

## Abstract

Strategic management and its implementation have become the main focus in SMEs because of its role in generating economic wealth. Although, there are many advantages to use strategic management, there are still many SME organizations that resist using it, since some of them may think this process is only useful for larger organizations and they did not recognize that it's also very helpful for SMEs as a whole. The purpose of this study was to establish strategic management practices and their influence on performance of SMEs in Kenya. The study adopted the descriptive cross sectional research design. The target population for this study was the top 100 SMEs (2012) in Kenya because it was the rich area and is concentrated with lots of SMEs. Stratified sampling was adopted so as to give each item in the population an equal probability of being selected. The sample was selected from the population target of 100 possible respondents by taking a 50% sample of the target population in each stratum. Hence the sample size of the study was 50 senior managers in the SMEs which were chosen randomly. The researcher used a questionnaire as the primary data collection instrument. The questionnaire collected qualitative and quantitative data. The questionnaire was administered through drop and pick method to the top managers working in the selected SMEs. The questionnaire responses were cleaned, grouped into various categories and entered in the SPSS software to facilitate for analysis using descriptive statistics. Frequency distribution tables were used to summarize the data from respondents. The analysed data was presented in frequency distributions tables and pie charts for ease of understanding and analysis. The study established that majority of the SMEs had adopted strategies in the past. The study further established that external factors contributed to adoption of new strategies to a very great extent; internal factors such as internal processes, top managers' ability to develop effective strategies, firm's resources, organizations behaviour and characteristics also influenced their organization's adoption of new strategies as organizations seek to remain competitive in the market. The study also found out that majority of the SMEs adopted various strategies to a great extent in order to achieve competitive advantage; they included: market strategy, products reputation, customers' differentiation, product pricing, cost control, technology, quality of the product, product and service innovations and customer service strategies. The study concludes that strategic management has a positive relationship with competitive advantage of the organizations and that SMEs adopted the strategies in order to achieve competitive advantage. It is recommended that the management needs to have a positive rethink towards the use of strategic management and have the right resources as the success of a business or strategy depends primarily on the value judgment, energy and skill of its top managers and the strategic implementation within the context and parameter of the uncertainty and ambiguity of the environment subjected to volatility. Strategic training should be given to all employees in the SMEs in order to enhance their performance. Management should undertake a comprehensive study and adoption of strategic management in all and every aspect and areas of its concern so as to synergies, restructure, re-engineer and reposition its operations and thus enhancing competitiveness and performance.-integration back into society.