

**STRATEGIC PLANNING PRACTICES IN MICRO AND SMALL
ENTERPRISES IN KISUMU CENTRAL BUSINESS DISTRICT**

BY

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DECLARATION

This management research project is my original work and has not been presented for award of a degree in any other university.

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To my sister Jenifer and trusted friend, my gratitude is immeasurable. You changed my story and opened my eyes to see my dream come true. Your sacrifice and encouragement together with your husband George made me a better man. May God bless you abundantly!

And to my mum Joyce, I cannot forget to thank you for your support and constant prayers which made even the hardest of situations melt away like the morning dew.

Finally Glory be to God for the gift of life and providing me with the resources and opportunity to pursue this course to completion.

DEDICATION

To the most wonderful friends in my life:

My Wonderful Mother, Joyce

My Wonderful Sister, Jenifer

My Wonderful Uncle, Nyawara

My Wonderful Wife, Carro

My Most Wonderful Children Gift, Joy & Adrian

ABSTRACT

Strategic planning is important for micro and small firms in this time of global competition, technological change and increased dynamics in the markets. Even if many MSEs still do not practice formal strategic planning, strategic planning practices and systematic decision making can be considered as a key determinant of survival and success of MSEs. This study sought to determine the strategic planning practices adopted by micro and small business in Kisumu Central Business District. The study deployed survey research design and stratified random sampling to ensure the study obtained a representative sample from the population. The study findings show that micro and small firms practiced strategic planning to varied degrees. However, the average rate of adoption of the strategic planning practices still fell below levels required for spur sustained growth and survival especially for those firms within Kisumu Central Business District. The study also revealed a gap between formulation of strategic plans and their implementation. It came out that MSEs seemed to over-concentrate on short term operational issues as at the expense of long term strategic issues. In conclusion this study has practical implications in that firms need to be aware that strategic planning practices, processes and tools can be beneficial for growth and survival of MSEs. To actualize this it is recommended that MSEs consistently formulate vision and strategy focusing on growth, profit and market among other strategic analysis techniques paying attention to analysis of the market, competition and formulating appropriate generic business strategies which can guide their daily operations. The study recommended further studies to examine the contribution of strategic planning towards growth of the micro and small firms owing the fact that a higher percentage of the surveyed firms were pursuing growth strategy.

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CHAPTER ONE

INTRODUCTION

1.1 Background

In the process of transforming inputs into outputs, business organizations operate in a multifaceted environment which affects and is affected by their activities. This environment tends to be complex and volatile and comprises influences which are both general and immediate kind and which operate at different spatial levels (Worthington and Britton, 2003). Methodological planning narrows down contingencies that arise as a result of lack of preparedness or focus, hence the value of strategic planning procedures based on acceptable industry indicators (Yamo, 2006).

Craig and Grant (1995 pp. 16-18) posited that the need for a strategy arises since a firm must take account of thousands of external variables which affect and is affected by it, in an effort to choices over thousands of decision variables. These decisions are taken by many people under conditions of uncertainty and incomplete information. Therefore only through the existence of a commonly understood strategy can an organization achieve consistency in the decisions it takes across different organizational members and across time. Under these stressful conditions, maintaining a perspective with regard to long-term goals and the means by which the organization will be guided towards this goal is essential. The practice of a strategic planning, whether in an explicitly articulated manner or implicit within the minds of managers, can provide a reference point for the organization (Craig and Grant, 1995 pp. 16-18).

Strategic planning therefore seems to offer a promising solution for a growing threat to businesses which is brought about by increased uncertainties, deepening complexities and intensified competition. In simple terms Kelliher and Reinl, (2009) created an impression that Micro and Small businesses could be seen as unique comparative to larger companies since the former have only a small market share; are managed in a personalized way by their owners or part-owners; have a simple management structure; and are not sufficiently large to have access to the capital market for public issue or placing of securities. These unique features expose MSEs to special problems and challenges which require unique strategic responses. However after considering all the evidence Stonehouse & Pemberton (2002) and Mazzarol (2004) recognized that strategic planning is rare or non-existent in the majority of MSEs. The investigation of micro and small enterprises is therefore of special interest since their strategies have to be developed in a highly emergent way (Mintzberg, 1994), reflecting their fast changing requirements.

1.1.1. The Concept of Strategic Planning

Strategy refers to large scale future oriented plans for interacting with competitive environment to achieve the company's desired objectives (Pearce, Robinson and Mital 2010). To-date, business managers continue to confront the three fundamental questions: What does the firm want to become? What is the current status of the firm? And how should the company gap between 1 and 2 be bridged in a manner that provides superior outcome to the firm's competition. O'Regan and Ghobadian (2004); and Stone and Pemberton (2002) define strategic planning as the setting of long-term business goals and the developing and implementation of formal plans to achieve these goals. Chandler (1962) on his part defined strategic planning to imply the determination of basic long term goals and objectives of an enterprise and the adoption of a course of action and allocation of resources necessary to carry out these goals. Strategic

planning exercise therefore includes all those activities that an organization undertakes in order to realize its mission and vision.

The strategic planning can be formal or informal. Informal planning results into business plans which are not officially stated or written down but mere reflections of how things should be done to achieve the goals. According to Thompson and Strickland (1993), formal strategic planning usually produces a strategic document which outlines the firm's mission and future direction, gives long and short term goals and shows how management intends to fulfill the mission. On the other hand strategies can be formulated at three main levels namely corporate, business and functional levels. Choosing an appropriate strategy is important before formulating the strategy. Corporate strategy is usually imposed by top management to determine what the business should be and how the activities should be structured and managed, thus defining the firm's overall mission and objectives and allocating resources cognisant of strategic priorities. Business strategy or competitive strategies are concerned with how an organization is going to compete in a specific business or industry (Coulter, 2008). Functional strategy or operational strategies are the short-term (less than a year) goal-directed decisions and actions of the organization's various functional areas (Coulter, 2008).

According to Thompson and Strickland (1993) the practice of planning enhances the firm's ability to prevent problems through proactive approaches and adaptation of the firm to environmental change; provide integrated and coordinated framework; ensure the best available decision option is selected; while also providing a degree of formality and discipline to the management. According to Aosa (1992), the mismatch between the environment and the organization brought about by failure to respond to changes in environment imposes a strategic

problem which requires strategic responses. Strategic responses are what Pearce and Robinson (1998) defined as sets of decisions and actions that result into formulation and implementation of plans designed to achieve the firm's objectives.

1.1.2 Strategic Planning Practices

Thompson and Strickland (1993) summarizes strategy making function of managers to consist of various practices of developing a concept of business and forming a vision of where the organization needs to be headed, infusing the organization with a sense of purpose, providing long-term direction and establishing a mission to specific performance objectives, crafting a strategy to achieve the targeted performance, implementing and executing the chosen strategy efficiently and effectively and finally evaluating performance , reviewing the situation and initiating corrective adjustments in mission, objectives and strategy in light of actual experience, changing conditions, new ideas and new opportunities. Strategic planning practices for new enterprises involve situation analysis; strategy formulation; strategy implementation and strategy evaluation. Existing enterprises that have already developed strategic plans often revisit these steps as need arise to adjust accordingly.

Boar (1993) broke down the strategic planning process into three broad practices, namely: assessment; strategy and execution. Assessment stage involves developing of clear and thorough understanding of the business situation from both internal and external perspective (Boar, 1993). Strategy stage comprises identification of the desired future state of the business (future position), the specific objectives to be achieved and the strategic moves needed to realize the future state and objectives. David (2001) and Steiner (1997) explained that strategy formulation comprises of developing or reviewing of the organization's mission, vision and long term goals;

conducting internal and external assessments {Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis}; setting selection criteria and selecting the appropriate strategies that will afford the firm the best strategic positioning above its competitors.

Execution stage involves putting plan into action- the translation of intent into reality. According to Thomson and Strickland (2003) a powerful execution of a powerful strategy is not only a proven recipe for business success but also the best test of excellent management. According to Sababu (2007), strategy implementation is the process by which strategies and functional policies are put into action through the development of action plans, goals, programs, budgets, procedures, structures, cultures, motivation, communication, leadership, resource allocation, working climate and enforcement. He sees strategy evaluation as the process of monitoring the firm's activities and performance results so that actual results can be compared with desired performances continuously. A process monitoring and control step is used to adjust and tune the projects, provide learning feedback from project experiences, and observe the ever-changing environment for additional situations requiring strategic response (Boar, 1993).

Gathenya, Bwisa, and Kihoro (2011), on the other hand classify strategic planning practices into four broad groups including entrepreneurial orientation; scanning intensity; planning flexibility; planning scope and locus of planning.

1.1.3 Micro and Small Enterprises (MSE) in Kenya

The definition of MSE (micro and small enterprise) in Kenya has been the subject of much debate by academics and policy makers. The degree of informality and the size of employment have come to be regarded as the two most readily acceptable criteria of classifying the sector

(KIPPRA, 2005). Micro-enterprises have no more than 10 employees, while small enterprises have 11-50 employees (CBS, K-REP and ICEG, 1999 cited in KIPPRA 2006; 8). Thus, this study adopts an MSE definition that encompasses both formal and informal enterprises, classified into on-farm and non-farm categories, employing 1-50 employees (Government of Kenya, 2005).

In Kenya, it is now recognized that the promotion of the MSE sector is a viable and dynamic strategy for achieving national goals, including employment creation, poverty alleviation and balanced development between sectors and sub-sectors. Together, all this form the foundation of a strong national base and economic growth that is central to Kenya's Vision 2030. Indeed, the MSE sector provides employment for substantially more people than does the formal sector (Sessional paper No. 2 of 1996).

The benefits notwithstanding, MSE in Kenya continue to suffer a myriad of challenges ranging from lack of government support to inaccessibility to capital. A survey conducted by Daniels, Mead and Musinga (1995) into the Employment and Income in Micro and Small Enterprises in Kenya, cited marketing as the second most serious problem encountered by MSEs after capital. It can therefore be said that MSEs in Kenya either lack capacity or do not strategically plan for effective marketing of their products. In spite of the significance of the SME sub-sector in Kenya, statistics indicate that three in every five enterprises fail within the first few months of operation (Kenya Bureau of Statistics 2007). This finding raises the question as to whether MSEs in Kenya embraced any degree of strategic planning to guide them in effectively interacting with their operating environment as well as internal resource management systems and operations.

1.1.4. Micro and Small Enterprises in Kisumu

Kisumu, the third largest city in Kenya, covers an area of about 417 Km², of which about 29% is under water. Kisumu is strategically connected by road with adjacent towns such as Kericho, Kakamega, Kisii, Busia, Eldoret and regionally with Uganda and Tanzania, Rwanda, Burundi and Congo DRC in the west, Zambia and Sudan.

With high levels of skilled and unskilled unemployment, the City still exhibits 30% unemployment rate, 52% of the working population working in the informal sector. According to Kisumu Municipal Council's City Development Strategies, 2004-2009, 48% of the urban population live within the absolute poverty bracket against the national average of 29%. Therefore, it follows that the contribution of MSE in averting unemployment and poverty reduction could be amplified if effective strategic planning is pursued by MSEs.

According to Lisa *et al* (1995) for Kisumu, the market constraint imposed on MSE is aggravated by the size of the Jua Kali sector compared to other economic opportunities in the area. A separate study co-published by International Bank for Reconstruction and Development and The World Bank in 2004 ranked Kisumu City 4th and 7th out of 11 African cities according to ease of doing business and ease of starting a business respectively. This finding is in agreement with GoK publications of 1999 and 2000, which put the average lifespan of MSEs in Kisumu city at six months from start-up against neighboring Kericho's and Eldoret's 16 and 14 months respectively. More findings by GoK (2008); Otunga, Opata and Nafuko-Muhia (2001) cited in Mbatha (2010), recorded that average profits of MSEs in Kisumu grew at only 6% while the averages of the SME profits in Kericho and Eldoret grew at 32% and 38% respectively over the same period. It therefore follows that firms in Kisumu lack an important fundamental ingredient

which was not measured in the comparative study which is evidently strategic planning. This study therefore posited inadequate strategic planning as the root cause of MSE survival and growth dilemma in the City.

1.2 Research Problem

Strategic planning is a must for all micro and small firms in the face of increasing global and domestic competition, rapid technological change and increased dynamics in markets. Strategy offers the interface between the firms and the turbid and uncertain operating environment. However many a times, MSEs are faced with situations of no direction, preoccupied with immediate issues and risk of failure since they do not plan strategically. Longenecker, (2006) cited lack of planning and poor management as the main causes of failure of small enterprises. While it is certainly true that MSE performance is driven by more than strategic planning alone, findings confirm the inherent advantages attributable to (strategic) planning than not planning (Stonehouse & Pemberton, 2002; Mazzarol, 2004). Several studies established relationships between strategic planning and firm's profitability and growth (Miller & Cardinal in Kelliher & Reinl, 2009; Gibson and Casser, 2005); and firm's survival and success (Scarborough & Zimmerer, 2009; Vicere, 1995). Considered against micro-firms' internal resource constraints, minimal environmental power, and owner-centered culture (Kelliher and Reinl, 2009), the strategic planning practices in MSEs are indispensable.

The Government of Kenya recognizes MSEs not only as provider of goods and services, but also as a driver of competition, innovation and enhancement of enterprise culture which is necessary for private sector development and industrialization (GoK 2005). Despite the key roles played by MSEs to the national economy, the competitiveness and growth prospects of MSEs fall below

the levels required to meet challenges of increasing and changing competition, shifting patterns of legislation and regulations, tumbling trade barriers and fragmentation of markets (Moyi and Njiraini, 2005). According to sessional paper No. 2 of 2005, majority of Kenyan start-up firms do not celebrate their third birth day. A study by Omollo and Omitti cited in Njanja (2009) on difficulties of employment creation in Kenya observed that compared to Ghana and Zimbabwe, Kenya had least micro-firms growing into small and suddenly medium enterprises. A separate study by Bowen, Morara and Mureithi (2009) identified the major challenges facing MSEs to be competition among themselves and with large firms, lack of access to credit, cheap imports, insecurity and debt collection. Another study by Daniels et al (1995), identified marketing as the second-most serious problem encountered by MSEs in Kisumu after capital. Separate studies by GoK (2008); and Otunga, Opata and Nafuko-Muhia cited in Mbatha (2010) revealed that the average profits of MSEs in Kisumu grew at only 6% against Kericho's 32% and Eldoret's 38% respectively over the same period. However, Omollo Omollo, Oginda and Oso's (2012) study on Kisumu found MSEs profit margins to have decreased by 12% and sales turnover by 9% between 2009 and 2012. GoK, (2008) put the average lifespan of start-up firms in Kisumu city at 6 months against 16 and 14 months for Kericho and Eldoret respectively. However, latest study by Omollo et al (2012) revealed that 45 newly registered MSEs in Kisumu City collapsed between 2009 and 2012, reflecting a collapse rate 8.92% per year; an indication that most newly started SMEs in Kisumu City do not develop to full maturity.

Mbatha (2010) identified a gap in the Government's efforts to promote MSEs stemming from skewed policies and programs majorly focusing on financial assistance for start-up firms while doing little or nothing develop the entrepreneurial and managerial capabilities of MSE citizenry. Moyi and Njiraini, (2005) on their part identified a gap between the level growth and

competitiveness prospects of firms and those required to achieve desired environmental fit. In separate studies Omollo et al (2012); GOK (2005 & 2008) and Omollo and Omitti cited in Njanja (2009) exposed a gap in survival and growth rates of MSEs in Kisumu. Moreover, GoK (2008); and Otunga et al cited in Mbatha (2010) and Omillo et al (2012) revealed decreasing profits among the MSEs in Kisumu. Bearing in mind the several scholar who established positive conceptual relationship established between strategic planning and firm's survival, growth, competitiveness and profitability, the evidence picked from the aforementioned gaps point to lack of or ineffective strategic planning practices among the MSEs in Kisumu, thus calling for a study to confirm and elucidate the same.

1.3 Research Objective

This study sought to determine the strategic planning practices adopted by MSEs in Kisumu Central Business District

1.4 Value of the Study

The outcome of this study exposes gaps in the practice of strategic planning as a tool for sustained competitiveness, growth and success in MSEs. This is expected to promote attitude change among business owners to embrace more strategic planning as an integral positioning tool for their firms in the operating environment and gain competitive advantage for sustained growth.

The study findings and recommendations forms the basis for designing new and appropriate institutional policies; expose policy inadequacies while informing MSE Sector policy revisions to address the root problems in the MSE sector to increase policy effectiveness.

To the academia, this study bridges the knowledge gap in knowledge about the application of strategic planning in MSEs, especially in Kisumu. It has added to the existing stock of knowledge on MSE management and also acts as a common platform where both theory and practice of strategic planning will converge. The study findings also provides a foundation for future advanced studies on MSEs in Kisumu by unmasking more gaps in knowledge requiring further research.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This section includes discussions on concepts of strategy, strategic management, strategic planning and strategic planning practices. The theoretical underpinnings behind these concepts are explored and linkages outlined before extracting a generic list of strategic planning practices and providing the theoretical framework.

2.2 Strategic Management

Strategy is widely viewed as the direction and scope of a firm over the long-term, guiding the organization of the firm's resources and competencies to take advantage of the environmental dynamics in maximizing the business owner's wealth. Drucker (1954), viewed strategy as an answer to the dual questions: What is our business? And what should it be? On his part, Mintzberg (1994) redefined strategy as a plan, a pattern, a position, a perspective and, a ploy intended to outwit a competitor. Therefore like the proverbial hen and eggs puzzle, it is difficult to draw a clear line of separation between strategic planning, and strategic management and strategy.

Strategic management can be defined as 'the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organisation to achieve its objectives (Pearce & Robinson 2007). The strategic management process consists of three stages: Strategy formulation, strategy implementation, and strategy evaluation. According to Johnson and Scholes (1999), strategic management includes strategic analysis, in which the strategist seeks to

understand the strategic position of the firm, which has to do with the formulation of possible courses of action, their evaluation and the choice between them, and the strategic implementation which is concerned with both planning how the choice of strategy can be put into effect, and managing the changes required.

According to Lamb (1984) strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors and reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changing circumstances, technological breakthroughs, new competition, turbulent economic environment, or a new social, financial, or political environment. Lamb (1984) insists that to deal with all that affects the ability of a firm to grow profitably, executives design strategic management processes they feel will optimally position the firm in its competitive environment.

2.3 The Link Between Strategic Management and Strategic Planning

Strategic management is a systems approach to identifying and making the necessary changes and measuring the organization's performance as it moves toward its vision. The concept of strategic planning is therefore the prelude of strategic management; it is insufficient if not followed by the deployment and implementation of the plan and the evaluation of the plan in action.

Goldsmith (1997) argues that there is no clear line to demarcate strategic management from strategic planning and advocates for the need to determine and differentiate the scope and the level of activity covered by the subject area in order to get a clear grasp of the contextual application of the tools. He believes that strategic management emphasizes formal techniques for setting an organization's long-term course, developing plans in the light of fluid internal and external circumstances, and undertaking appropriate action to reach those goals. Pearce, et al (2010) however defines strategic management as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. They also believe that strategy formulation (or planning) enhance a firm's ability to prevent problems associated with the ever-changing turbid operating environment by providing clear a road map for the firm as well as outlining the key steps along the way and assigns responsibility for every task.

Strategic planning process should not therefore be considered as an end in itself, but as a means to an end. Gavetti, Levinthal and Rivkin (2005) hold that strategy makers have only two choices, either they identify a viable new strategic position or face the potential demise of their enterprise. Accordingly, strategic planning and by extension management should be considered as a prerogative of firms which aim to create a sustained competitive advantage.

2.4 Strategic Planning

Strategic planning is an offshoot of long-range planning. Long range planning is a projection from the present or an extrapolation from the past based on numbers while strategic planning builds on anticipated future trends, data, and competitive assumptions as driven by mostly

qualitative ideas in seeking to provide a clear organizational focus (CSU 1997). The 1990s brought the revival of strategic planning as a process with particular benefits in particular contexts (Mintzberg, 1994).

Strategic Planning, a process otherwise known as strategy formulation, is a top management function which deals with making decisions regarding the determination of the firm's mission, vision, philosophy, objectives, strategies and functional policies (Sababu 2007). According to Boar (1993), strategic planning is the process by which corporate objectives for the future are identified in response to perceived opportunities and threats, and by understanding company strengths and weaknesses, activities are selected and resources allocated to meet those objectives. He posits that strategic planning also provides the framework that guides those choices that determine the future direction and the nature of the organization. It is the highest level of decision making concerning a company's basic directions and purpose in order to assure long-term health and vitality of the organization (Boar, 1993). He conclusively asserts that strategic planning provides direction, concentration of effort, consistency of purpose and flexibility as a firm continually strives to improve its competitive position.

Haines and Stephen (2000) isolate five key questions for defining strategic planning to include: where does the organization want to be (organizational ends, outcomes, purposes, goals, holistic vision)? How will the organization know when it gets there (the customers' needs and wants as connected to a systematic feedback system)? Where is the organization presently (today's issues and difficulties)? How does the organization get there (close the gap from current status through to where it aspires to be [a backwards process] in a complete and holistic way)? And finally, what will change, in an ongoing sense, in the organization's environment?

According to Aosa (1992), the mismatch between the environment and the organization brought about by failure to respond to changes in environment imposes a strategic problem which requires strategic responses. Strategic responses are what Pearce and Robinson (2008) defined as sets of decisions and actions that result into formulation and implementation of plans designed to achieve the firm's objectives. They held that the nature and scope of strategic planning is such that it is basically concerned with future; growth (direction, extent, pace and timing); portfolios of business (product-market opportunities and positioning) and environment (fit between business and its environment). As Mintzberg (1994, p.12) puts it 'thinking about and attempting to control the future are important components of (strategic) planning'.

As suggested by Goodstein (1993), firms can utilize strategic planning to organize themselves, analyze their operational environment while also assessing their potentials and limitations. According to Mintzberg (1994), firms and therefore MSEs have many compelling reasons to strategically plan. First, they must plan to facilitate coordination of their activities across different parts of the firm. Secondly, plans compel the firms to systematically analyze the business future thus creating an understanding of the future implications of the present decisions relative to the present implications of future happenings. Thirdly, firms do plan to be rational since planning is considered a superior form of management. And finally, they must plan to be able to control, particularly those whose efforts and work are coordinated as well as the firm and its environment.

Additionally, using strategic planning gives helps MSEs to focus and be flexible; improving performances, improve coordination between organizational division, improve control for measuring the achievement of the objectives and time management, which helps business owners to decide what is important and how to allocate time in their commitment (Chell, 2001).

However, according to Kamau (2008), strategic planning does not replace managerial intuition and judgment with massive detailed set of plans.

2.5 Strategic Planning Practices

Thompson and Strickland (2007) summarizes strategy making function of managers to consist of various practices of developing a concept of business and forming a vision of where the organization needs to be headed, infusing the organization with a sense of purpose, providing long-term direction and establishing a mission to specific performance objectives, crafting a strategy to achieve the targeted performance, implementing and executing the chosen strategy efficiently and effectively and finally evaluating performance, reviewing the situation and initiating corrective adjustments in mission, objectives and strategy in light of actual experience, changing conditions, new ideas and new opportunities.

Muriuki (2005), on his part postulates that the process of strategic planning involves situational analysis, development of objectives, development of strategies, and development of appropriate budgets, reward systems, information systems, policies and procedures. He asserts that generally planning practices for new enterprises involves situation analysis; strategy formulation; strategy implementation and strategy evaluation. Thus existing enterprises that have already developed strategic plans often revisit these steps as need arise to adjust accordingly. Boar (1993) broke down the strategic planning process into three, namely: assessment; strategy and execution. Assessment stage involves developing of clear and thorough understanding of the business situation from both internal and external perspective (Boar, 1993). Strategy stage comprises identification of the desired future state of the business (future position), the specific objectives to be achieved and the strategic moves needed to realize the future state and objectives. In

addition a commitment plan to focus the firm's attention on the objectives and change management plan to anticipate and reduce resistance to change is also developed (Boar, 1993).

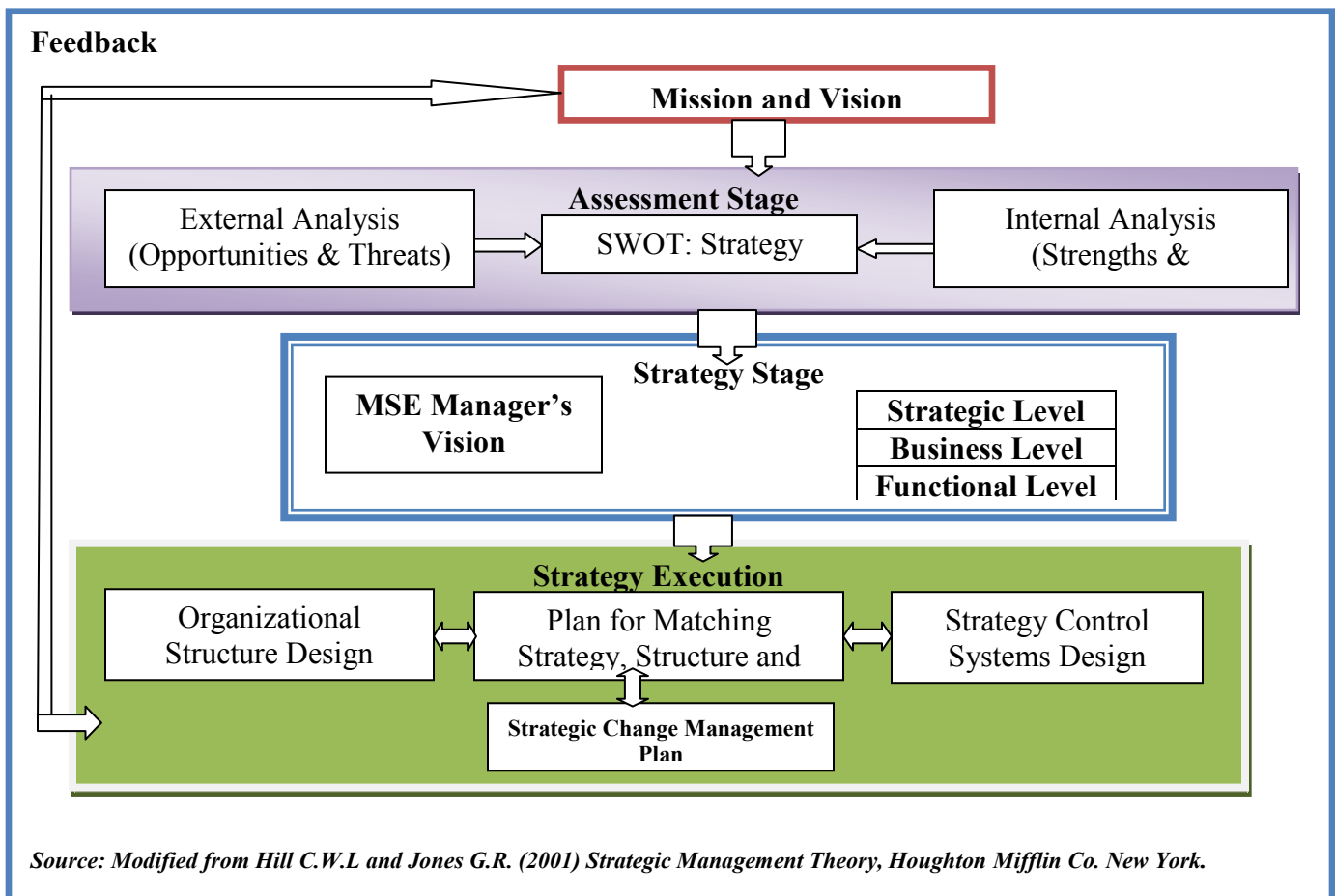
David (2001) and Steiner (1997) explained that strategy formulation comprises of developing or reviewing of the organization's mission, vision and long term goals; conducting internal and external assessments {Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis}; setting selection criteria and selecting the appropriate strategies that will afford the firm the best strategic positioning above its competitors. The same authors held that strategy implementation involves allocating the appropriate resources to ensure the selected strategies are properly executed and strategies and policies are put into action through the development of programs, budgets and procedures. Once defined, David (2001) observed that the strategy is communicated throughout the firm's structure and the business selects opportunities it deems fit while tackling events which pose threats to its survival and growth.

Execution stage involves putting plan into action- the translation of intent into reality. According to Sababu (2007), strategy implementation is the process by which strategies and functional policies are put into action through the development of action plans, goals, programs, budgets, procedures, structures, cultures, motivation, communication, leadership, resource allocation, working climate and enforcement. According to Thomson and Strickland (2003) a powerful execution of a powerful strategy is not only a proven recipe for business success but also the best test of excellent management. Sababu (2007) sees strategy evaluation as the practice of monitoring the firm's activities and performance results so that actual results can be compared with desired performances continuously. A process monitoring and control step is used to adjust and tune the projects, provide learning feedback from project experiences, and observe the ever-changing environment for additional situations requiring strategic response (Boar, 1993).

The strategic planning practices can be formal or informal. Informal planning results into business plans which are not officially stated or written down but mere reflections of how things should be done to achieve the goals. According to Thompson and Strickland (1993), formal strategic planning usually produces a strategic document which outlines the firm's mission and future direction, gives long and short term goals and shows how management intends to fulfill the mission. Bwisa, Gathenya, and Kihoro (2011), analyzed strategic planning practices in terms of entrepreneurial orientation; scanning intensity; planning flexibility; planning scope and locus of planning. Studies have shown that firms adopt strategic planning in varied degrees. While many scholars posit that formal strategy making process offer the management a tough tool to navigate effectively in an increasingly turbulent and competitive business environment (Timmons, Muzika ; Bygrave, 1987), others question the usefulness of formal strategic planning particularly in such uncertain business environment (Hamel, 1996). Smith and Hansen (2002) on the other hand see strategy as more of intent than written long term plan. Considerably, all schools of thought agree that there are no differences in the barriers to implementation of formally and informally derived strategies. This is consistent with the findings of Kargar and Blumenthal (1994) who found that firms with formal strategic planning processes experience implementation problems to a broadly similar extent as firms with a non-formal strategic process. In MSEs or entrepreneurial firm, a written strategic plan has no explanatory power in respect of organizational behaviour since personal strategic vision of owner-manager determines actual strategy that people should follow (Woods & Joyce, 2003). The value of strategic planning for firm performance lie more in the future orientation and planning practices than in the formal form of a strategic plan (Hunger and Wheelen, 2001). Wickham (1998), states that small firms in particular tend to plan informally and not on a regular basis. He asserts that strategic planning

forces the business owner or manager to think about open business questions and search for solutions and also encourages learning and making improvements. Strategic planning decisions and practices are often the preserve of the Chief Executive Officers or managers in the firms and as argued by Thompson and Strickland (1993), the planning practices enhances the firm's ability to prevent problems through proactive approaches and adaptation of the firm to environmental change; provide integrated and coordinated framework; ensure the best available decision option is selected; while also providing a degree of formality and discipline to the management. According to Hunger and Wheeler (199), in small firms the entrepreneur usually acts as a strategic manager taking all strategic and operative decisions.

2.6. Theoretical Underpinning of the Study



2.6.1 Defining the Vision and Mission

Wheelan and Hunger (1995) in Okinda (2008), defines organization's mission as the purpose of or reason for the organization's existence. They further assert that a well-conceived mission defines that unique purpose that sets the firm apart and identifies the scope of the organization's operations in terms of product offered and markets served. Pearce and Robinson (2007), also concur that the mission of the company is the unique purpose that sets a company apart from other companies of its type and identifies the scope of its operations.

According to FCA (2001) in Kamau (2008), the vision statement is the image or state to which the organization aspires. It emphasizes the dream of where the firm is at a point in time. On the other hand the firm's mission statement describes in summary what business the firm is in. In strategy formulation process the mission statement sets the mood of where the company should go as well as harnessing the the aspects of customer, products, market, self-concept, a guiding philosophy issues of technology, concern for survival long term profitability, employees and public image of the firm (Kamau, 2008). The objectives are concrete goals that the firm seeks to achieve. They should be challenging but achievable. They should also be measurable so that the company can monitor its progress and make corrections as needed (Pearce and Robinson, 2008).

Cope (1989) in Okinda (2008), holds that the strategies are developed from the mission and desired objectives (goal) as they are the means of achieving the former. Hence, a change in the objectives is likely to result in a change of strategy.

2.6.2. Environmental Assessment / Analysis

The environmental scan or assessment stage involves both internal and external mapping of the business environment using the Strengths-Weaknesses-Opportunities-Threats (SWOT) Model;

PESTEL model; Strategic Group Analysis or Porters Five Forces Model (Johnson and Scholes, 2008). Firms need to analyze their strengths in a bid to overcome their limitations in order to better take advantage of the existing opportunities in a manner that best minimize any potential threats in the operating environment. The authors divided the external environment into two: the macro-environment that affects all firms and a micro-environment that affects only the firms in a particular industry. The macro-environmental analysis includes political, economic, social, and technological factors and sometimes referred to as PEST analysis (Johnson and Scholes, 2002).

Analysis of micro-environment constitutes industry analysis and competition analysis. Johnson and Scholes, (2008) explained that industry refers to a group of firms whose products are sufficiently close substitutes for each other that the member firms are drawn into competitive rivalry to serve the same needs of some or all the same types of buyers. However industries differ widely in their economic characteristics, competitive situations, and future outlooks. Thus understanding the industry structure is the logical starting point for strategic analysis and the key concerns in the industry environment include: the elements of the industry structure; the stage in the life cycle of products in the industry; the direction the industry is headed (for example, overcapacity, requiring rationalization); the forces (for example, political, social, economic, technological) driving the industry in a particular direction; the underlying economics and performance of the business (for example, cost structures, profit levels); the key success factors (for example, cost, delivery); and demand segments and strategic groups (Johnson & Scholes, 2008).

Analysis of competitive environment on the other hand concerns with the forces driving competition in the industry (which is a function of industry structure); the differences in the competitive approaches of rival firms (for example, price competition, advertising battles, increased customer service); strategies, positions, and competitive strength of market leaders and close rivals; and why

some rivals are doing better than others (Barnat, 2007). Barnat (2007) argues that a firm's management must find for a firm a position in the industry from which it can best defend itself against these competitive forces or can influence them to its advantages. Porter (1985) identified five basic competitive industry forces: the threat of new entrants in the industry, the intensity of rivalry among existing competitors, the pressure from producers of substitute products or services, the bargaining power of buyers of the industry's outputs, and the bargaining power of suppliers to the industry's companies.

2.6.3. Gap Analysis and Benchmarking

Gap analysis is a central part of the teleological approach to change where dissatisfaction with the current state is expressed as differences between the present situation and a desired future state, which drives strategies for closing "the gap". The analysis involves identifying who needs to be change what needs to be changed, and how (the strategy) the change might be accomplished (Wirth, 2004).

Gaps are the disparities between a current situation and future goals (Milestone Leadership Consulting, 2004). Strategic planning and gap analysis offer a number of benefits to an organization: they maintain a clear vision of why the organization exists, and where it intends to go; they encourage a benchmark of the organization's current operations against anticipated goals; they prioritize projects and processes to most efficiently allocate resources and focus on the most productive processes; and they proactively search out and solve potential or hidden problems lurking in the organization's structure (http://www.ehow.com/about_6369173_strategic-planning-gap-analysis.html). Thus, gap analysis is a significant practice in strategic planning. The practice

involves comparing your actual performance with your potential performance and that of best in the industry.

According to Business Process Solutions (2012), knowing where the firm is and where it needs to be is the first step in designing how the firm will get there. Gap analysis therefore aids the firm to focus on areas which can be improved. It also quantifies the variance between the firm's current performance and that of market leader. To remain competitive in today's tough environment, we need to be best in class (BPS-PLM, 2012). Gap analysis therefore assesses the variation between the firm's current position and its desired future. It results in development of specific strategies and allocation of resources to close the gap (CSU, 1997).

Benchmarking is often used to determine what the competition is doing and where they are relative to the target firm's performance, making it a process to help with the gap analysis. Benchmarking helps create an understanding of how competitors achieve what they do better than our firm (BPS-PLM, 2012).

2.6.4. Strategy Analysis and Choice

This stage involves the formulation of long term objectives; generating alternative strategies to achieve the objectives; and selecting the strategies to pursue to best achieve the mission and goals of the firm. Pearce and Robinson (1997), states that the practice involves the choice of corporate level strategy identifying the business that the firm will be involved in and the choice of competitive strategy that each of these businesses will pursue. They believed that the analysis of strategy varies according to the complexity of the business involvements in the overall firm.

Bakunda (2002) in Riungu, (2008) considers strategic analysis and choice to involve filtering by elimination of strategy options and focusing on a few, based on a well understood preconceived

criteria and making the final choice of the strategy or a set of strategies to pursue. However, Keith et al (1998) in Kamau (2008) believe that managers will still rely on gut feeling and intuition in selecting the strategy of a firm. They argue that small firms tend to be less formal in their choices of strategy and that strong personality of the founder will tend to decrease formality in the decision making process.

There are various models developed to be deployed in strategic analysis and choice. These analytical methods include the BCG Growth / Share Matrix; Ansoff's Product – Mission Model; and Johnson and Scholes Suitability, Feasibility and Acceptability Model among others (Riungu, 2008).

2.6.5. Strategy Implementation and Control

Implementation and control of organization are the two last phases in the strategic planning. Hill and Jones (2004) assert that no matter how creative the formulated strategy, the organization will not benefit if it is not or incorrectly implemented altogether. Thus, having chosen the set of strategies to achieve a competitive advantage and increase performance, managers must put that strategy into action (Hill and Jones, 2004).

Barnart, (2007) holds that the purpose of implementation is to ensure that the planned results of the strategic decisions are realized. The practice involves doing what must be done to make the chosen strategy successful. Through implementation, the grand strategy is operationalized throughout the firm using annual objectives, resource allocation, and appropriate policies. He emphasized that strategy implementation helps in institutionalizing the grand strategy through firm's structure, leadership, and culture while at the same time introducing the element of change associated with the strategies being pursued in terms of how much the firm itself will have to change in order to implement its strategies successfully.

The implementation process depends on whether a firm is crafting a completely new strategy or reviewing or re-formulating an existing strategy. It also depends on whether the firm is a new market entrant or an existing firm in an existing market (Bakunda 2002 in Riungu, 2008).

Execution must be controlled and evaluated if the strategy is to be successfully implemented. Strategic control focuses on two questions: Is the strategy being implemented as planned? Is it producing the intended results? Thus, strategic control as a practice involves monitoring strategic progress, evaluating deviations and taking corrective action alongside strategy implementation. Riungu (2008), she concluded that during this stage, an evaluation and control plan or system should be put in place to follow through on strategy.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the study design; defines the population of study and the sampling procedure; and data collection and analysis methods.

3.2 The Study Design

This study employed a cross sectional survey design since data was collected at one point in time from a sample selected to represent a larger population of MSEs. According to Mugenda (2008), in survey design the investigator focuses on the links among a smaller number of attributes across a sample of cases depending on the resources available and the size of the target population.

Written surveys require minimum resources (staff, time, and cost) and are best suited to eliciting confidential information. Minimal sampling error occurs due to the relatively low cost per survey. There are also minimal interviewer and respondent measurement errors due to the absence of direct contact (Salant & Dillman, 1994, p. 35). Mbatha (2010) argued that surveys based on a carefully selected representative sample produce results that are broad, credible and generalizable to the entire population.

Borrowing from the above arguments, survey design was deemed more suitable in light of the limitation of time and resources versus the large size of the population to be studied. It also

allowed the convenient participation of the respondents in the survey without disrupting their normal business activities and thus boosting response rates.

3.3 Study Population

The population is all the individuals in which the study was interested. In this study population was a finite one and consisted of business enterprises which conformed to some designated set of specifications particular to MSEs. These specifications provided clear guidance as to which enterprises were to be included in the population and which were to be excluded. In order to prepare a suitable description of a population the researcher distinguished between the population for which the results are ideally required, the desired target population, and the population which was actually studied called the defined target population.

The target population of study comprised 601 MSEs including 9 Small Industrial Plants; 41 Medium Professional Services Firms; and 551 Small Trader, Shop or Retail Services Firms licensed by The Municipal Council of Kisumu to operate at the Kisumu City Central Business District defined by Zones 7; 8 and 9 (Kisumu Municipal Office, April 2012).

3.4 Sampling

The study deployed stratified random sampling as the main sampling technique. In line with Mugenda's (2008) argument, stratified random sampling helped the researcher in achieving the desired representation of various sub-groups in the population. Accordingly, MSEs were identified according to three strata provided in the business register from the Municipal Council of Kisumu and within the each stratum random samples will be drawn. Additionally, only MSEs which had been in existence for the past one year prior to the date of survey were sampled. The sample of respondents was determined using the formula adopted from Mugenda and Mugenda

(1999:43-44). When the population is more than 10,000 individuals, 384 of them are recommended as the desired sample size (Mugenda & Mugenda, 1999). Thus;

$$nf = \frac{n}{1 + \frac{n}{N}} \quad (\text{Mugenda and Mugenda, 1999})$$

nf = desired sample size when the population is less than 10,000

n = desired sample when the population is more than 10,000: (Equals 384)

N = estimate of the population size = 601

$$nf = \frac{384}{1 + \frac{384}{601}} = 234 \text{ MSEs}$$

The study employed proportionate stratified sampling to come up with a sample in each stratum as per the plan below:

Table 3.1. Sample Frame

No.	Stratum	Population (N)	Proportion	Sample (n)
1	Small Industrial Plants	9	1%	4
2	Medium Professional services firm	41	7%	16
3	Small Trader, Shop / retail services firms	551	92%	215
Totals		601	100%	234

3.5 Data Collection

Data collection is the process of gathering the required information for each selected unit in the survey. It involves selecting the appropriate tool which is practical, technically adequate and ethical in order to obtain reliable and valid data. Reliability is concerned with stability of the data over time while validity is concerned with whether or not the data collection tool actually elicits the intended information. During pretesting, the study questionnaire consistently conveyed the

same meaning to 5 different test-respondents. The tool was also found to be valid since it successfully elicited true responses relevant to the information desired in the study.

The basic method of data collection used in this study was self-enumeration, where the respondent completed the questionnaire without the assistance of an interviewer. The study collected primary data mainly using suitably designed semi-structured questionnaires administered using a 'drop and pick' method. The study relied majorly on the primary data provided by the managers, MSE owner operators or their respective designates. The drop and pick method offered the managers the independence and avoided researcher influence on the responses they provided. The questionnaire developed was pre-tested and refined to ensure consistency, reliability and validity before final roll-out.

3.6 Data Analysis

Data analysis is a body of methods that help to describe facts, detect patterns, develop explanations, and test hypotheses. In this study it involved summarizing the data and interpreting their meaning in a way that provides clear answers to the question that initiated the survey. This included relating the survey results to the issues identified by the statement of objective.

Quantitative data analysis methods were employed in this study. This involved subjecting the data obtained from the study to descriptive statistics, the indices of which included among others the frequency distributions; measures of central tendency; measures of association and measures of dispersion / variability. Qualitative data were cleaned, coded before categorizing them. The data was then sorted and objectively focused analysis conducted in line with the question being handled.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, results and discussion of the strategic planning practices among Micro and Small businesses or enterprises (MSEs) within Kisumu Central Business District. The chapter starts by presenting the demographic characteristics of the study respondents and the sampled MSEs. This is followed by a section on strategy formulation and implementation functions and finally strategic planning practices section.

The respondents in this study were MSE owners or those involved in the start-up and day-to-day running of these businesses. The data gathered was analyzed and presented using descriptive statistics. The primary data was captured using questionnaires and processed in a Statistical Package for Social Sciences (SPSS) and Microsoft Excel environments.

4.2 Demographic information

The study drew participants from 101 respondents from Small and Micro-enterprises in Kisumu Central Business District; however of the questionnaires collected only 89 questionnaires were valid and thus considered for analysis. The 12 invalid questionnaires included those from 7 MSEs which did not meet the sampling criteria and 5 which had over 35% unanswered questions or incomprehensible responses. Male respondents accounted for 44.9% of the respondents while female participants accounted for the remaining 55.1%. The study respondents were drawn from small industrial plants, medium professional services firms and small traders, shop, retail firms located within zone 7 (52.8 %), zone 8 (34.8%) and zone 9 (12.4%) respectively.

Table 4.1. Sampled MSEs

MSE Category	Frequency	Percent
Small industrial plants	4	4%
Medium professional services firms	26	29%
Small trader, shop, or retail services firms	59	66%
Total	89	100.0

Source: Study data collected from the field

As shown in tabl 4.1 above and based on the sampling frame, the study drew 66% of the participants from small traders, shops, or retail services firms; 29% from medium professional services firms and finally 4% from small industrial plants. Of the 234 questionnaires dropped for respondents only 101 were filled and availed for collection thus registering questionnaire recovery rate of 43%. Of the 89 valid questionnaires 4 were from small industrial plants (100%), 26 from medium professional services firms (90%) while the remaining 59 were from small trader, shop, or retail services firms (29%).

The participant respondents represented a diverse face of the MSEs operating in Kisumu CBD as reflected in the sample: 26 respondents were business owners, 33 were managers, 16 administrators while 14 were sales executives.

Table 4.2 Responsibilities of respondents at their firms

Responsibility	Frequency	Percent
Management	49	55%
Sales	20	22%
Marketing	11	12%
Service provision	6	7%
Other	3	3%
Total	89	100.0

Source: Study data collected from the field

Table 4.2 above shows that majority of the respondents performed managerial, and executive sales and marketing duties at their respective firms while only 10% accounted for less executive tactical duties like service provision and others. This enabled the study to reasonably meet its respondent targeting objective as planned.

Majority of the respondents had formal education with the modal level being college diploma (31%) plus certificate (15%) followed closely by degree holders (26%) and form four graduates (16%). The outliers were primary school drop outs (7%) and advanced degree holders (6%) who worked mainly in retail services shops and small industrial plants as service providers and managers respectively (see table 4.4). This combination of education background made it possible for the respondents to easily decipher the questions in study tool and offer appropriate responses thus reducing chances of questionnaire invalidation to 5.

Of the 89 MSEs studied, 24 were purchased from former owners, 60 were initiated by their current owners, 3 were inherited, and 1 was a franchise while 1 more was a subsidiary. 47.2% were owner managed, 28.1% were partnerships, 17 private firms and 5 public companies. Majority of the firms surveyed had 2 to 5 employees (64%); others had 6 to 10 employees (28.1%), 1 employee (6%) and 11 and 50 employees (1.1%) in that order.

The closeness of the proportion of newly initiated MSEs (75%) and those with 1 to 10 employees means that majority of businesses start up as micro-enterprises but only 1.1% of these businesses survive and grow to become small enterprises (with 11 to 50 employees)- what I would call distorted ‘growth pyramid’. This finding also reveal that most entrepreneurs prefer to start their businesses at micro stage with the hope of growing it to become small and medium enterprises successively but the number of microbusinesses that fail or stagnate are higher than those which succeed to transition to next rung of growth. These facts notwithstanding, most studies have either completely ignored micro-enterprises or lumped them with small and medium enterprises altogether thus leading to the “missing foundation”. It is therefore clear that microbusinesses undergo unique problems and challenges which require context-sensitive unique but locally derived strategic planning solutions to address.

Table 4.3. Age of the MSEs Sampled

Age of the business	Frequency	Percent	Valid Percent	Cumulative Percent
6 months - 1 year	6	6.7	6.7	6.7
1-2 years	14	15.7	15.7	22.5
2-3 years	8	9.0	9.0	31.5
> 3 years	61	68.5	68.5	100.0
Total	89	100.0	100.0	

Source: Study data collected from the field

On the stage of the life cycle perceived to have contributed majorly to the MSEs survival, only 21.3% of the respondents stated planning stage against the 59.6% majority who cited growth. The remaining 19.1% cited business start-up stage as outlined in Table 4.3. This implied that even without giving appropriate attention to strategic planning most MSEs will pursue growth strategy in ad-hoc manner thus leading failure. The fact that strategic planning is pervasive

throughout the life cycle of the business seems to be less understood by the MSEs executives. This focus on the goal without a plan can only be likened to a driving to an unknown destination without the road map to direct his actions.

4.3 Strategic Planning Practices

A significant 57% of the MSEs surveyed mostly had existing written strategic / business plans implying they practiced formal strategic planning. However, another 42.7% confirmed to be operating on unwritten strategies which were possessed and communicated from time to time by the individual business owners or managers. 35% of the MSEs studied operated on a strategic planning time horizon of one year; 21% of the MSEs 1 year; 24% of them 2 years; while majority 55% develop plans every 3 to 5 years respectively. Both MSEs with written plans and those without confirmed to regularly review their existing strategies as per the summary table below.

Table 4.4. Frequency of reviewing strategic plans among MSEs

Frequency of revision	Number of MSEs	Percentage
< 1 year	31	35%
1-2 years	35	39%
2-4 years	13	15%
>4 years	10	11%
Total	89	100%

Source: Study data collected from the field

Table 4.4 above refers; the MSEs frequently reviewed their strategic plans majorly after every 1 to 2 years (39%) and within each year (35%). This could be attributed to the short business cycle exhibited by the MSEs and their relative small size which increased their propensity to realign

their strategies to gain environmental fit within a short time span and avoid losses cropping from adverse changes in the operating environment.

The mission of the firm outlines what the firm is doing while its vision forms the horizon or destination where the firm wants to reach or become by doing what it is doing. On the existence of Mission or Vision, 57% and 43% of the respondents had existing mission or vision written and unwritten respectively. This was confirmed by the mastery of their mission or vision exhibited through clearly articulated mission statements and / or vision recorded by 76% of the respondents majorly practicing formal strategic planning. Some of those whom to a large extent practiced informal strategic planning (19%) were able to craft basic mission or vision statements but not in clearly articulated terms. Only 5% of the MSEs majorly small traders did not exhibit any mastery of their vision or mission statement.

On the contribution of the current business activities to the core business of the MSEs, majority (34%) of respondents were affirmative but were not sure to what exact extent. Glaringly only 18% were sure that their business activities were concentrated around the core businesses of their firms. On the other hand the remaining 24% did not know or were unaware of any contribution current activities made to the core business of their firms. Finally, the remaining 25% could not see any way their current business activities advanced their core business ideals. This finding raises questions on whether the MSEs implemented their strategic plans or had functional coordination mechanism to provide unity of direction. Thus, who does strategic planning in MSEs?

Table 4.5. Responsibility of strategic planning in MSEs

Who plans?	Frequency	Percent	Valid Percent	Cumulative Percent
Manager or business owner	61	68.5	68.5	68.5
Employees	3	3.4	3.4	71.9
Consultants	22	24.7	24.7	96.6
Other	3	3.4	3.4	100.0
Total	89	100.0	100.0	

Source: Study data collected from the field

As displayed in table 4.5 above the study found that in 68.6% of MSEs the managers carried out strategic planning. In other instances (28.1%) of relatively well capitalized small industrial plants, the consultants were contracted to carry out the strategic planning function for the firms. In very rare cases (3.4%) would one find ordinary employees in charge of strategic planning especially in MSEs in Kisumu CBD.

Table 4.6. Activities in strategic planning process

Activities	frequency	Percent
The firm develops and implement operational plan of actions in line with the strategic plan	34	38%
Usually hold formal meetings with well documented minutes	28	31%
The firm encourages strategic thinking among staff like coming up with new ideas	27	30%
The firm periodically reviews its strategic plan	25	28%
Business structure is formulated from the strategy	24	27%
We have timetables for planned operations	22	25%
The firm rely on information from the operating environment only when planning	22	25%
The core values of the firm is espoused in the strategy	20	22%

The firm rely on both internal and external environmental information when planning	16	18%
Adequate resources allocated for planning process	9	10%
Clearly assigned responsibility for planning	8	9%
We have informal planning sessions	7	8%
The firm rely on internal information only when planning	2	2%

Source: Study data collected from the field

According to the rating table above, the MSEs seemed to focus more attention to operational issues at the expense of strategic planning. It also became clear that among the five most executed activities during strategic planning process, the MSEs relied more on formal meetings (31%); welcomed innovation and generation of new ideas from their staff (30%); periodically reviewed their strategic plans (28%); aligned their strategy to structure (27%); and lastly relied only on information from operating environment (25%) while ignoring the internal environment when planning.

Of concern in these findings are the facts that only 9% of the MSEs had clearly assigned responsibility for planning; and only 10% of the same firms allocated adequate resources for planning processes. This tendency could possibly explain why only 18% of the MSEs conduct complete (both external and internal) environmental analysis during strategic planning while the rest 38% and 2% would rather use only external and only internal analyses respectively. This creates room for questioning the quality of strategic plans that MSEs develop considering the fact that strategic planning as a process requires the top management's commitment and a lot of resources to execute.

To examine further whether the MSEs carried our assessment of both internal and external environment (SWOT Analysis) while planning, four open ended questions were asked focusing

on the respondents' awareness about the firm's strengths, weaknesses, opportunities and threats. To this end 91% of the respondents were able to clearly identify their firm's strengths while only 9% accounted for those unaware including those who did not respond to the question. Comparatively, 66% of these respondents were aware of their weaknesses with this question recording high (33%) percentage of respondents who were not able to identify their firms' weaknesses.

On any four external factors affecting the MSEs operations, 82% the respondents stated either positively or negatively the factors ranging from regulatory bodies (31%), through competition (25%) and politics (11%) to change on customer preferences (10%). 69% of the same respondents displayed knowledge of threats to their MSEs with majority stating competitor pricing strategies; insecurity and political changes following the introduction of the new constitution of Kenya. The high (30%) unfavorable response rate registered on this question and the question touching on the firm's weaknesses is a clear pointer to the fact that the most MSE owners and managers had skewed view of their businesses making them reluctant to analyze negative factors affecting their firms alongside favorable factors during strategic planning.

On being asked the factors impacting on strategy formulation in their MSEs the study revealed the significance attached to vision or mission by the MSEs as per the table 4.9 below.

Table 4.7. Strategy formulation drivers

Strategy formulation drivers	Frequency	Percent
Vision and objectives of the firm or owner manager	61	69%
Opportunities in the market	48	54%
The business owner's wish for achievement of planned growth and higher profits	38	43%

Advice and initiative of outside consultants	24	27%
Requirement of financial institutions	20	22%
Education of the manager / business owner	8	9%
Imitation of other firms and competitors	5	6%

Source: Study data collected from the field

Table 4.7 above puts 69% of the firms surveyed considered their strategy formulation to have been strongly influenced by their vision or mission. On the other hand, 54% of the respondents saw the opportunities in the market as the strong influence on their strategy formulation while 43% of the MSEs stated that their strategic planning was strongly impacted by the owner's wish for achievement of planned growth and higher profits. Other MSEs still, cited advice or initiative of consultants (27%); requirement of financial institutions (22%); education of the manager or business owner (9%); and lastly the imitation of other firms and competitors (6%).

On how the MSEs arrived at a Strategy Decision majority of the MSEs (49%) focused more on the analysis of the market and competition rather than analyzing both external and internal business environment of the firm (46%) in order to arrive at their preferred choice of strategy (see table 4.8).

Table 4.8. Strategic analysis techniques adopted by MSEs

Strategic analysis techniques	Frequency	Percent
Analysis of market and competition	44	49%
Analysis of overall business of the firm (internal & external)	41	46%
Analysis of internal capabilities of the firm	12	13%
Feeling-based (Intuition of the manager/ owner operator).	8	9%

Source: Study data collected from the field

However, only 13% of the MSEs consider internal capabilities of the firm when deciding on which strategy to adopt while another 9% rely on gut-feeling of the business owner or manager to decide on the strategy.

Table 4.9. Generic Strategies adopted by MSEs.

Generic strategies	Frequency	Percent
Provides on market products / services that are different, better than competitive ones	70	79%
Provides on market products / services with lower prices than competitors	16	18%
Sells products /services to a specific group (segment) of customers	15	17%

Source: Study data collected from the field

From the results in table 4.9 above, the study found that 79% of the MSEs pursued differentiation strategy while only 18% and 17% pursued low price strategy and targeted market niche strategies respectively. This could be attributed to the fact that many MSEs (Small Trader, Shop or Retail Services Firms) engage in providing similar products and services targeting the same market segment within the same geographical area and thus only few firms offering specialized services like the Medium Professional Services Firms could pursue low price strategy. Also, only relatively stable establishments like Small Industrial Plants could possibly sell their differentiated products and services to a specific segment of customers thus establishing their market niche?

Majority (83%) of MSEs studied exhibited an organizational structure with 1 to 4 levels of reporting relationship. This implies that these firms have simple and relatively flat structures which were cheap to maintain and easy to strategically plan for and monitor. Thus if given preference by the firm's management, strategic planning has the potential to revolutionize the

performance and business processes in MSEs for enhanced growth and survival even in the face of the hardest of times.

Strategic planning practices were found to be prevalent among MSEs in Kisumu. On this topic respondents were asked to rate their firm's rate of adoption of an array of pre-determined common strategic planning practices. The findings here confirm earlier stated findings by indicating that 60% of the MSEs had clear vision of the future known to all employees while 48% of the firms know their existing resources and capabilities.

Table 4.10. Prevalence of strategic planning practices in MSEs

Strategic Planning Practice	N	Mean	Std. Deviation
Knowing your customers and their needs	89	3.45	1.603
Pursuing growth and increase in profitability	89	3.44	1.574
Knowledge of firm's own strengths and weaknesses	89	3.34	1.373
Firm's awareness of its competitive advantages	89	3.26	1.336
Firm's awareness about the opportunities and threats in the market	89	3.87	1.432
Existence of non-utilized or underutilized resources and capabilities in the firm	89	3.87	0.932
The long term objectives of the firm are achievable	89	3.73	1.156
The firm does planning of business operations for the future	89	3.96	1.127
All the employees are oriented towards the common business goal	89	3.16	1.157
Strategic planning is seen as the key for the business success	89	3.47	1.447
The firm has a clear vision about the future , known to all employees in the firm	89	3.19	1.437
An actual formal business plan as the basis of business operations	89	3.54	1.407
Prepared strategic plan (written or in the head of manager/owner)	89	3.47	1.391
Through work plans, staff and financial resources are allocated to insure accomplishment of firm's goals in a timely manner	89	3.00	1.485
The owners of the business are involved in evaluating the performance of the firm	89	3.48	1.463

Evaluation involves review of business plans and systems to insure compliance with the firm's mission, values and goals.	89	3.20	1.324
The results of evaluation are reflected in the revised strategic plan.	89	3.75	1.227
Valid N (list-wise)	89		

Source: Study data collected from the field

An attempt was made to find out the extent or prevalence of strategic planning practices in MSEs. Table 5.10 the highest mean score for the MSEs was 3.97. This referred to the statement 'the firm does planning of business operations for the future' but with the second least variable practice at 1.127 and was followed by highly varied (standard deviation = 1.432) practice of firm's awareness about the opportunities and threats in the market and existence of non-utilized or underutilized resources and capabilities in the firm at a score of 3.86. The lowest mean score was for the statement 'through work plans, staff and financial resources are allocated to insure accomplishment of firm's goals in a timely manner' at 3.0. However, adoption of the practice varied comparatively wide at standard deviation of 1.485.

The least varied strategic management practice among the MSEs concerned the existence of non-utilized or underutilized resources and capabilities in the firm at standard deviation of 0.932 while the most widely varied strategic management practice at a standard deviation of 1.603, was about knowledge of the firm's own customer and how to meet their needs.

4.4 Discussion

This study provides evidence that strategic planning is important for the firm's survival. This study confirmed that MSEs of all sorts embrace practices of strategic planning in one way or another. It agrees with the findings of Muriuki (2005) that considerable businesses formulate strategic plans, vision and mission; carry out environmental assessment though on the contrary the implementation process and control lacks the robustness it deserves. This is because the

pressure to address immediate problems and accomplish high-priority tasks might be so strong that planning activities lose the attention of the MSE managers. The study found most growth oriented firms to cite their vision while operationally pre-occupied firms to cite their missions.

The study also revealed near-gender parity in participation in MSEs management between gender and that further that formal education is not a contributory factor to MSEs owners or managers not planning since 78% of the respondents had a minimum of college education. Thus any capacity building intervention targeting to promote strategic planning among MSEs should be tailor-made to suit the varied contexts and the unique gender needs and challenges of the MSEs. This contravenes the generally held assumption that majority of MSE owners and operators are not formally schooled and that this is the primary reason for not planning.

Despite the fact that small and large enterprises differ considerably in size and resources MSE decision makers also apply strategic planning. Both formal and informally planning MSEs face similar challenges when it comes to the formulation of strategy. This concurs with Kargar and Blumenthal's (1994), assertion that firms with formal strategic planning experience implementation problems to broadly similar extent as firms a non-formal strategic process. The study also concurred with Woods and Joyce (2003) and Kamau (2008) strategic planning does not replace managerial intuition and judgment with a set of plans but rather it makes them more rational.

In agreement with Mazzarol (2003), the study confirmed that the degree of entrepreneur's strategic orientation forms a key factor for strategic focus of the firm. This findings also revealed that most entrepreneurs prefer to start their businesses at micro stage with the hope of growing it to become small and medium enterprises successively but the number of microbusinesses that

fail or stagnate are higher than those which succeed to transition to next rung of growth. These facts notwithstanding, most studies have either completely ignored micro-enterprises or lumped them with small and medium enterprises altogether thus leading to the ‘‘missing foundation’’, going in contradiction to Bwisa and Gathenya’s (2011) assertion that the seeds of future business performance are sown in the early (micro and small) stages of business life and the understanding of them have predictive value.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study findings, key conclusion, recommendations based on key findings and discussions of the findings. The chapter also presents recommendations for both policy and practice. The Chapter covers limitations of the study and suggestions for future research.

5.2. Summary of Findings

The study sought to determine the strategic planning practices adopted by Micro and Small Businesses in Kisumu Central Business District. The study confirmed the existence of strategic plans both written and unwritten in 57% and 43% of the MSEs respectively. New such plans were found to be formulated to cover between 2 to 5 years in 79% of the MSEs. Within this period the strategies were subject to regular review within every 1 to 2 years. It also clarified that the responsibility for strategic planning was majorly vested in the management in 61% of the MSEs. The study also found out that most MSEs formulated vision and mission which guided their strategic planning either informally or in a formally structured way. It also revealed that even though the people running most of the MSEs were fairly educated with 57% of them holding college diplomas and degrees, a significant proportion could not link their operational activities with their core business competencies. They were found to over-concentrate on operational issues thus denying themselves time to conduct adequate and holistic strategic planning for their firms.

The study revealed that averagely 33% of the MSEs had embraced activities associated with strategic planning processes. Key among these included: 38% of MSEs which formulated operational plans; 31% which held formally documented meetings; and another 30% which encouraged innovation and creativity among staff among others. On the contrary very few MSEs allocated adequate resources in terms of finance (10%) while only 9% had staff clearly assigned responsibility to carry out strategic planning. In addition, the study found out that most MSEs relied on SWOT analysis to draw an understanding of the operating environment before drawing their strategies. However, it also came out that they run the risk of pursuing weak strategies since they were found to focus more on their strengths and opportunities (positives) while failing to adequately analyze their weaknesses and the threats presented by the external operating environment- a situation which may portend imminent failure of their firms.

The also came out that to decide on the choice of strategy to adopt, 49% of the firms conducted market analysis; 46% did internal and external analysis of the operating environment; 13% conducted only internal analysis while the last 9% relied on the intuition of the manager or business owner. Further, MSEs were found to bear flat and less elaborate management structures majorly consisting of less than 4 levels of reporting. Finally, the study revealed that the general adoption rate of strategic planning activities varied widely among MSEs. These MSEs fell within the range of mean score of between 3.00 and 3.96 considering the adoption distance between the least adopted practice and the most adopted practices respectively.

5.3 Conclusion

On the basis of the foregoing discussion of the study findings, it can be concluded that micro and small businesses in Kisumu Central Business District have embraced key strategic planning

practices. However, the rate of adoption and implementation still varies widely based on the size and stage of development of the firm. It can also be concluded that MSEs understand their requirement for strategic plans, vision and mission be they formal or informal to be able to chart a clear course towards gaining competitive advantage and sustained profitability. However, whether they actually use their plans for competitive advantage or not is not clear, given the prevailing failure rates.

In order to ensure seamless strategic planning process, adequate resources should be allocated towards the process and clear responsibility for strategic planning must be assigned with the commitment of the executive management. Thus one can conclude that in-so-much-as the strategic planning practices exhibited by the MSEs are akin to those quoted in most literature, managers vary in how they carry out various strategic planning practices within their precincts.

Strategic planning practices are influenced by factors which are both external and internal to the firm. The internal factors are often more amenable to manipulate than external ones. It can therefore be concluded that if MSEs are to tap the full benefits of strategic planning, then holistic environmental analysis deploying varied tools such as SWOT and PESTEL frameworks- is a prerequisite before arriving at the choice of strategies to pursue. It is also worth concluding that MSEs tend to over-concentrate their efforts and focus on immediate operational issues at the expense of the long term strategic issues.

5.4. Recommendations for Policy and Practice

Based on the findings of this study, it is important that policy issues are mentioned taking cognizant of the sessional papers, developed blue prints and the Vision 2030 since these documents all attempt to address MSEs issue. The results of this study therefore reflect great

need to have targeted policies that guide action even as low as at micro-enterprise levels while promoting strategic planning best practices given majority of the unemployed earn their livelihood from MSEs.

The respondents cited pertinent issues concerning with business regulations and policy, political stability all of which fall within the precincts of the government. Thus it is imperative for the government of the day to provide an enabling social, economic, political and ecological environment to spur growth and transitioning of more and more MSEs into medium businesses for increased GDP. Further, there ought to be redefinition and segregation of the issues of the two categories of enterprises (micro and small) with the aim of increasing efficiency without duplicating efforts. Thus equal attention should be given to policies specifically targeting microenterprises and small businesses respectively but disaggregated by size and industry type.

Bearing in mind that majority of the MSE operators are have post college education, they should pursue trainings in areas that are relevant to the businesses they run for instance sales and marketing packages. The management should also be sensitized to use statistical modeling to help them predict the outcome of their practices given the available resources. Thus firms should be empowered to predict success or failure and take corrective action well in advance.

In light of the foregoing findings it is recommended that MSEs deliberately embrace more and more of strategic planning based on holistic environmental analysis. It is also recommended that the Government of Kenya and development partners consider prioritizing the capacity building needs of the MSEs especially on strategic planning and formulate appropriate policies, programs and budgets geared towards enhancing the desirable attitude, knowledge and practice of strategic planning among the MSE citizenry.

The study also recommends that MSEs should focus on a limited area of interest and develop appropriate strategies which should be properly implemented but with focus on the vision. This is one of the sure ways of avoiding strategy drift which is associated with firms desiring to do everything. It is also recommended that MSEs should strive to create adequate time for and allocate sufficient resources towards strategic planning activities with clearly assigned responsibility for strategic planning.

5.5. Limitations of the Study

Most empirical studies encountered were often limited to those enterprises that have already been identified as conducting strategic planning while this study was limited to the surviving enterprises whereas failed companies are often not considered introducing the survivor bias.

The researcher also experienced a number of limitations worth noting. However, these limitations did not have any significant interference with the outcome of the study. Secondly, the data were collected with perceptions predominantly from one respondent per firm and from surviving enterprises whereas failed firms were not considered. Thirdly, the assumption that aggregation of single functional plans is usually a sufficient condition for categorizing an MSE as planning strategically is of only little value.

Fourth, existing studies are difficult to compare due to their differences in terms of location, enterprise type, industry, sample size, company size or time period. Since the focus was on micro and small businesses (usually the owner or manager) any bias by the respondent might have distorted the outcome of the study. Fifthly, the study only focused on strategic planning practices and did not include other strategic management elements such as motivation factors which may prompt MSEs to plan or not plan and this may be of interest for future research.

Sixthly, the studies' response rate was small since a number of respondents were reluctant to provide information citing lack of time to fill the questionnaires. Thus, it raises concerns whether those MSEs which returned questionnaires were mainly those enterprises in which people plan and / or think strategically or not.

5.6. Suggestions for Further Study

In management decisions must be made but accurate decisions must be based on the right information. This study focused on the strategic planning practices in MSEs only. Future research could therefore investigate the effect of ownership motivation on strategic planning in microenterprise and small businesses separately and come up with valid findings and conclusion.

This study focused on the owner managers only but future studies should consider sampling 3 or more respondents from the each MSE to draw comparisons and avoid owner bias and increase response rate. Interviews should also be used in future studies to increase the response rates and validate data obtained especially from open ended questions in the case of microenterprises. Further it would be interesting to examine whether there are differences in the degree of strategic planning in MSEs with regard to industry affiliation.

The field of MSEs is large and very diverse. It would be encouraging to get more solutions to the many issues facing MSEs. Many economies have survived by encouraging new firms. This may be the solution to the many ailing economies in this world. Thus given the unique characteristics of MSEs there is need to devote more time to analyze these idiosyncrasies in order to advance our understanding of strategic planning in MSEs and derive valuable recommendations for research and practice. Further studies should also be conducted to relate the resource based view of the firm and the propensity of MSEs to strategically plan.

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APPENDIX I: LETTER OF INTRODUCTION

**William ADERO,
C/o University of Nairobi,
School of Business,
P.O Box 30197, Nairobi.**

September 24, 2012

To Whom it May Concern,

Dear Sir/ Madam,

RE: REQUEST TO PARTICIPATE IN AN ACADEMIC RESEARCH

I am a registered student at the School of Business of University of Nairobi pursuing Masters of Business Administration. Having completed my coursework I am conducting a research into the *Strategic Planning Practices in Micro and Small Businesses in Kisumu Central Business District*.

I am therefore requesting your participation in answering the simple questions provided in the study questionnaire with honesty, accuracy and to the best of your ability so as to help the study meet its objectives. The responses from this study will culminate into a research report which will be submitted to The University in partial fulfillment of the academic requirements for this course.

I assure you of absolute confidentiality about any information which may compromise on your identity or that of your businesses enterprise during the study.

Thanks for participating and God Bless You,

Yours sincerely,

William Adero
(Reg. D61/60581/10).

APPENDIX II: STUDY QUESTIONNAIRE

A SURVEY OF STRATEGIC PLANNING PRACTICES IN MICRO AND SMALL BUSINESSES IN KISUMU CITY CENTRAL BUSINESS DISTRICT

Please read the questions carefully then record your answer as objectively as possible according to the instructions given. All the responses provided and the identity of the respondents and company will be kept confidential its use will be restricted to the purposes of this study only.

You are kindly requested to respond to all questions!

Section A: General Information

Date _____ Gender: _____

Industry _____ Location _____ Position _____

1. What is your main responsibility in this firm? _____
2. How did this business start? (Tick one appropriate answer only)
 - It was purchased
 - It was newly founded
 - It was inherited
 - It was a franchise
 - It was a subsidiary
3. What is the form of ownership of your business enterprise? (Tick only one box)
 - Sole trader / Owner Managed
 - Partnership
 - Private Company
 - Public Limited Company
 - Other (Please Specify) _____
4. How many employees do you have in Kisumu?
 - 1 (or Myself only if owner manager)
 - 2-5
 - 6-10
 - 11-50
 - Over 50
5. What is your (or manager's) highest level of education?
 - Completed Primary
 - Completed Secondary
 - Completed Tertiary College (Certificate)

- Completed College (Diploma)
 - Completed University (Degree)
 - Completed University (Masters /PhD).
 - Other (Please specify)_____
6. For how many years has this business been in operation?
- Less than Six Months
 - Six months to 1 year
 - One year to Two years
 - Two years to Three years
 - More than three years
7. Which of the following enterprise life cycle stages do you consider important for the survival of your business? (Please tick only one box)
- Pre-start up stage (Planning stage)
 - Start-up stage
 - Growth stage
 - Maturity stage
 - Decline stage

Section B: Strategy Formulation & Implementation

8. a) Does your business enterprise have a strategic /business plan?
- Yes (Written)
 - Yes (NOT Written)
- b) When was it developed?
- Within the last 1 year
 - Within the last 2 years
 - Within the last 3 to 5 years
9. After every how many years does your firm develop new strategic plans?
- Less than 1 year
 - 1-2 years
 - 2-4 years
 - More than 4 years
10. How often do you revise your strategic plan?
- Every Six Months
 - Every 1 year
 - Once every Two years
 - Once every Three years
 - Other (please specify)_____
11. Has your business developed a Mission / Vision?
- Yes (Written)

Yes (NOT Written)

12. Please state your business mission and vision?

.....
.....

13. Do you think that the current line of businesses you engage in contribute to the core business of the firm?

- Don't know
- No
- To some extent

Explain

.....

.....

14. Who is in charge of strategic planning in your enterprise?

- Management / Business Owner
- Employees
- Consultants
- Other (please specify)_____

15. Which set of statements best describes your firm's planning process?

- Usually hold formal meetings with well documented minutes
- We have informal planning sessions
- We have timetables for planned operations
- The firm periodically reviews its strategic plan
- The firm encourages strategic thinking among staff like coming up with new ideas
- The firm rely on information from the operating environment only when planning
- The firm rely on internal information only when planning
- The firm develops and implement operational plan of actions in line with the strategic plan
- The firm rely on both internal and external environmental information when planning
- Adequate resources allocated for planning process
- Clearly assigned responsibility for planning
- Business structure is formulated from the strategy
- The core values of the firm is espoused in the strategy
- Other (specify)_____

16. What do you do well as a business enterprise?

.....
.....

17. What do you do badly as a business which may need improvement?

.....
.....

18. Can you please state any four the external factors beyond your control that affect your business.....

19. What are the threats or obstacles you face in your business today on in near future?

20. From the list provided choose up to three factors that have had the strongest impact on the strategy formulation in your firm?
- Vision and objectives of the firm or owner manager
 - The business owner's wish for achievement of planned growth and higher profits
 - Opportunities in the market
 - Imitation of other firms and competitors
 - Advice and initiative of outside consultants
 - Requirement of financial institutions
 - Education of the manager / business owner
 - Other (please specify)_____
21. How does your firm decide on the strategy to adopt?
- Analysis of market and competition
 - Analysis of internal capabilities of the firm
 - Analysis of overall business of the firm (internal &external)
 - Feeling-based (Intuition of the manager/ owner operator).
 - Other (Please Specify)_____
22. Please check the items which best describe your firm's business strategy.
- Provides on market products / services with lower prices than competitors
 - Provides on market products / services that are different, better than competitive ones
 - Sells products /services to a specific group (segment) of customers
 - Other (specify)_____
23. Please sketch down your firm's staff reporting relationships or chart if possible starting with the most senior employee.

Section C: Strategic Planning Practices

23	<i>Please rate your firm's level of adoption of the practices below according to the scale provided by ticking the appropriate box in each case. 1 - Totally Disagree; 2 - Agree; 3 - Undecided; 4 - Disagree; 5 - Totally Agree.</i>	1	2	3	4	5
a	Knowing your customers and their needs					
b	Pursuing growth and increase in profitability					
c	Knowledge of firm's own strengths and weaknesses					
d	Firm's awareness of its competitive advantages					
e	Firm's awareness about the opportunities and threats in the market					
f	Existence of non-utilized or underutilized resources and capabilities in the firm					
g	The long term objectives of the firm are achievable					
h	The firm does planning of business operations for the future					
i	All the employees are oriented towards the common business goal					
j	Strategic planning is seen as the key for the business success					
k	The firm has a clear vision about the future , known to all employees in the firm					
l	An actual formal business plan as the basis of business operations					
m	Prepared strategic plan (written or in the head of manager/owner)					
n	Through work plans, staff and financial resources are allocated to insure accomplishment of firm's goals in a timely manner					
o	The owners of the business are involved in evaluating the performance of the firm					
p	Evaluation involves review of business plans and systems to insure compliance with the firm's mission, values and goals.					
q	The results of evaluation are reflected in the revised strategic plan.					

THANK YOU FOR PARTICIPATING IN THIS SURVEY. MAY GOD BLESS YOU!

APPENDIX III: LIST OF MICRO AND SMALL ENTERPRISES IN KISUMU CBD

No.	Business Name	Zone	No.	Business Name	Zone
1	Abdihakim Ahmed Abukar	8	46	Kanyaluo General Merchants	9
2	Abraham Owino Awuor	7	47	Kenya Kazi Ltd	7
3	Africa Merchant Assurance	7	48	Kenya Kazi Services Limited	9
4	African Touch Saloon	7	49	Kevin Odhiambo Opiyo	7
5	Afro American Industries Ltd	8	50	Kevin Odhiambo Opiyo	8
6	Alfred Barudi Okatihi	8	51	Kisumu Centre Juakali Artisans	7
7	Amedo Centers (K) Ltd	7	52	Kukopesha Limited	7
8	Benard Omondi Omol	8	53	Loyce Aoko Angi'enda	7
9	Beross Enterprises	7	54	Lucas Obiero	7
10	Boston Styles Limited	9	55	Mabwa Enterprises Limited	8
11	Caesar A. Emma	7	56	Mary Gorety Awino Wasungu	8
12	Caroline A. Oloo	7	57	Meremia Abdalla	8
13	Caroline Atieno Ochieng	7	58	Mis Piki Piki Agencies	8
14	Charles Onyango	7	59	Mohammed Salat	7
15	Christine Akinyi Otieno	8	60	Neto Computers	7
16	Corporate Insurance Company Ltd	9	61	New Pakumu Agencies	9
17	Credit Africa Ltd	7	62	Noor Ali	7
18	Dan Traders Ltd	7	63	Pambo Beauty Saloon	7
19	Dar Es Salaam Electronics	8	64	Paramount Engineering Ltd.	7
20	Dickson Juma Dickens Nyakwaka	8	65	Patrick O. Omondi	7
21	Dismas Onyango Osino	7	66	Pelmark Ltd	7
22	Diva Office Solutions	9	67	Petroleum And Industrial Services	9
23	Economic Credit Traders	8	68	Power Images	7
24	Edwina Akoth Adere	7	69	Ramogi Best Points	8
25	Eightyfit Electricals	7	70	Rebeccah K. Onyango	8
26	Elmi Farah Jimale	8	71	Salah Abdirahim Sheikh	8
27	Etec Communications	9	72	Salah Abdirahim Sheikh Hassan	8
28	Farah Ali Hersi	8	73	Sam's Fashion & Shoe Centre	9
29	Fartun Hajir Ibrahim	8	74	Samuel Rore Otieno	7
30	Florence Akoth Okwacha	7	75	Sarah Florence Otieno	8
31	General Auto-Hardware Ltd	7	76	Silvia A. Onyango	7
32	George Odhiambo Obiero	7	77	Simon Owino Odinga	7
33	Hassan Abraham	8	78	Solomon Githu Mwangi	7
34	Image Limited	7	79	Sunshine Cycles And General	8
35	Imani Electronics	9	80	Tederu Enterprises	7
36	Isaac Ototo Nyaweya	8	81	The Pentter Mc	7
37	Islam Bwanahamani Simba	8	82	Thomas Osongo	7

38	James Musyoki	7	83	Trend Setters	8
39	Jane Ohawo Ochieng	7	84	Vector Beverage	8
40	Janet Odhiambo	7	85	Veronicah A. Gumba	7
41	Japheth Mike Ngala Anding'	8	86	Viscos Beauty Point	7
42	Jesca Awino Onyango	7	87	Wandera Moses	7
43	Joseph Otieno Wangoya	8	88	Winnifred Aloo Obare	7
44	Julius Ouma	8	89	Winsor Meats Ltd	9
45	Yola Investment Enterprises	8			

Source: Kisumu Municipal Council (April, 2012).