney (1991) supports this claim by highlighting the significance of firm resources in maintaining a competitive edge. This underscores the need for strategic resource allocation and competence development within small, medium, and micro enterprises (SMMEs).

The organisational structure of SMMEs has a significant impact on their operational efficiency and ability to adapt. SMMEs can efficiently respond to market changes and operational issues by utilising a well-designed organisational structure, which provides them with agility (Chenhall, 2017). The ability to adapt quickly and effectively is of utmost importance, especially considering the changing economic environment in Botswana, characterised by the shift towards digitalization and the emphasis on expanding the range of economic activities (Achieng & Malatji, 2022; Government of Botswana, 2011).

The convergence of business strategy and structure is evident in the operational dynamics of small, medium, and micro enterprises (SMMEs), which directly impact their ability to innovate, adjust, and expand. Research highlights the crucial importance of innovation in the development of small, medium, and micro enterprises (SMMEs). Companies that adopt creative strategies generally demonstrate superior performance and more potential for growth (Bagnoli & Giachetti, 2015; Baum, Locke, & Smith, 2001). Moreover, the capacity to modify organisational structures in response to evolving business environments and technological progress is emphasised as a crucial determinant of success for small, medium, and micro enterprises (SMMEs) (Caldera, Desha & Dawes, 2017).

Nevertheless, the process of utilising company strategy and structure to achieve success is filled with difficulties. The persistent challenge faced by small, medium, and micro enterprises (SMMEs) is the limited availability of financial resources, which hinders their capacity to allocate funds towards strategic projects and improvements in their organisational framework (Abdulsaleh & Worthington, 2013). Furthermore, the external environment, which includes legal frameworks, market circumstances, and socio-economic aspects, significantly impacts the operational feasibility and strategic decisions of SMMEs (Olubodun, 2019; Pansiri & Yalala, 2017).

Ultimately, the prosperity of SMMEs in Botswana is closely linked to the dynamic interaction between business strategy and structure. Strategic resource allocation and organisational flexibility are crucial factors for achieving success. However, obstacles like financial



constraints, legal conditions, and market fluctuations provide substantial problems. To tackle these difficulties, a comprehensive strategy is needed, involving policy interventions, enhancing capabilities, and creating a supportive environment for the growth and innovation of small, medium, and micro enterprises (SMMEs).

CONCEPTUAL ISSUES

How does structure influence strategy and the degree of impact on SMMEs business success?

According to Altinay and Altinay (2004), an organisational structure is the arrangement of workflow, line of communication, and delegation of authority or relationships within an organisation. Osibanjo, Abiodun and Kolade (2011) argue that organisational structure plays a significant role not only in the achievement of organisational objectives but in realising its strategic goals and direction. Thus, highlighting the centrality of organisational structure in the attaining organisational objectives. Several studies have proven that organisational structure plays a very central role in promoting business success, through facilitating communication, rationalisation of tasks, formalisation of work processes, alignment to strategy and increasing the firm's capacity to absorb external knowledge (Ahmady, Mehrpour & Nikraves, 2016). Of note here is the fact that the above stated factors are part of the key success factors for business success. In concurrence, Eze, Bello and Adekola (2017) contend that ideal organisational structure is a recipe for superior performance.

However, despite being acknowledged for playing a crucial role in driving organisational performance, it has been observed by a number of scholars that not all organisational structures produce favourable outcomes in terms of promoting success as some structures have actually proven to be a hindrance to creativity among employees. Several studies have proven that a shallower organisational structure with limited hierarchical levels promotes employee autonomy, provides a conducive environment for interaction among employees from different level, resulting in the generation of creative ideas and innovation, which in turn increases business performance (Ma Prieto & Pérez-Santana, 2014; Kozłowski & Ilgen, 2016; Wang, Hou & Li, 2022). Additionally, it has been observed that an organisation structure which allows employee participation in decision making tends to motivate employees into performing better through innovativeness.

Furthermore, results from a study of the role of the process organisational structure in the development of entrepreneurship revealed that organic organisational design is convenient for business operations especially in today's dynamic and complex business environment (Delic, Djonlagic & Mešanović, 2016). The study further revealed that organisational structures which are less rigid, with lower levels of formalisation and centralization tend to promote teamwork and easy communication among peers, thereby encouraging innovativeness, resulting in increased organisational success. The same study concluded that process organisational structure does not only promote communication among employees but communication with customers resulting in creativity and development of innovations which are aimed at solving problems. The study further established that organisational structures with a lower level of formalisation and centralization, a higher level of horizontal rather than vertical complexity/flat structure, wider specialisation, teamwork, provides a conducive environment for aligning with organisational strategy resulting in increased productivity. This is confirmed by Gaspary,



Moura and Wegner (2020) who argue that the process organisational structure is concerned with business processes, which are attuned to a company's mission that is clear to employees, thereby rationalising their duties and tasks.

Despite the issue of the type of organisational structure, it has also been observed that an organisational structure alone cannot guarantee business success, as long as it does not align with the dynamic and unpredictable environment from which it operates (Duchek, 2020). For example, Teece (2018), in his study of the impact of strategy and structure, found that organisational structure has a moderating effect on the relationship between strategy and organisational success. In other words, organisational structure does not have a direct influence on organisation success but has a moderating and explanatory effect on success through strategies. In view of the foregoing discussion, it can therefore be hypothesised that organisational structure plays an important role in business performance.

How does strategy influence structure and the degree of impact on SMMEs business success?

Strategy can be defined as an organisation's means of achieving its goals in relation to long term goals, follow-up programs, and resource allocation priorities (Maleka, 2014). Additionally, Ferreira, Raposo and Mainardes (2014) defined strategy as a response to continuous and adaptation to external opportunities and threats as well as internal strengths and weaknesses that can affect the organisation. In other words, strategy is used as a tool to leverage on external opportunities and to minimise the risks. This is very important especially in consideration of the nature of SMMEs, which normally operate from scarce resources, strategy becomes handy.

The value and contribution of strategic planning on small business success has been proven and documented (Farida & Setiawan, 2022). In their empirical study of 267 firms, Eliakis, Kotsopoulos, Karagiannaki and Pramadari (2020) concluded that organisations which had strategies made quicker decisions and successfully implemented change and innovation resulting in growth. Several scholars concur that strategic planning is one of the salient factors which positively contribute to the success of SMMEs (Makinde & Asikhia, 2017; Oni & Daniyan, 2012; Awino, 2013) This could be due to the fact that strategy enable organisations to breakdown strategic intentions into actionable components and allocating responsibility for each of the components was considered an important part of successful implementation.

In his early works, Chandler (1962) argued that strategy is the foundation of an organisation and that organisations that are able to achieve a fit between their strategy and structure would have a competitive advantage. Although strategy has been acknowledged as one of the key success factors to the success of every business, regardless of size, studies have proven that the majority of small businesses do not embark on strategic planning. Several empirical studies have established that failure of most businesses is mainly due to failure to plan (Alvarez & Busenitz, 2001). Thus, failure to engage in strategic planning could explain why most SMMEs fail. Osibanjo, Abiodun and Kolade (2011) offer a plausible explanation of the phenomenon by highlighting that lack of strategy decreases the efficiency of SMMEs by delaying the decision-making process resulting in poor organising, poor recruitment, weak controlling and directing. In concurrence, Abdulsaleh and Worthington (2013) added that without a clearly defined strategy, a business has no sustainable basis for creating and maintaining a competitive edge in the marketplace.



On the contrary, there is another school of thought which downplay the role of strategy in the achievement of business success by highlighting that, there is no solid evidence which proves that strategy has direct influence on performance (Makinde & Asikhia, 2017). In fact, some studies have proven that there is no significant relationship between strategy and success, whilst another school of thought insists that strategy plays an intermediary role in business success.

Literature on strategic management points to the existence of both negative and positive relationships between strategy and organisational success. However, the majority of studies have proved that there is a positive relationship between the strategic planning and business success in SMMEs. In other terms, although strategy is an equally important determinant of business success, it does not work in isolation of other important variables highlighted in the configuration approach as organisational structure and environment. Probably this explains why Rodrigues, Franco, Silva and Oliveira (2021) observe that the process of developing a strategy in small companies is not simple as there are many variables which affect the whole process such as the environmental forces, organisational structure and processes, among others. Highlighting the interdependence of key variables like organisational structure, Wang, Hou and Li (2022) argue that a firm's strategy can be formed within a good organisation structure and environment which facilitate and support its implementation. Thus, the three configurations work together towards attainment of business success. This is highlighted by the results from a study of the impact of structure and strategy on construction companies, which clearly articulated the relationship between organisational structure, strategies and success (Teece, 2018). The study, in a way, confirmed the mutually dependent relationship between strategy and organisational structure, promoting business success.

Theoretical Literature

Market Orientation Theory and its Implications for SMMEs in Botswana

The theory of market orientation holds significant importance within the field of marketing research, as it underscores the need for organisations to align their internal processes, products, as well as strategies with the current market conditions. Market orientation is fundamentally based on three key elements: customer orientation, competitor orientation, along with inter-functional coordination.

Market orientation refers to a business strategy in which organisations adapt their strategies and procedures to meet the perceived wants and wishes of their consumers, as well as the prevalent dynamics within the competitive landscape (Wall, 2021). The corporate culture plays a crucial role in prioritising and fostering the key behaviours that lead to the creation of exceptional value for buyers, ultimately resulting in the attainment of a competitive advantage. The importance of market orientation arises from its direct influence on corporate performance, promotion of innovation, establishment of consumer loyalty, and guarantee of long-term sustainability (Rodrigues, Franco, Silva & Oliveira, 2021).

The comprehension and effective addressing of client needs holds a pivotal role in the concept of market orientation. According to Mtshali and Chinyamurindi (2020), organisations that place emphasis on addressing the present and future requirements of their consumers tend to foster elevated measures of customer satisfaction along with loyalty. The implementation of a proactive strategy requires a continuous examination of market dynamics, a comprehensive



comprehension of changes in client preferences, and the identification of emerging trends ahead of competition. Furthermore, a comprehensive comprehension of market dynamics enables organisations to effectively adjust and introduce novel strategies, thus guaranteeing their continued relevance and competitiveness (Fatoki & Garwe, 2010).

Market orientation is a crucial factor in the framework of Botswana's small, medium, and micro enterprises (SMMEs), particularly in light of the swift socio-economic changes and the growing influence of globalisation on the business landscape. Chirau (2014) asserted that small, medium, and micro enterprises (SMMEs) in Botswana, with a specific focus on regions such as Francistown, make substantial contributions to the local economies. However, in order to maintain and increase their influence, it becomes crucial for organisations to possess a comprehensive awareness of the intricate details of the local market.

Botswana is recognized for its robust economy and the emergence of a flourishing middle class. However, small, medium, and micro enterprises (SMMEs) frequently encounter obstacles pertaining to financial accessibility, infrastructural constraints, and regulatory impediments (Khanie, 2018; Mutoko & Kapunda, 2017). In the given context, the implementation of a market-oriented approach has the potential to confer a competitive advantage upon small, medium, and micro enterprises (SMMEs). By comprehending the distinct requirements of the Botswana consumer and the wider market dynamics, enterprises can customise their solutions to ensure they align with the target audience and are positioned for achievement (Nkwe, 2012).

An illustrative instance can be observed in the technology industry of Botswana. According to Ongori (2009), the integration of information communication technologies (ICT) with small, medium, and micro enterprises (SMMEs) has been a notable phenomenon. Small, Medium, and Micro Enterprises (SMMEs) that demonstrate an awareness of the expanding digital requirements of consumers and the prevailing market trends are more strategically situated to capitalise on this digital transformation. By providing products along with services that appeal to a progressively technology-proficient population, these SMMEs may effectively harness the advantages of this digital shift.

Moreover, in the specific context of Botswana, market orientation encompasses a comprehensive comprehension of the wider regional dynamics. Given Botswana's geographical location, being surrounded by neighbouring countries such as South Africa, Namibia, and Zimbabwe, it becomes crucial to acknowledge the intricate relationship between regional market dynamics. This understanding might potentially provide small, medium, and micro enterprises (SMMEs) in Botswana with prospects for expansion and possibilities to engage in cross-border partnerships (International Trade Centre, 2019).

In summary, market orientation is a fundamental aspect of contemporary business strategy, particularly of great importance for small, medium, and micro enterprises (SMMEs) that operate in dynamic and constantly changing markets such as Botswana. By placing significant emphasis on developing a comprehensive comprehension of consumer wants and the wider market landscape, enterprises may effectively guarantee not just immediate profitability but also cultivate enduring resilience and expansion.



Stakeholder Theory and its Implications for SMMEs in Botswana

The stakeholder theory asserts that firms need to function in a manner that serves the interests of all their stakeholders, rather than solely prioritising the interests of their shareholders. According to Abdul (2022), a stakeholder refers to any individual or group that possesses the ability to exert influence on, or is subject to the consequences of, the activities, objectives, and policies implemented by an organisation. The stakeholders involved in this context encompass employees, customers, suppliers, shareholders, as well as the wider community and environment. The significance of stakeholders in the context of business operations stems from their potential to exert impact on the long-term viability, reputation, and sustainability of the organisation (Rodrigues, Franco, Silva & Oliveira, 2021). The implementation of efficient stakeholder management strategies can lead to increased levels of trust, the creation of collaborative synergies, and the achievement of sustainable growth. These factors are crucial for the long-term survival of small, medium, and micro enterprises (SMMEs) operating in highly competitive markets.

The effective management of stakeholder relationships holds great importance for small, medium, and micro enterprises (SMMEs) due to their tendency to operate within a tightly interconnected network. In this context, the endorsement or opposition of a select group of stakeholders can exert a substantial influence on the day-to-day functioning of these businesses (Muriithi, 2017). Cultivating favourable stakeholder relationships has the potential to provide several benefits, such as increased prospects, enhanced resource accessibility, bolstered market standing, and even advocacy, all of which are pivotal elements for the advancement of a corporation. On the other hand, inadequate management of stakeholders can lead to disruptions in operations, adverse publicity, and diminished trust, all of which can have harmful effects on the development of small, medium, and micro enterprises (SMMEs) (Gagoitseope & Pansiri, 2012).

In the context of small, medium, and micro enterprises (SMMEs), it is important to acknowledge the significant impact that connections have on securing financial assistance, exploring untapped markets, and effectively navigating regulatory frameworks. One example of how SMMEs can mitigate the difficulties associated with accessing finance is by establishing a favourable rapport with financial institutions along with investors (Khanie, 2018). In the specific context of Botswana, many stakeholder groups possess considerable sway over the achievements and obstacles encountered by Small, Medium, and Micro Enterprises (SMMEs).

A. Government: The Botswana government assumes a crucial role in influencing the business environment for small, medium, and micro enterprises (SMMEs), particularly through its regulatory frameworks, taxation policies, and supportive measures (Sathyamoorthi, 2002). The government's focus on promoting economic diversification and fostering entrepreneurship has led to the implementation of a range of policies and initiatives designed to help small, medium, and micro enterprises (SMMEs) (International Trade Centre, 2019). Nevertheless, the growth of small, medium, and micro enterprises (SMMEs) can often be impeded by bureaucratic processes, regulatory intricacies, and difficulties in accessing the necessary support systems (Nkwe, 2012).

B. Suppliers: The determination of costs, delivery timeliness, and product/service quality is attributed to suppliers. The quality of products and customer satisfaction in Botswana's small,



medium, and micro enterprises (SMMEs), particularly in the manufacturing and retail sectors, are significantly influenced by the connections established with suppliers (Monyake & Kuruba, 2021).

C. Customers: The ultimate customers of goods or services, together with their feedback, loyalty, and purchasing behaviour, have a direct impact on the financial performance of small, medium, and micro enterprises (SMMEs). To achieve success in business within Botswana's culturally diverse environment, it is imperative to possess a comprehensive awareness of the tastes and wants of the local consumers (Chirau, 2014).

D. Financial Institutions: The acquisition of financial resources continues to be a substantial obstacle for several small, medium, and micro enterprises (SMMEs) operating in Botswana. Establishing robust partnerships involving banks, microfinance institutions, along with investors is crucial in securing the requisite financial backing (Khanie, 2018).

E. Local Communities: A significant number of small, medium, and micro enterprises (SMMEs) in Botswana are characterised by their operation inside tightly-knit local communities. The endorsement from stakeholders can significantly affect the social acceptance of an organisation's operations, particularly in cases when firms may have adverse environmental or social consequences (Mutoko & Kapunda, 2017).

F. International Partners: The phenomenon of globalisation has resulted in an expanded market presence for numerous small, medium, and micro enterprises (SMMEs) in Botswana. Various international stakeholders, such as foreign investors, international clients, and worldwide regulatory agencies, have the potential to exert influence on small, medium, and micro enterprises (SMMEs) in Botswana, particularly those engaged in export activities or those actively pursuing foreign direct investments (van Staden, 2022).

The stakeholder theory emphasises the interdependence between firms and many external and internal entities. For small, medium, and micro enterprises (SMMEs) in Botswana, comprehending and proficiently handling these associations is not just a matter of ethics, but also a matter of strategic significance. In the context of Botswana's distinct socio-economic environment, small, medium, and micro enterprises (SMMEs) have the potential to derive substantial advantages by adopting a stakeholder-centric strategy. This approach entails prioritising the interests and involvement of various stakeholders, thereby promoting collaborative growth and the adoption of sustainable business practices.

Empirical Issues

The Small, Medium, and Micro Enterprises (SMMEs) sector plays a crucial role in the economic structure of Botswana, functioning as a fundamental driver of innovation, job creation, and social cohesion. The complex interplay between the strategic direction and organisational framework of these entities has a profound impact on their ability to thrive and adapt in a rapidly changing economic landscape. Although SMMEs are seen as catalysts for economic growth and development, they face distinct obstacles that hinder their progress and impact on the overall economy (Gherghina et al., 2020; Mafoko, 2019).

The success of small, medium, and micro enterprises (SMMEs) is influenced by various factors, one of which is business strategy. Business strategy includes elements such as market orientation, innovation, and competitive positioning. According to Alvarez and Busenitz



(2001), resource-based entrepreneurial strategies offer a way to comprehend how small, medium, and micro enterprises (SMMEs) utilise their distinct resources and abilities to establish a specialised position in the market. This claim is corroborated by Barney (1991), who highlights the significance of firm resources in maintaining a competitive advantage, thereby emphasising the crucial nature of strategic resource allocation and competence development within small, medium, and micro enterprises (SMMEs).

The organisational structure of SMMEs has a significant impact on their operational efficiency and ability to adapt. SMMEs can efficiently respond to market changes and operational issues by utilising a well-designed organisational structure, which provides them with agility (Chenhall, 2017). The ability to quickly adapt and respond is extremely important, especially considering the changing economic environment in Botswana, characterised by the shift towards digitalization and the emphasis on expanding the economy (Achieng & Malatji, 2022; Government of Botswana, 2011).

The convergence of business strategy and structure is evident in the operational dynamics of small, medium, and micro enterprises (SMMEs), which directly impact their ability to innovate, adjust, and expand. The literature emphasises the crucial significance of innovation in the development of small, medium, and micro enterprises (SMMEs). It suggests that organisations that adopt creative techniques generally demonstrate superior performance and have greater potential for expansion (Bagnoli & Giachetti, 2015; Baum, Locke & Smith, 2001). Moreover, the capacity to modify organisational structures in response to the evolving business environment and technological progress is emphasised as a crucial determinant of success for small, medium, and micro enterprises (SMMEs) (Caldera, Desha & Dawes, 2017).

Nevertheless, the process of utilising company strategy and structure to achieve success is filled with difficulties. SMMEs face a persistent challenge in obtaining financial resources, which hinders their capacity to invest in important initiatives and improvements to their structure (Abdulsaleh & Worthington, 2013). Furthermore, the external environment, which includes legal frameworks, market circumstances, and socio-economic aspects, significantly impacts the operational feasibility and strategic decisions of SMMEs (Olubodun, 2019; Pansiri & Yalala, 2017).

Ultimately, the prosperity of SMMEs in Botswana is closely linked to the dynamic interaction between business strategy and structure. Strategic use of resources and the ability to adapt quickly are key factors for achieving success. However, obstacles such as financial constraints, regulatory conditions, and market fluctuations provide substantial barriers. To tackle these difficulties, a comprehensive strategy is needed that includes policy interventions, enhancing capabilities, and creating a supportive environment for the growth and innovation of small, medium, and micro enterprises (SMMEs).



Research Gap

Although there has been significant study conducted on the relationship between business strategy and the performance of small, medium, and micro enterprises (SMMEs), there is a noticeable lack of context-specific studies, especially in the case of Botswana. The existing literature frequently fails to consider the subtle influence of Botswana's distinctive economic, cultural, and regulatory environments on the effectiveness of corporate strategies. This study aims to address this gap by examining how specific local factors impact the strategic direction of Small, Medium, and Micro Enterprises (SMMEs) and, as a result, their performance in Botswana's unique market environment.

METHODOLOGY

Research Philosophy: The study employs a deductive methodology, based on the notion that organised ideas and hypotheses about the impact of business strategy and structure on SMME performance in Botswana may be examined through empirical observation. This methodology enables the development of precise hypotheses based on established theoretical frameworks. These assumptions are subsequently rigorously examined using acquired data to either validate or disprove the theoretical premises.

Research Design: The study utilises a quantitative research approach to enable a methodical and unbiased analysis of the influence of business strategy and structure on the performance of Small, Medium, and Micro Enterprises (SMMEs) in Botswana. This design is appropriate for testing hypotheses derived from the deductive approach, as it enables the measurement of variables and the analysis of relationships between them using statistical methods. The study's quantitative approach guarantees that the conclusions are derived from numerical data, allowing for a precise and reproducible evaluation of correlations and patterns.

Data Collection and Analysis: The data collected from the surveys will be examined using Poisson regression for analysis. This statistical method is well-suited for the study because it is specifically developed to analyse count data and rates. It is particularly useful for forecasting the frequency of an event within a specific time period or geographical area. In this research, Poisson regression will be employed to analyse the correlation between the independent variables (components of business strategy and structure) and the dependent variable (indicators of SMME success). This study will not only yield insights into the relevance and robustness of these linkages but also enable the examination of the potential impacts of various strategic and structural elements on the success of SMMEs.

Overall, employing a deductive approach, utilising a quantitative research design, and conducting Poisson regression analysis offers a strong methodology for examining how business strategy and structure impact the performance of small, medium, and micro enterprises (SMMEs) in Botswana. This research provides valuable insights that can be used to shape policies and practices in the SMME sector.

Model for the Study: Turnover of Profit as a measure of success

Turnover = f (business strategy and structure)



$$Profit = \beta_0 + \beta_n X_n + \mu \dots$$

P_{profit} = Net income

β_0 = Intercept/Constant term;

β_n = Vectors of the Regression Coefficients;

X_n = Vector Matrix of independent variables; business strategy and structure

μ = Unobserved error term.

FINDINGS AND DISCUSSION

Descriptive Statistics for Business Strategy and Structure

Variable Name	Observations	Mean	SD	Min	Max
Knowledge of Strategic Planning	69	0.826	0.382	0.000	1.000
Planning being important for success	69	4.696	0.602	3.000	5.000
Use a Strategy	69	0.609	0.492	0.000	1.000
Many Organisational rules and procedures	54	0.685	0.469	0.000	1.000
Personal Responsibility Emphasis	52	0.731	0.448	0.000	1.000
Employees Inputs	59	0.797	0.406	0.000	1.000
Knowledge of Organisational Culture	69	0.522	0.503	0.000	1.000
Level Conformity to rules	68	2.059	0.620	1.000	3.000
Open to Employees	69	3.725	1.187	1.000	5.000

Source: Author's Computation

The summary of responses to questions relating to the strategy and structure of the business are presented in the table above. With respect to the question asked on whether or not the respondent had knowledge on strategic planning as well as if it was important for the success of the business, the result reveals that majority (0.826 or 83%) of the respondents had knowledge on strategy on planning, as well as strongly agreed (mean of 4.6) that it was important for the success of the business. Furthermore, the majority of responses showed that most of the SMMEs used at least a business strategy, with a mean of 0.61. Also, it is evident that most of the businesses organizationally have many organisational rules and procedures, personal responsibility emphasis, and normal high-level conformity to rules, with means of 0.68, 0.73, and 2.05 respectively. Finally, the responses show that just about 52% of the respondents had knowledge of organisational culture (mean of 0.52), with the extent of openness of management to employees being mixed, as most respondents could not decide (the mean of 3.72 is closest to the hard to decide category).



Regressing Business strategies and structure on profit

	Poisson Business Profit
Business Profit	
Knowledge of Strategic Planning	11.58*** (2.993)
Planning being important for Success	-1.199* (0.692)
Employs a Strategy	4.020*** (1.060)
Availability of many Rules and Procedures	-0.412 (0.457)
Emphasis on Personal Responsibility	0.427 (0.512)
Inputs being Solicited from Employees	1.882* (1.033)
Knowledge of Organisational Culture	0.738 (0.506)
Strategy Type	-0.127 (0.132)
Conformity to strict rules	1.164* (0.580)
Open communication to Employees	-0.417 (0.431)
R^2	
AIC	5329864.3
BIC	5329878.3
F	
N	30

Standard errors in parentheses

* $p < 0.10$, 0.05, ** $p < 0.01$, *** $p < 0.001$

Source: Author's Computation

In the table above, structural and strategy factors are regressed on profit in order to ascertain their pure effects on profits without other environmental, business characteristics, organisational culture and pandemic variables. From the results, availability of many rules and procedures in the business environment, emphasis on personal responsibility, strategy type, and open communication with employees did not significantly affect profit. However, knowledge of strategic planning, employing a business strategy, inputs being solicited from employees and conformity to strict rules all significantly increase profit, while opinion on planning being important for success in the business significantly reduces profits.



DISCUSSION

The findings for the pure effects model of strategy and structure variables demonstrate that strategic planning expertise, the application of a corporate strategy, employee inputs, and adherence to rigorous standards are all associated with a large rise in profitability. For business leaders to define clear goals, recognize competitive advantages, and plot a road for sustainable growth, strategic planning knowledge is a crucial tool. SMMEs who are equipped with this knowledge are better able to coordinate their resources and activities with a clear roadmap, making educated choices that maximise efficiency, seize opportunities, and overcome obstacles all of which help to increase profitability. Additionally, SMMEs are better able to concentrate their efforts on value creation, differentiation, and customer happiness when they use a well-structured business strategy. By tailoring their products or services to meet specific market demands and by proactively anticipating shifts in the business environment, these businesses can enhance their competitiveness, leading to increased market share and, consequently, higher profits. The results also highlight the value of a cooperative strategy within the company. SMMEs can access a varied range of ideas and viewpoints that can foster innovation and process improvement by asking for employee input. When staff members participate in decision-making, they develop a sense of ownership and dedication to the company's success, which leads to increased commitment and output. Customer experiences, operational effectiveness, and ultimately the bottom line are all positively impacted by this. The emphasis on adhering to rigid guidelines also emphasises the significance of discipline and uniformity in operations. Following defined guidelines and norms makes sure that procedures are carried out consistently, minimising errors, cutting down on waste, and promoting an accountability culture. In conclusion, these results highlight the numerous advantages of strategic knowledge, employee engagement, and adherence to structure, all of which work together to increase the revenues of SMMEs in Botswana.

CONCLUSION AND POLICY RECOMMENDATIONS

The study clearly demonstrates the important connection between the specialised knowledge in strategic planning, well-organised corporate strategy, input from employees, and strict adherence to high standards, and the increased profitability of small, medium, and micro enterprises (SMMEs) in Botswana. Strategic planning is a fundamental aspect that allows firms to coordinate resources and activities in accordance with well-defined and deliberate goals, ultimately leading to increased efficiency and profitability. By implementing well-defined business strategies and encouraging active participation from employees, a culture that promotes creativity, commitment, and exceptional customer satisfaction is cultivated, ultimately enhancing profitability. Furthermore, strict adherence to rigorous standards guarantees consistent operations and accountability, which is crucial in reducing errors and maximising the efficient use of resources. Together, these factors highlight a mutually beneficial connection between strategic planning, corporate governance, employee engagement, and operational discipline, all of which play a vital role in driving profitability growth in Botswana's small, medium, and micro enterprises (SMMEs).

The study recommends that Botswana's SMMEs should prioritise strategic planning and ongoing skill development to adapt their company operations to changing market needs, so ensuring long-term growth and competitiveness. Policymakers and business support



institutions should cultivate a cooperative environment that promotes employee involvement in decision-making and the implementation of strict operational benchmarks to stimulate innovation, productivity, and responsibility within the small, medium, and micro enterprise (SMME) sector.

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