

**STRATEGIC MANAGEMENT PRACTICES AND PERFORMANCE OF
SMALL AND MEDIUM SIZED ENTERPRISES IN KENYA**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

NOVEMBER 2015

DECLARATION

This research project is my original work and has not been presented for examination purpose to any other university, college or institution of higher learning.

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D61/63190/2011

This project report has been presented for examination with my approval as the appointed University Supervisor.

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DEDICATION

This project is dedicated to my dear family for their support throughout the research journey.

ACKNOWLEDGEMENTS

I am thankful to the Almighty God for blessing me with an opportunity to study for this degree programme and for availing all that I required to complete this course. My deepest appreciation goes to my Supervisor Dr. Vincent Machuki for his unwavering support throughout this research project journey. Thank you, for your reliability, availability, insight, counsel, time, effort and for the constructive way you challenged my thoughts on the conceptual knowledge behind this research.

I extend my sincere gratitude to all the other lecturers at the University of Nairobi for the academic resources at different levels to the contribution of the program. I like to thank my classmates for their valuable contribution towards my studies and the educative and enriching collaboration we shared. Not forgetting the administrative and support staff for their assistance during the study.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
LIST OF TABLES	vii
ABBREVIATIONS AND ACRONYMS	viii
ABSTRACT	ix
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Strategic Management Practices	2
1.1.2 Organizational Performance.....	4
1.1.3 Strategic Management Practices and Organization Performance	6
1.1.4 Small and Medium Sized Enterprises Sector in Kenya	7
1.1.5 Top One Hundred Small and Medium Sized Enterprises in Kenya.....	8
1.2 Research Problem	9
1.3 Research Objectives.....	12
1.4 Value of the Study	12
CHAPTER TWO	14
LITERATURE REVIEW	14
2.1 Introduction.....	14
2.2 Theoretical Foundation	14
2.2.1 Resource Based Theory	14
2.2.2 Ansoff Strategic Success Theory	15
2.3 Strategic Management Practices	16
2.4 Strategic Management Practices and Organizational Performance	17
CHAPTER THREE	20
RESEARCH METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Population of the Study.....	21

3.4 Data Collection	21
3.5 Data Analysis	22
CHAPTER FOUR.....	24
DATA ANALYSIS, FINDINGS AND DISCUSSION	24
4.1 Introduction.....	24
4.2 Background Information.....	24
4.3 Strategic Management Practices	25
4.3.1 Strategy Formulation.....	26
4.3.3 Strategy Implementation Practices.....	29
4.3.4 Strategy Evaluation	32
4.3.5 One Sample T-test.....	35
4.4 Strategic Management Practices and performance of Top 100 SMEs	36
4.5 Discussion.....	40
CHAPTER FIVE	46
SUMMARY, CONCLUSION AND RECOMMENDATIONS	46
5.1 Introduction.....	46
5.2 Summary	46
5.3 Conclusion	50
5.4 Recommendations for Policy and Practice	51
5.5 Implications for Theory Building	52
5.6 Limitations of the Study.....	53
5.7 Suggestions for Further Research	55
REFERENCES.....	56
APPENDICES	59
Appendix I: Questionnaire	59
Appendix II: 2014 Top 100 SMEs	63
Appendix III: Introduction Letter.....	65

LIST OF TABLES

Table 4.1: Small and Medium Sized Enterprises Sector.....	25
Table 4.2: Small and Medium Sized Enterprises Size.....	25
Table 4.3: Frequency of carrying out situational analysis	26
Table 4.4: Mission and Vision Statements	27
Table 4.5: Responsibility of Developing Mission and Vision.....	27
Table 4.6: Strategy Formulation Practices.....	28
Table 4.7: Strategy Implementation Responsibility.....	30
Table 4.8: Ownership of Strategy Implementation and outcome	30
Table 4.9: Strategy Implementation Practices	31
Table 4.10: Extent of Utilization of Evaluation.....	32
Table 4.11: Strategy Evaluation Practice.....	33
Table 4.12: SME Financial Performance.....	34
Table 4.13: SME Non Financial Performance.....	35
Table 4.14: Strategic Management Practices Descriptive Statistics	35
Table 4.15: One Sample T-test Statistics	36
Table 4.16: Correlation Matrix	37
Table 4.17: Model Summary	38
Table 4.18: Analysis of the Variance.....	39
Table 4.19: Model Coefficients	39

ABBREVIATIONS AND ACRONYMS

GOK :	Government of Kenya
SMEs :	Small and Medium Sized Enterprises
SPSS :	Statistical Package for the Social Sciences

ABSTRACT

Adoption of strategic management practices conceptually enables firms to understand their strategic position and identifying how to make strategic choices for the future and manage strategy in action. Employing strategic management is critical to firm's performance. Strategic management demands efficient systems to counter unpredictable events that can sustain their operations and minimize the risks involved. Theoretical and empirical evidence supports the argument that adoption of superior strategies leads to improved organization performance. However, most studies have dealt with large firms and put diverse conditions for the benefits of strategic management to be felt. The main challenge lies with small firms which do not have the resources and capacity to implement strategic management practices. This has seen the argument by some scholars that investment in strategic management practices involves erosion of small firms' resources (leading to decline in performance) with no corresponding benefits; such resources should be applied to areas of more priorities. The study sought to determine the strategic management practices adopted by top one hundred SMEs in Kenya and the influence of strategic management practices adopted on organization performance and used both primary and secondary data. This study targeted top one hundred small and medium sized enterprises in Kenya. The study population was the 2014 top one hundred small and medium sized enterprises as documented by the business daily. The study used descriptive design and data was collected using primary and secondary data. The study found that that top one hundred SMEs had adopted strategic management practices relation to situational analysis, strategy formulation, implementation and evaluation. All the SMEs had written mission and vision statements and paid a lot of attention to strategy formulation, implementation and evaluation. The SMEs had adopted participatory mechanisms in strategic management practices and hence ensuring success of strategic management practice. The study also found that adoption of strategic management practices influence organization performance. Superior strategies have positive relationship with organization performance. The study recommended that top management for all the SMEs and other organizations to strive to make the strategic management process as inclusive as possible from the lower level employees to senior management. Further the study recommended that management to take measures to ensure that they adopt superior strategies which will give their companies competitive advantage and lead to superior performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Adoption of superior strategic management practices provide small firms with new tools for survival, growth and maintaining a sustainable competitive advantage (Omerzel and Antoncic, 2008). SMEs use strategic planning as a tool to cushion them from the unstable business environments in order to ensure their survival and growth (Huang, 2006). Dansoh (2005) posits that strategic planning enables SMEs to be forward looking and vigilant to be able to cope with these circumstances. Small and medium enterprises, which engage in strategic planning, are more likely to be those that achieve higher sales growth, high returns on assets, higher margins on profit, higher employee growth, achieve international growth, and are less likely to fail (Wang, Walker and Redmond, 2007). Strategic planning provides an operational framework, which allows an organization to enjoy competitive advantages and improved business performance (Pillania, 2008). In order for SMEs to succeed and sustain their businesses, they need to adopt superior strategic management practices (Dansoh, 2005).

The study was guided by various theories that have developed in literature relating strategic management practices to performance. The guiding theories include resource based theory and Ansoff strategic success formula. Resource based theory advances the argument that strategy adopted by a firm is a function of the complement of the resources held and affects performance. Ansoff strategic success formula which advocates that great firm performance is assured when the responsiveness of an

organization's strategy matches the turbulence in the environment and also the organization's capabilities match the aggressiveness of its strategy.

In Kenya, SMEs play a significant role in the economy on creation of employment. However, SMEs are falling behind large companies in adoption of strategic management practices and the benefits of strategic management tools have not fully been exploited by these firms. There is also limited empirical evidence on whether strategic management practices among the SMEs can explain their performance differences. Further, SMEs in Kenya continue to have poor performance and face stiff competition from large firms (Otieno, 2013). Against this background, this study aims at investigating the effect of adoption of strategic management practices among top 100 SMEs in Kenya.

1.1.1 Strategic Management Practices

Strategy can be defined as an approach to reach corporate goals to be successful on a long-term basis (Kreikebaum, 1993). It is the pattern or plan that integrates an organisation's major goals, policies and action sequence into a cohesive whole (Mintzeberg and Quinn, 1991). Strategy is also seen as a plan of action stating how an organisation will achieve its long-term objective (Burnes, 2004). Strategic management is long-term oriented, directed towards future growth potentials, substantial, holistic, and predominantly associated with the highest management level which determines the vision, mission, and culture of the enterprise (Pillania, 2008). It 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 then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or

needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment (Lamb, 1984). How strategic management is implemented among SMEs define the firms strategic management practices.

Strategic management process consist of developing a strategic mission, setting objectives, situation analysis, developing a strategy, strategy implementation and evaluation. The process is dynamic and continuous; a change in one component can necessitate a change in the entire strategy (Finkl and Ploder, 2009). Strategy formulation entails consideration of economic, social, political, technological, ecological and industry environment factors which include entry barriers, competitive rivalry, availability of substitutes, and bargaining power of buyers and suppliers (Pearce and Robinson, 2007). Managing strategy in action is concerned with ensuring that chosen strategies are actually put into action through the development of appropriate strategies, structuring an organization to support successful performance, resourcing strategies in the separate resource areas and managing strategic change (Johnson, Scholes and Whittington, 2008).

Empirical and theoretical literature supports the need for SMEs to engage in strategic management practices for achievement of high performance (Schraeder, 2002). The evidence that adoption of strategic management among SMEs leads to high organization performance implies that the nature of strategies management tools applied by top 100 SMEs could be responsible for their superior performance. Adoption of strategic management practices tools by SME is however limited resources with large firms applying better practices (Herrmann, Herrmann and Jahnke, 2007).

1.1.2 Organizational Performance

Although the concept of organizational performance is very common in literature, its definition is difficult because of its many meanings. For this reason, there isn't a universally accepted definition of this concept. In the 1950s organizational performance was defined as the extent to which organizations, viewed as a social system fulfilled their objectives (Georgopoulos and Tannenbaum, 1957). Performance evaluation during this time was focused on work, people and organizational structure. Later in the 1960s and 1970s, organizations began to explore new ways to evaluate their performance so performance was defined as an organization's ability to exploit its environment for accessing and using the limited resources (Yuchtman and Seashore, 1967). The years 80s and 90s were marked by the realization that the identification of organizational objectives is more complex than initially considered. Managers began to understand that an organization is successful if it accomplishes its goals (effectiveness) using a minimum of resources (efficiency). Thus, organizational theories that followed supported the idea of an organization that achieves its performance objectives based on the constraints imposed by the limited resources (Lusthaus and Adrien, 1998; Campbell, 1970). In this context, profit became one of the many indicators of performance.

Lately, management experts have continued to build towards formulating more sophisticated ideas about organizational performance. Otieno (2013) adopts the definition of organizational performance as the achievements of an enterprise with respect to some criterion. They view performance in terms of output such as quantified objectives or profitability. Organization performance is defined as both behaviour and results. This definition covers the achievement of expected levels as

well as objective setting and review. The underlying thought behind this study is actually to investigate this relationship bearing in mind that if the behaviour of management is right, then the expected levels of output will be achieved (success) and vice versa for failure. Success and failure are taken as the two ends of the performance continuum (Njanja, 2009). Organizational performance comprises the actual output or results of an organization measured against its intended outputs (Ngui, Mukulu and Gachunga, 2014). Whereas the definitions may differ between the authors, they are in agreement that organization performance is about achieving superior results and/or achievement of objectives.

There are three different levels of performance within organisations which include financial performance, business performance and organisation effectiveness, although the latter has been subsequently known as organisational performance (Terziovski and Samson, 2000). Performance is the key interest of every business manager or owner. The overall performance of the organisation depends on proper management of the three levels, which fall within the jurisdiction of top, middle and lower management. Firm performance provides useful information for monitoring and control, improvement, maximization of effectiveness of improvement effort, reward and discipline and as a lever towards alignment of organizational goals and objectives. Profits, growth, balance scorecards, economic value added, activity based analysis and customer satisfaction are some of the frameworks that several scholars have proposed as effective in undertaking firm performance (Drucker, 1985).

To determine the level of organization performance, balance scorecard is used. The score card identifies the connection between creative capacity, efficient product development processes, improved customer and stakeholder value, and financial outcomes. The balanced scorecard uses four strategic perspectives, complementary

but distinct lenses for looking at organizational strategy and performance. The use of perspectives allows the organization to build a model of how the “intangible” factors like creativity, talent, new ideas, and collaborative interaction with customers interact with the more “tangible” factors well defined processes, dollars invested sales results to create an innovative, sustainable organization that can adapt resiliently to change. To measure organization performance, balance scorecard approach considers finance, stakeholders, internal process and organization performance. Balance scorecard uses both financial and non financial measures to measure performance (Njanja, 2009).

In determining the top 100 SME’s performance measurements and ranking, KPMG uses only financial measures which include profitability, liquidity, return on equity and level of indebtedness. However, organization performance cannot only be determined by financial performance but should include also non financial performance like market share, staff satisfaction, market perception and efficiency in carrying out operations. Performance should also be compared with the firm’s objectives and performance of similar firms in similar industry.

1.1.3 Strategic Management Practices and Organization Performance

Strategic management practices adopted by an organization affect performance as supported by theoretical and empirical evidence. Lawal et al. (2012) found evidence that adoption of strategic management techniques improved the performance and relative standing of organization that are with different societal and political issues. Adoption of sound strategic management practices in terms of organisational structure, resource allocation, corporate culture, leadership, managing conflict and resistance to change leads to high organization performance.

Consideration in the process of implementation of strategy can also act as impediment to attaining optimal organization performance if not well-managed. David (1997) concluded that companies that had successfully adopted strategic management practices had succeeded and with improvements in their profit reports as well as increase in their customer base and had greatly increased their market share. However, the effect strategic management practice also largely depends on the effectiveness of strategy formulation, implementation, and strategy evaluation (Njanja, 2009). Otieno (2013) concluded that organizations perceived strategic practices were very important to the future success of organization and performance.

1.1.4 Small and Medium Sized Enterprises Sector in Kenya

Small and medium-sized enterprises (SMEs) are classified differently in various countries. Firms which employ less than five full-time workers are referred to as micro enterprises. Those employing between 5 and 49 workers are called small scale enterprises and those with 50-99 full-time employees are medium enterprises (GoK, 2005). In Kenya, the SMEs play an important role in employment and wealth creation, income distribution, accumulation of technological capabilities and spreading the available resources. According to the Economic Survey (GoK, 2012), the SME sector contributed 79.8% of new jobs created in the year 2011 with 89.7% of new jobs created in 2013 being created by the SME sector (GoK, 2013).

Although small and medium-sized enterprises (SMEs) typically employ a major share of an economy's total employees, SME management suffers from an insufficient business-related knowledge base that top managers in SMEs possess. Indeed, formal plans or cost controls are often only provided on an irregular basis and planning instruments are usually only used by a small number of individuals and developed

rather intuitively (Brinkmann, 2002). Additionally, SMEs often do not have the means to ensure the successful continuous application of strategic management practices. In contrast to larger companies, SMEs normally maintain a lower level of resources, have more limited access to human, financial and customer capital, and lack a well-developed administration (Karagozoglu & Lindell, 1998).

The vision 2030 framework identifies SMEs sector as a key driver to achievement of middle income status in Kenya due to its role in creation of employment and economic growth. However, the framework is concerned on the high degree of business closure and shrinkage among the SMEs. Consequently, the government has been making numerous efforts to assist the development of the SME sector. The high SMEs mortality rate implies that SMEs are limited in their ability to create long-term sustainable employment and may also be responsible for the greatest number of job and wealth losses. Despite the many challenges and difficulties of the SMEs, the sector has great potential for increased employment creation. Some studies carried out indicate that most SMEs fail due to lack of appropriate financing and financial services (Ochanda, 2014).

1.1.5 Top One Hundred Small and Medium Sized Enterprises in Kenya

The top 100 SMEs survey was first launched in Kenya in 2008, in Uganda in 2009 and in Tanzania in 2010. Top100 SMEs survey seeks to identify Kenya's fastest growing medium sized companies, showcase their business excellence and highlight some of the country's most successful entrepreneurship stories. Kenya's Top 100 mid-sized companies Survey is an initiative of KPMG Kenya and Nation Media Group. The Survey seeks to identify Kenya's fastest growing medium sized

companies in order to showcase business excellence and highlight some of the country's most successful entrepreneurship stories (Mwaura, 2015).

Essentially, a top 100 SME is one which ranks ahead of its peers in terms of revenue growth, profit growth, returns to shareholders and cash generation/liquidity. A Top 100 company has succeeded in progressively growing its market position in the industries in which it operates and over time; the growth has to translate into both returns for its shareholders and a fairly sound financial position.

The survey focuses on fast growing mid-sized companies in recognition of the fact that the SME sector is a key contributor to the economic growth of each of the East African countries. The survey focuses on firms with turnover between Sh70 million and Sh1 billion based on profitability, liquidity, return on equity and level of indebtedness among other performance indicators (Mwaura, 2015). The firms that rank under the top 100, its performance must be good as compared to the others and hence the firms represent the cream of the SME industry.

1.2 Research Problem

Adoption of strategic management practices conceptually enables firms to understand their strategic position and identifying how to make strategic choices for the future and manage strategy in action. Employing strategic management is critical to firm's performance (Johnson et al., 2008). Strategic management demands efficient systems to counter unpredictable events that can sustain their operations and minimize the risks involved (Pearce and Robinson, 2007). Theoretical and empirical evidence supports the argument that adoption of superior strategies leads to improved organization performance. However, most studies have dealt with large firms and put diverse conditions for the benefits of strategic management to be felt (Lawal et al.

2012). The main challenge lies with small firms which do not have the resources and capacity to implement strategic management practices. This has seen the argument by some scholars that investment in strategic management practices involves erosion of small firms' resources (leading to decline in performance) with no corresponding benefits; such resources should be applied to areas of more priorities (Njanja 2009; David 1997).

SMEs in Kenya's economy play an important role in employment and wealth creation, income distribution, accumulation of technological capabilities and spreading the available resources. In fact in 2013, SMEs industry created 89.7% of new jobs created (GoK, 2013). The top one hundred firms are ranked as top one hundred are usually the best performing companies and therefore represent the cream of SMEs industry. However, the excellent performance of top one hundred SMEs does not represent the SME industry performance since majority of SMEs in Kenya have been found to have poor performance (Ochada, 2014). This necessitated a study to determine whether excellent performance of the top one hundred firms is out of strategic management practices adopted.

In Kenya, various studies have been done on strategic management practices and SMEs. However, while international studies reviewed were able to show the relationship between strategic management and performance, local studies were unable to show the relationship. Lawal et al., (2012) studied the effect of strategic issue management on organizational performance and found evidence that adoption of strategic management techniques improved organizational performance. Heugens (2003) studied strategic issues management and organizational outcomes among Dutch food firms and found that implementation of issues management activities by

firms that were exposed to societal or political predicaments significantly and positively influenced organizational outcome variables. Muogbo (2013) studied the impact of strategic management on organisational growth and development and found that that adoption of strategic management had significant effect on competitiveness and significantly increases organizational productivity. Yunus (2010) studied strategic management practice and corporate performance of selected small business enterprises in Lagos metropolis. The study found that that strategic management practices enhanced both organizational profitability and company market share.

In Kenya, Otieno (2013) studied strategic issue management practices by small and medium enterprises in Mombasa County. The study found that majority of organizations perceived strategic issue management to lead to the future success of organization. Njanja, (2009) studied management strategies affecting performance of micro, small and medium enterprises on Kenya. The study found that globalisation was the main factor affecting SMEs performance. Wanjohi and Mugure (2008) studied factors affecting the growth of MSEs in rural areas of Kenya and found out that strategies adopted by SMEs were price wars, product differentiation, speed of service delivery and customer service. Machuki and Aosa (2011) examined the influence of the external environment on the performance of publicly quoted companies in Kenya. The study found that varying degrees of external environmental had influence in the companies' strategic decision making even though the effect on corporate performance were statistically not significant. All these studies were unable to show that strategic management practices among the SMEs led to improved SMEs performance. Additionally, none of these studies examined the effect of strategic management practices among the top one hundred SMEs. What is the influence of strategic management practices on the performance of SMEs in Kenya?

1.3 Research Objectives

The overall effect was to determine the relationship between strategic management practices and performance of small and medium sized enterprises in Kenya.

The specific objectives of the study were to determine:

- i. The strategic management practices adopted by top one hundred SMEs in Kenya.
- ii. The influence of strategy formulation on organization performance.
- iii. The effect of strategy implementation on organization performance.
- iv. The influence of strategy evaluation on organization performance.

1.4 Value of the Study

The study is of benefit various parties who include the SMEs managers and entrepreneurs, the public and academicians. To the SMEs managers and entrepreneurs in various SMEs, from the study findings will be able to identify the gaps that may require re-evaluation, flexibility and adaptability in meeting environmental challenges and formulating superior policies. It will make them understand whether adoption of superior strategies may be responsible for the top one hundred firms' superior performance. They will be able to learn from tested strategies that have been successfully applied by other top performing SMEs

While appreciating measures the Government of Kenya has taken to revitalize and Support the small and medium enterprise sector, the findings will be of great assistance to the government they will give guidance to understanding strategic management practices among SMEs thereby play a an informed role in supporting

SMEs in an efficient and effective manner. Government agencies will benefit from the results in determining how future policies could be formulated to successfully impact on this sector. Policies need to be long-term and focus on market dynamics. Any policies made should develop the SMEs further and provide needed motivation.

The study has provided additional insight on the subject and theory of strategic management. Scholars will therefore be able to expound on the subject and contribute towards developing it to a fully-fledged discipline. Potential investors in the sector will learn the dynamics of the business before committing their capital. They will be in a position to carry out objective environmental analysis (strengths, weaknesses, opportunities and threats- SWOT analysis) and determine where they fit in the market.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews existing literature on strategic management and organization performance. This involves review of theoretical aspects related to the study, empirical studies that relate to strategic management, performance and the research gaps therein.

2.2 Theoretical Foundation

This study is premised on a number of theories that have evolved overtime and helps in understanding the strategic management practices adopted by various firms. These theories include resource based theory and Ansoff theory. Both theories are in agreement that strategic management practices influences performance but are different on what need to be done to achieve optimal performance.

2.2.1 Resource Based Theory

Resource based view was propounded by (Wernerfelt, 1984) to advance the idea that strategy of a firm is a function of the complement of the resources held. It argues that a company will be positioned to succeed if it has the best and most appropriate stock of resources relevant for its business and strategy. Therefore strategic management practices will depend on firm's resources. The theory describes a firm in terms of the resources that firm integrates. Frequently, the term resource is limited to those attributes that enhance efficiency and effectiveness of the firm (Wernerfelt, 1984). The implication of the theory to the study is that strategic management practices on

different SMEs will depend on the resources the SMEs has which more often than not is affected by SMEs size, legal formation and industry. Consequently, SME performance will depend on the strategic management practices adopted.

2.2.2 Ansoff Strategic Success Theory

Ansoff strategic success formula of strategic management was proposed by Ansoff (1984) and advanced by Ansoff and McDonnell (1990). Ansoff strategic success formula advocates that great firm performance is assured when the responsiveness of an organization's strategy matches the turbulence in the environment and also the organization's capabilities match the aggressiveness of its strategy. The theory states that organization's performance potential is optimum when the following three conditions are met; aggressiveness of the organization's strategic behaviour matches the turbulence of its environment; responsiveness of the organization's capability matches the aggressiveness of its strategy; and the components of the organization's capability must be supportive of each other. Ansoff tool of strategic diagnosis is a systematic approach used to determining the changes that have to be made to a firm's strategy and its internal capability in order to assure the organization's success in its future environment. This diagnostic procedure is derived from the strategic success hypothesis. The purpose is for managers to have tools to effectively encounter the relentless changes and turbulence of their environment (Ansoff and McDonnell, 1990). The implication of this theory to the study is that strategic management practices affect organization performance but when all the conditions on adoption of the strategies are met.

2.3 Strategic Management Practices

Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans. In other words, strategic management can be seen as a combination of strategy formulation, implementation and evaluation (David, 2005). It is the process of examining both present and future environments, formulating the organizations objectives, implementing and controlling decisions focused on achieving these objectives in the present and future environments. Strategic management is based on the belief that an organization should continually monitor internal and external events and trends so that timely changes can be made as needed. An organization must be capable of astutely identifying and adapting to change. The need to adapt to change leads the organization to key questions such as: what kind of business should the firm engage in? Is the firm in the right field? Should the firm reshape its business? What strategies should it pursue? Other cognate questions could also be raised (Aluko, Odugbesan, Gbadamosi and Osuagwu, 2004).

According to Durcker (1974), the prime task of strategic management is thinking through the overall mission of a business, that is; asking the question what is our business? This leads to setting of objectives development of strategy and making of today's decision for tomorrow's result. This should be done by balancing the present objectives and needs against those of the future in the light of available resource (both present and future) of men and materials.

Adoption of strategic management practices among SMEs remains poor. Owners or managers of SMEs rarely articulate the business strategy or engage in any formal planning (Njanja, 2009). There is however a strong relationship between the

owner/manager and strategy pursued by SMEs. The strategy chosen will mostly reflect the priorities of the owner (Carter, and Jones, 2006). Although strategic management has mostly been applied in large organisations, it cannot be ignored in SMEs. The environment in which the Kenyan SMEs exists is very competitive and the firms need to develop strategies to give them competitive advantage. With increasing challenges in the business environment, SMEs managers must have the capability to adapt and restructure the enterprises to address constraints facing them. They need to adopt superior strategic management practices (Pillania, 2008).

SMEs spend almost twice as much of their research and development budget on fundamental research as do large firms and are more innovative per employee than large firms (Njanja, 2009). The reasons for lack of strategic management practices in many SMEs vary from lack of enough time to prepare the plans, unfamiliarity with strategic planning, lack of skills and lack of trust and openness on the part of owners. Their strategic management practices should; entail relatively short planning horizon, be informal and not overly structured, encourage participation of employees and outside parties, avoid early setting of objectives as it will interfere with creative thinking and focus on strategic thinking, not just planning (Lawal et al., 2012).

2.4 Strategic Management Practices and Organizational Performance

A number of studies related to strategic management and performance have been done in Kenya and internationally. Lawal et al., (2012) studied the effect of strategic issue management on organizational performance. The study found evidence that adoption of strategic management techniques improved organizational performance and improved relative standing of organization that was with different societal and

political issues. This study however never studied the SMEs and hence the findings may not be representative of SMEs.

Heugens (2003) studied strategic issues management and organizational outcomes assessed whether strategic issues management activities contributed anything worthwhile to corporate performance by reporting two studies on the issues management strategies of Dutch food firms during the introduction of genetically modified ingredients. The study found that implementation of issues management activities by firms that were exposed to societal or political predicaments significantly and positively influenced organizational outcome variables. This study only studied firms in food industry and hence the results could not be translated to firms in other industries.

Muogbo (2013) studied the impact of strategic management on organisational growth and development (a study of selected manufacturing firms in Anambra state). The results from the analysis indicated that strategic management was not common among the manufacturing firms; that the adoption of strategic management had significant effect on competitiveness and also influences manufacturing firms; that strategic management had effect on employee's performance and that its adoption had significantly increased organizational productivity of manufacturing firms; also, it enhances structural development of manufacturing firms. The study concluded that though strategic management was not common business practice among manufacturing firms in Anambra State, it had been identified as veritable tool for improving the competitiveness, performance levels, and structural development of manufacturing firms in Anambra State in particular and Nigeria in general.

Yunus (2010) studied strategic management practice and corporate performance of selected small business enterprises in Lagos metropolis. The study established that strategic management had effect on the market share of small enterprises studied. Also, implementation of strategic management was found to have positive relationship with organizational profitability. However, for the positive effect to be felt, the study recommended that appropriate strategic planners, strategic situation, strategic analysis and choice have to be put in place.

Njanja (2009) studied management strategies affecting performance of micro, small and medium enterprises in Kenya. The study found that globalisation factors and other factors external to the businesses such as incentives, regulation and policy issues, infrastructure had very high effects on the management structures, systems and other internal factors of the firm. This study did not show the relationship between management practices and performance which was the study's main objective.

Otieno (2013) studied strategic issue management practices by small and medium enterprises in Mombasa County using descriptive survey design and data collected from primary sources using questionnaire. The study found that profitability was considered as the most important performance measure in SMEs, followed by market share, innovation and liquidity respectively. Further, majority of organizations perceived strategic issue management to the future success of organization as very important and essential confirming that SMEs in Mombasa County were aware of the importance of strategic issue management in the success of an organization. The study also found that environmental as well as managerial factors influenced strategic issue management practices by SMEs in Mombasa County.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the research methodology that was adopted in this research with the aim of achieving the set objectives for effective interpretation of research findings. The chapter addresses the research design, population of the study, sources of data, sampling design, data collection and data analysis.

3.2 Research Design

This study adopted a cross sectional descriptive research design. A descriptive research design determines and reports the way things are (Mugenda & Mugenda, 2003). Creswell (2003) observes that a descriptive research design is used when data are collected to describe persons, organizations, settings or phenomena. The design also has enough provision for protection of bias and maximized reliability (Kothari, 2008). Descriptive design uses a pre-planned design for analysis (Mugenda and Mugenda, 2003).

The study was cross-sectional in the sense that relevant data shall be collected at one point in time. The reason for preferring a cross-sectional study is due to the vast nature of the SMEs and the limitation of time. Secondly, the researcher was dealing with events that have happened and has no control over the variables in terms of being able to control or manipulate them; it is an ex-post facto design (Njanja, 2009). Further, it was not possible to determine the strategic management practices adopted

by the SMEs in past years but is only possible to determine the same as at specific time.

3.3 Population of the Study

Population of the study refers to the entire group of people or things of interest that the researcher wishes to investigate. Mugenda & Mugenda (2003) defines population as an entire group of individual or objects having common observable characteristic. The study population consisted of all the top one hundred year 2014 SMEs as shown in appendix I as obtained from Business Daily (2014). The top 100 SMEs cover all the sectors which include service and manufacturing (GoK, 2005). All the 100 SMEs were studied.

3.4 Data Collection

The study relied on primary and secondary data. Primary data was collected through structured questionnaires. The questionnaires was self-administered and distributed via email. The target respondents were the senior managers who are usually the contact persons in the top 100 survey. A balance scorecard approach was applied to evaluate the strategic management practices and performance. It evaluated the financial strategies, customer/marketing strategies, learning and growth, internal business environment, vision and overall organization strategies. The questionnaire consisted of two sections, section one covered the background information relating to SME and respondent and section two was on strategic management practices. Questionnaire consisted of two sections, the first on strategic management practices and section two on background information as shown in Appendix II.

Secondary data was obtained relating to organization performance. Organization performance data obtained related to financial performance (profitability) and non financial performance which was measured by the market share, perception of the company and quality of products. Financial performance data was obtained from published sources including top 100 survey secretariat and SMEs financial statements. Market share and other market related information was obtained from media reports, company websites and any other relevant sources.

3.5 Data Analysis

Data concerning the firms' general background information, nature of strategic management practices applied and factors influencing choice of strategy was coded and analysed. The results were presented in tables and figures. Multiple regression analysis was conducted to determine the relationship between variables where the size of SMEs and industry were used as moderating variables. The relationship between the independent and dependent variables was explained by;

$$P = f(X_1, X_2, X_3)$$

The function means that organization performance (P) is a function of strategic is strategy formulation, strategy implementation and strategy evaluation. The multiple regression model developed by the study took the following format;

$$P = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \alpha$$

Where;

P is Organization performance as measured by composite score of financial and nonfinancial performance indicators

X_1 is strategy formulation

X_2 is Strategy Implementation

X_3 is Strategy Evaluation

β_j are the coefficients

α is the error term

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study with respect to the objectives of the study. The section has presented the findings on strategic management practices adopted by small and medium enterprises and the relationship between strategic management practices and performance. The study sought to determine the strategic management practices adopted by top one hundred SMEs in Kenya and how the strategies influenced performance.

The study targeted top one hundred small and medium enterprises in Kenya. The questionnaires were self administered and follow-ups through phone calls done. The respondents were thoroughly explained the importance for the study and the use of obtained information. This ensured the highest response rate of 91%. A response rate of 50% is considered adequate, 60% good and above 70% rated very good (Mugenda & Mugenda, 2003). For this study, a response rate of 91% was considered very good and hence the researcher proceeded for data analysis.

4.2 Background Information

The study gathered data on various aspects of SMEs which include the sector, age, and size. The study found that majority of top one hundred SMEs were in service providing companies at 87% (78) while 14% (13) of the firms were in manufacturing. Determining the sector in which the firms operate was important since the strategies

adopted will depend on the industry and competitors behavior. The findings of the studied firms are shown in Table 4.1.

Table 4.1: Small and Medium Sized Enterprises Sector

	Frequency	Percent
Manufacturing	13	14%
Service	78	86%
Total	91	100%

Source: Research Data, 2015

The study also sought to determine the size of firm as measured by the number of employees and the findings presented in Table 4.2.

Table 4.2: Small and Medium Sized Enterprises Size

	Frequency	Percent
Below 50	31	34%
51 - 100	48	53%
Over 100	12	13%
Total	91	100%

Source: Research Data, 2015

The majority of the SMEs had 52 to 100 employees (53%), 34% below 50 and 13% over 100 employees. This implied that majority of the studied firms were medium sized firms followed by small firms.

4.3 Strategic Management Practices

This section sought to determine the strategic management practices adopted by top one hundred SMEs in Kenya. Strategic management process consist of developing a strategic mission, setting objectives, situation analysis, developing a strategy, strategy implementation and evaluation. The process is dynamic and continuous; a change in one component can necessitate a change in the entire strategy. Strategy formulation entails consideration of economic, social, political, technological, ecological and

industry environment factors which include entry barriers, competitive rivalry, availability of substitutes, and bargaining power of buyers and suppliers.

4.3.1 Strategy Formulation

The study sought to determine the situational analysis strategic management practices put in place by the studied firms. This was done by requiring the respondents to indicate whether their firms carried out situational analysis and the frequency for the same. The findings of the study are presented in Table 4.3 below.

Table 4.3: Frequency of carrying out situational analysis

	Frequency	Percent
Monthly	64	70%
Quarterly	13	14%
Semi-annually	2	2%
Annually	9	10%
Other	3	3%
Total	91	100%

Source: Research Data, 2015

The study found that 100% of the SMEs periodically gathered and analyzed data about the market and other external or internal factors which affected their operation and business. Majority of the SMEs at 70% collected data on monthly basis, 14% quarterly, 10% annually, 3% other (daily or weekly) and 2% semi annually. Further, all the firms were found to identify key strengths, weaknesses, opportunities and threats to the business by analyzing internal and external market analysis.

This means that majority of SMEs had adopted good strategic management practices in strategy formulation and specifically situational analysis. As a matter of good strategic management practices, situational analysis should be carried out regularly and hence SMEs that conducted situational analysis more regularly had adopted superior strategies.

Further, the study sought to determine the strategy formulation process adopted by top one hundred SMEs in Kenya. This was first done by requiring the respondents to whether their SMEs had written mission and vision statements. The study found that 100% of all studied SMEs had a vision statement and that they were written. In addition, all the companies had a written mission statement. This indicates that the top one hundred SMEs pay a lot of attention to strategic management practices.

Table 4.4: Mission and Vision Statements

Question	Frequency	
	Yes	No
Does the company have a vision statement?	100%	0%
Is the vision statement written or unwritten?	100%	0%
Does your company have a mission statement?	100%	0%
Is the mission statement written or unwritten	100%	0%

Source: Research Data, 2015

The study also sought to determine on whom the responsibility of developing mission and vision statements was vested. While the top management have the responsibility of defining the company strategy and envision the future of the company, involving all the employees in defining the company mission and vision is vital. This ensures that all employees can associate with the company and channel their energy towards accomplishing the company mission. The study findings were presented in Table 4.5.

Table 4.5: Responsibility of Developing Mission and Vision

	Frequency	Percent
Owner of the company	12	13%
Top management team	59	65%
All employees	20	22%
Total	91	100%

Source: Research Data, 2015

Majority of the SMEs as at 65% had their mission and vision statements developed by top management, 22% had the responsibility of developing mission and vision statements to all the employees while 13% had placed the responsibility of developing mission and vision statements to the owner of the business.

The respondents were also required to rate various statements relating to strategy formulation using a scale of 1 to 5 where 1 was to no extent, 2 small extent, 3 moderate extent, 4 to large extent and 5 to a very large extent. The findings are presented in Table 4.4.

Table 4.6: Strategy Formulation Practices

Practice	1	2	3	4	5	Mean	Std Dev
Your SME has a planning department or committee that steer heads policy formulation	1%	7%	21%	51%	21%	3.84	1.45
The company has deliberately set its strategic direction in form of vision statement, mission statement and core values	2%	4%	27%	46%	20%	3.77	1.40
Strategic formulation is a top priority activity at your SME	0%	4%	30%	51%	15%	3.77	1.43
SME hires the services of a consultant in the process of strategy formulation	0%	5%	32%	45%	18%	3.75	1.39
SME's chief executive officer take formal responsibility for the firm's strategic management planning	0%	3%	36%	46%	14%	3.71	1.39
The company analyzes / gathers information about its external environment to understand their implications	1%	4%	30%	53%	12%	3.70	1.43
Members of staff are briefed and taken through the strategic management plan before implementation	1%	5%	33%	45%	15%	3.68	1.37
Your firm's strategic behavior and choices are in line with environmental developments and this is incorporated in strategy formulation	1%	3%	44%	43%	9%	3.55	1.35
Your SME identifies competitors and determine the reasons for success of competitors and consider this in strategy formulation.	10%	20%	22%	40%	9%	3.18	1.15

Practice	1	2	3	4	5	Mean	Std Dev
In strategy formulation, assessments of all resources at your SME organization (i.e. physical, financial, and human resources) are assessed	22%	14%	33%	22%	9%	2.81	0.97

Source: Research Data, 2015

Majority of the respondents to a large extent indicated that their SME had a planning department or committee that steer headed policy formulation; the firms had deliberately set its strategic direction in form of vision statement, mission statement and core values; strategic formulation was a top priority activity at the SME; SME hired the services of a consultant in the process of strategy formulation; SME's chief executive officer took formal responsibility for the firm's strategic management planning; the company analyzed / gathered information about its external environment to understand their implications; members of staff were briefed and taken through the strategic management plan before implementation and that the firms' strategic behavior and choices were in line with environmental developments and this was incorporated in strategy formulation.

Further, to a moderate extent, the SMEs identified competitors and determined the reasons for success of competitors and considered this in strategy formulation. Also to a moderate extent, the respondents indicated that during strategy formulation, the firms assessed all resources at your SME organization (physical, financial, and human resources).

4.3.3 Strategy Implementation Practices

This section sought to determine strategy implementation practices adopted by the top one hundred SMEs. The findings are presented in Table 4.7. The study findings indicate that strategy implementation was being owned by all employees as indicated

by 49% of the respondents, 30% by directors, 18% by top management while 3% indicated that it was owned by junior staff. The fact that majority of SMEs had the responsibility of strategy implementation to all employees indicates that strategy implementation is participatory and hence expected to be successful.

Table 4.7: Strategy Implementation Responsibility

	Frequency	Percent
Owner / Directors	27	30%
Top Management	16	18%
Junior staff	3	3%
All levels of staff	45	49%
Total	91	100%

Source: Research Data, 2015

For strategy implementation to be successful, someone must be responsible for the same. The responsibility of the outcome of strategy implementation was found to be majorly on top level management at 54%. 34% of the respondents indicated that directors or the owners took the responsibility while 11% indicated that the responsibility was on all staff levels. Having all staff understanding that they are responsible over success of strategy implementation will make them develop a sense of ownership of the strategy and hence achieving success.

Table 4.8: Ownership of Strategy Implementation and outcome

	Frequency	Percent
Directors/Owner	31	34%
Top managers	49	54%
All levels staff	11	12%
Total	91	100%

Source: Research Data, 2015

The respondents were also required to indicate the extent to various strategy implementation practices related to their SME using a scale of 1 to 5 where 1 was to

no extent, 2 to a small extent, 3 to moderate extent, 4 to a large extent and 5 to a very large extent. The results are presented in Table 4.7.

Table 4.9: Strategy Implementation Practices

Strategy	1	2	3	4	5	Mean	Std Dev
Organization strategy is implemented purely based on set objectives and expected performance	1%	8%	29%	29%	34%	3.87	1.41
There are motivational systems in place to ensure success of strategy implementation	3%	4%	33%	52%	8%	3.56	1.39
Company strategy is adequately and comprehensively communicated to members of the staff	2%	7%	36%	46%	9%	3.53	1.34
Organization is keen on implementing organization strategy in a way that yield highest performance	1%	9%	42%	35%	13%	3.51	1.27
Adequate resources are allocated to strategy implementation	1%	15%	34%	41%	9%	3.41	1.25
Organization strategy is matched to organizational structure	3%	19%	23%	45%	10%	3.40	1.26

Source: Research Data, 2015

The study found that to large extent, organization strategy was implemented purely based on set objectives and expected performance; there was motivational systems in place to ensure success of strategy implementation; company strategy was adequately and comprehensively communicated to members of the staff and organization was keen on implementing organization strategy in a way that yielded highest performance. To a moderate extent, the study found that SMEs allocated adequate resources to strategy implementation and organization strategy was matched to organizational structure.

4.3.4 Strategy Evaluation

This section sought to determine the strategy evaluation practices adopted by the SMEs. The study found that majority of the SMEs at 62% to a large extent carried out strategy evaluation and outcomes of the evaluation utilized in either changing the current strategic plan or in future planning processes. To a moderate extent, 32% of the respondents utilized evaluation to change the current and future strategies, while 4% indicated they utilized evaluation to a very large extent while 2% to a small extent. The findings are presented in Table 4.8.

Table 4.10: Extent of Utilization of Evaluation

	Frequency	Percent
Not at all	0	0%
Small extent	2	2%
Moderate extent	29	32%
Large extent	56	62%
Very large extent	4	4%
Total	91	100%

Source: Research Data, 2015

The respondents were also required to indicate the extent to which SME had developed the various set of key performance indicators as a means of tracking the success of the strategy initiatives using a scale of 1 to 5 where 1 was to no extent, 2 to a small extent, 3 to a moderate extent, 4 to a large extent and 5 to a very large extent. To a very large extent, the respondents indicated that there existed clear communication channels within the company to enable evaluation of strategy performance and strategy performance comparison was done with other strategies implemented. The findings are presented in Table 4.9.

Table 4.11: Strategy Evaluation Practice

Strategy evaluation practice	1	2	3	4	5	Mean	Std Dev
There exists clear communication channels within the company to enable evaluation of strategy performance	0%	1%	2%	35%	62%	4.57	1.92
Comparison is undertaken	2%	0%	5%	23%	69%	4.57	1.99
The success of a strategy is implemented and evaluated at end of implementation stage and corrective measures taken.	2%	0%	4%	33%	60%	4.49	1.88
Strategy evaluation involves review of the process of strategy formulation and implementation	1%	4%	13%	49%	32%	4.07	1.56
There is clearly defined and measurable performance targets for each strategic management plan element	3%	2%	9%	57%	29%	4.05	1.60
The company review strategic management decisions	5%	3%	12%	45%	34%	3.99	1.52
There is monitoring, evaluation and control of the implementation of strategy at your SMEs	2%	8%	21%	51%	19%	3.76	1.42
Good performance is rewarded	2%	9%	26%	41%	22%	3.71	1.35
Corrective action is undertaken	4%	12%	18%	43%	23%	3.68	1.35
The success of strategy evaluation is done on regular basis and corrective action is taken on timely basis on the strategy for highest performance	0%	12%	34%	35%	19%	3.60	1.29
Performance is measured	5%	12%	20%	42%	21%	3.60	1.31
Strategy implementation time line is evaluated	4%	8%	36%	37%	14%	3.49	1.27
Performance is recognized	3%	16%	32%	31%	18%	3.43	1.20

Source: Research Data, 2015

To a large extent, the success of a strategy was implemented and evaluated at end of implementation stage and corrective measures taken; strategy evaluation involved review of the process of strategy formulation and implementation; there were clearly defined and measurable performance targets for each strategic management plan element; the company reviewed strategic management decisions; there was

monitoring, evaluation and control of the implementation of strategy at your SMEs; good performance was being rewarded; corrective action was being undertaken; the success of strategy evaluation was done on regular basis and corrective action taken on timely basis on the strategy for highest performance and that performance of a strategy was being measured. To a moderate extent, the respondents indicated that strategy implementation time line was evaluated and performance recognized.

4.3.5 Top One Hundred Small and Medium Sized Enterprises Performance

SME performance was determined from secondary data sources. Data relating to financial performance was obtained from the financial statements of the firms. Financial performance was measured by determining five year average return on asset. Non financial performance was determined by the SMEs market share in the respective industries.

Table 4.12: SME Financial Performance

Return on Asset	Frequency	Percent
Less than 0	6	7%
0% to 5%	3	3%
6% to 10%	33	36%
11% to 15%	41	45%
16% to 20%	7	8%
Over 20%	1	1%
Total	91	100%

Source: Research Data, 2015

Based on financial performance, 7% (6) of the SMEs had negative five return on assets implying that they were loss making, 3% (3) had a return on assets of 0% to 5%, 36% (33) had ROA of 6% to 10%, 45% (41) had ROA of 11% to 15%, 8% (7) had ROA of 16% to 20% while 1% (1) had a ROA of over 20%. The majority of the

studied SMEs at 93% had positive ROA. This indicates that majority of the studied firms were profitable.

Table 4.13: SME Non Financial Performance

Market Share	Frequency	Percent
Less than 10%	19	21%
10% to 20%	41	45%
20% to 30%	20	22%
Over 30%	11	12%
Total	91	100%

Source: Research Data, 2015

Organization performance was also measured by market share. Based on market share, 21% (19) of the respondents had market share of less than 10% in their respective industries, 45% (41) had market share of 10% to 20%, 22% (20) had a market share of 20% to 30% while 12% had a market share of over 30%. The market share of the studied firms indicates that top one hundred SMEs control substantial market share in their respective industries.

4.3.5 One Sample T-test

This section sought to determine whether the data collected on strategic management was representative of the population. To achieve this, one sample t-test was used to test whether the average of a sample differed significantly from a population mean. An assumed mean was used for data collected on strategic management practices using 5 point likert scale.

Table 4.14: Strategic Management Practices Descriptive Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Strategic management practices	91	2.9890	1.0273	0.1077

Source: Research Data, 2015

Strategic management practices for the studied firms had a mean of 2.9890, standard deviation of 1.0273 and mean standard error of 0.1077. This implies that strategic management practices had been adopted by the firms to a moderate extent.

Table 4.15: One Sample T-test Statistics

One-Sample Test Test Value = 3						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Strategic management practices	-0.1020	90	0.9190	-0.0110	-0.225	0.203

Source: Research Data, 2015

One sample t-test was run to determine whether strategic management practices adopted by the firms was different from normal with a score of 3. Mean of 2.9890 ± 1.0273 was lower or higher than the normal score of 3. However, the difference was not statistically significant at 95% since the p-value of 0.9190 was higher than 0.05. This means that the strategic management practices adopted by the studied SMEs were representative of the total population and hence the results from the study could be generalized.

4.4 Strategic Management Practices and performance of Top 100 SMEs

Strategic management process consist of developing a strategic mission, setting objectives, situation analysis, developing a strategy, strategy implementation and evaluation. The process is dynamic and continuous; a change in one component can necessitate a change in the entire strategy. To achieve superior organization performance, organizations need development of appropriate strategies, structuring an organization to support successful performance, resourcing strategies in the separate resource areas and managing strategic change.

Adoption of strategic management practices conceptually enables firms to understand their strategic position and identifying how to make strategic choices for the future and manage strategy in action. Employing strategic management is critical to firm's performance (Johnson et al., 2008). Strategic management demands efficient systems to counter unpredictable events that can sustain their operations and minimize the risks involved (Pearce and Robinson, 2007).

To achieve the other specific objectives of the study, correlation analysis was used. These objectives were to determine the influence of strategy formulation on organization performance, to determine the effect of strategy implementation on organization performance and to examine the influence of strategy evaluation on organization performance.

Table 4.16: Correlation Matrix

		Organization Performance	strategy formulation	Strategy Implementation	Strategy Evaluation
Strategy Formulation	Pearson Correlation	0.0550	1.0000		
	Sig. (2-tailed)	0.0061			
Strategy Implementation	Pearson Correlation	0.1520	0.0200	1	
	Sig. (2-tailed)	0.0001	0.8540		
Strategy Evaluation	Pearson Correlation	0.4610	0.0880	0.0680	1
	Sig. (2-tailed)	0.0000	0.4080	0.5220	
	N	91	91	91	91

Source: Research Data, 2015

Strategy formulation has a coefficient of correlation on 0.0550 and a p-value of 0.0061. The positive coefficient implies that strategy formulation has positive effect on organization performance. This indicates that adoption of strategy formulation

strategies will improve performance of small and medium sized enterprises performance. The p-value of 0.0061 which is less than 0.05 implies that the influence of strategy implementation is statistically significant at 95% confidence level.

Strategy implementation had a coefficient of 0.1520 with a p-value of 0.0001. This implies that strategy implementation practices have positive effect on performance of small and medium enterprises organization performance. Hence, adoption of superior strategy implementation practices will increase organization performance.

Strategy evaluation and organization performance had a coefficient of correlation of 0.4610 and p-value of 0.0000. This implies that strategy evaluation practices have positive and significant relationship with performance of SMEs in Kenya.

The overall objective of the study was to determine the influence of strategic management practices adopted by the SMEs on organization performance. To accomplish this, multiple regression analysis was used where organization performance was regressed against strategic management practices adopted by the SME score. Organization performance was measured by a composite score of financial and nonfinancial performance indicators. Financial performance was measured using return on assets while non financial performance was determined by growth in firm's market share.

Table 4.17: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.48a	0.23	0.201	0.88923

a. Predictors: (Constant), Strategy Evaluation, Strategy Implementation, strategy formulation

Source: Research Data, 2015

Strategic management practices were found to have positive relationship with organization performance as shown by the coefficient of correlation of 0.48. The coefficient of determination of 0.23 indicated that strategic management practices influences 23% of organization performance.

Table 4.18: Analysis of the Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	20.224	3	6.741	8.525	.000a
Residual	68.794	87	0.791		
Total	89.018	90			

a. Predictors: (Constant), Strategy Evaluation, Strategy Implementation, strategy formulation

b. Dependent Variable: Organization Performance

Source: Research Data, 2015

The analysis of the variance indicated a p-value of 0.00. This implied that strategic management practices adopted by SMEs were statistically significant with since p value of 0.00 was less than 0.05. Hence at 95% confidence level, strategic management practices influenced organization performance.

Table 4.19: Model Coefficients

	Coefficient	Std. Error	Beta	t	Sig.
(Constant)	28.2360	7.0090		4.0280	0.0000
Strategy formulation	0.120	0.0920	-0.0130	0.1340	0.8940
Strategy Implementation	2.8330	2.2100	-0.1210	1.2820	0.2030
Strategy Evaluation	1.2760	0.2680	-0.4520	4.7620	0.0000

a. Dependent Variable: Organization Performance

Source: Research Data, 2015

The model coefficients obtained were strategy formulation, 0.120, strategy implementation 2.8833 and strategy evaluation, 1.28. The model positive coefficient

adoption of superior strategic management practices relating to formulation; implementation and evaluation lead to higher organization performance.

4.5 Discussion

The study sought to determine the strategic management practices adopted by top one hundred SMEs in Kenya and the influence of strategic management practices adopted on organization performance. The study found that top one hundred SMEs had adopted various strategic management practices relating to situational analysis, strategy formulation, implementation and evaluation. The study found that 100% of the SMEs periodically gathered and analyzed data about the market and other external or internal factors which affected their operation and business. Majority of the SMEs at 70% collected data on monthly basis, 14% quarterly, 10% annually, 3% other (daily or weekly) and 2% semi annually.

Further, all the studied SMEs had a vision statement and the vision was written. In addition, all the companies had a written mission statement. Majority of the SMEs as at 65% had their mission and vision statements developed by top management, 22% had the responsibility of developing mission and vision statements to all the employees while 13% had placed the responsibility of developing mission and vision statements to the owner of the business. While the top management have the responsibility of defining the company strategy and envision the future of the company, involving all the employees in defining the company mission and vision is vital. This ensures that all employees can associate with the company and channel their energy towards accomplishing the company mission. The findings indicated that SMEs had adopted strategic management practices. The findings that the SMEs had adopted strategic management practices were contrary to those of Muogbo (2013)

who found that strategic management was not common business practice among manufacturing firms in Nigeria.

Majority of the respondents to a large extent indicated that their SME had a planning department or committee that steer headed policy formulation; the firms had deliberately set its strategic direction in form of vision statement, mission statement and core values; strategic formulation was a top priority activity at the SME; SME hired the services of a consultant in the process of strategy formulation; SME's chief executive officer took formal responsibility for the firm's strategic management planning; the company analyzed / gathered information about its external environment to understand their implications; members of staff were briefed and taken through the strategic management plan before implementation and that the firms' strategic behavior and choices were in line with environmental developments and this was incorporated in strategy formulation.

Further, to a moderate extent, the SMEs identified competitors and determined the reasons for success of competitors and considered this in strategy formulation. Also to a moderate extent, the respondents indicated that during strategy formulation, the firms assessed all resources at your SME organization (physical, financial, and human resources). The findings compare with those of Heugens (2003) who found that implementation of issues management activities by firms that were exposed to societal or political predicaments significantly and positively influenced organizational outcome variables.

Strategy implementation in majority of SMEs was found to be owned by all employees as indicated by 49% of the respondents, 30% by directors, 18% by top management while 3% indicated that it was owned by junior staff. The fact that

majority of SMEs had the responsibility of strategy implementation to all employees indicated that strategy implementation is participatory and hence expected to be successful. For strategy implementation to be successful, someone must be responsible for the same.

The responsibility of the outcome of strategy implementation was found to be majorly on top level management at 54%. 34% of the respondents indicated that directors or the owners took the responsibility while 11% indicated that the responsibility was on all staff levels. Having all staff understanding that they are responsible over success of strategy implementation will make them develop a sense of ownership of the strategy and hence achieving success. These findings concur with those of Lawal et al. (2012) who found that adoption of sound strategic management practices in terms of organisational structure, resource allocation, corporate culture, leadership, managing conflict and resistance to change ensured strategy implementation success and hence high organization performance.

The respondents were also required to indicate the extent to various strategy implementation practices related to their SME. The study found that to large extent, organization strategy was implemented purely based on set objectives and expected performance; there was motivational systems in place to ensure success of strategy implementation; company strategy was adequately and comprehensively communicated to members of the staff and organization was keen on implementing organization strategy in a way that yielded highest performance. To a moderate extent, the study found that SMEs allocated adequate resources to strategy implementation and organization strategy was matched to organizational structure.

The study further found that majority of the SMEs at 62% to a large extent carried out strategy evaluation and outcomes of the evaluation utilized in either changing the current strategic plan or in future planning processes. To a moderate extent, 32% of the respondents utilized evaluation to change the current and future strategies, while 4% indicated they utilized evaluation to a very large extent while 2% to a small extent. To a very large extent, the respondents indicated that there existed clear communication channels within the company to enable evaluation of strategy performance and strategy performance comparison was done with other strategies implemented.

To a large extent, the success of a strategy was implemented and evaluated at end of implementation stage and corrective measures taken; strategy evaluation involved review of the process of strategy formulation and implementation; there were clearly defined and measurable performance targets for each strategic management plan element; the company reviewed strategic management decisions; there was monitoring, evaluation and control of the implementation of strategy at your SMEs; good performance was being rewarded; corrective action was being undertaken; the success of strategy evaluation was done on regular basis and corrective action taken on timely basis on the strategy for highest performance and that performance of a strategy was being measured. To a moderate extent, the respondents indicated that strategy implementation time line was evaluated and performance recognized.

To achieve the other specific objectives of the study correlation analysis was used. These objectives were to determine the influence of strategy formulation on organization performance, to determine the effect of strategy implementation on organization performance and to examine the influence of strategy evaluation on organization performance.

Strategy formulation had a coefficient of correlation on 0.0550 and a p-value of 0.0061. The positive coefficient implies that strategy formulation has positive effect on organization performance. This indicated that adoption of strategy formulation strategies will improve performance of small and medium sized enterprises performance. The p-value of 0.0061 which is less than 0.05 implies that the influence of strategy implementation is statistically significant at 95% confidence level.

Strategy implementation had a coefficient of 0.1520 with a p-value of 0.0001. This implies that strategy implementation practices have positive effect on performance of small and medium enterprises organization performance. Hence, adoption of superior strategy implementation practices will increase organization performance.

Strategy evaluation and organization performance had a coefficient of correlation of 0.4610 and p-value of 0.0000. This implied that strategy evaluation practices have positive and significant relationship with performance of SMEs in Kenya.

The overall objective of the study was to determine the influence of strategic management practices adopted by the SMEs on organization performance. To accomplish this, multiple regression analysis was used where organization performance was regressed against strategic management practices adopted by the SME score. Strategic management practices were found to have positive relationship with organization performance as shown by the coefficient of correlation of 0.48. The coefficient of determination of 0.23 indicated that strategic management practices influences 23% of organization performance.

The analysis of the variance indicated a p-value of 0.00. This implied that strategic management practices adopted by SMEs were statistically significant with since p

value of 0.00 was less than 0.05. Hence at 95% confidence level, strategic management practices influenced organization performance.

These findings were similar to that of Lawal et al. (2012) who found that adoption of strategic management techniques improved the performance and relative standing of organization. Also, Otieno (2013) found that organizations perceived strategic practices were very important to the future success of organization and performance. Also, David (1997) concluded that companies that had successfully adopted strategic management practices had succeeded and improved their profit reports as well as increased their customer base and their market share.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter has discussed the summary of the study, conclusions drawn from the findings and recommendations. The recommendations of the study include the implications for theory development, recommendations for management policy and recommendations for managerial practices and areas for further research. The chapter also has discussed the limitations of the study.

5.2 Summary

The study sought to determine the strategic management practices adopted by top one hundred SMEs in Kenya and the influence of strategic management practices adopted on organization performance and used both primary and secondary data. The study found that top one hundred SMEs had adopted various strategic management practices relating to situational analysis, strategy formulation, implementation and evaluation. All the SMEs studied periodically gathered and analyzed data about the market and other external or internal factors which affected their operation and business.

Further, Majority of the SMEs to a large extent had a planning department or committee that steer headed policy formulation; the firms had deliberately set its strategic direction in form of vision statement, mission statement and core values; strategic formulation was a top priority activity at the SME; SME hired the services of a consultant in the process of strategy formulation; SME's chief executive officer took

formal responsibility for the firm's strategic management planning; the company analyzed / gathered information about its external environment to understand their implications; members of staff were briefed and taken through the strategic management plan before implementation and that the firms' strategic behavior and choices were in line with environmental developments and this was incorporated in strategy formulation. Further, to a moderate extent, the SMEs identified competitors and determined the reasons for success of competitors and considered this in strategy formulation.

Strategy implementation in majority of SMEs was found to be owned by all employees as implying that strategy implementation was participatory. The responsibility of the outcome of strategy implementation was found to be majorly on top level management. This was contrary to the expectation that having all staff understanding that they are responsible over success of strategy implementation will make them develop a sense of ownership of the strategy and hence achieving success. To a large extent, the study found that organization strategy was implemented purely based on set objectives and expected performance; there was motivational systems in place to ensure success of strategy implementation; company strategy was adequately and comprehensively communicated to members of the staff and organization was keen on implementing organization strategy in a way that yielded highest performance. To a moderate extent, the study found that SMEs allocated adequate resources to strategy implementation and organization strategy was matched to organizational structure.

The study further found that majority of the SMEs to a large extent carried out strategy evaluation and outcomes of the evaluation utilized in either changing the current strategic plan or in future planning processes. To a very large extent, the

SMEs had a clear communication channels within the company to enable evaluation of strategy performance and strategy performance comparison was done with other strategies implemented. To a large extent, the success of a strategy was implemented and evaluated at end of implementation stage and corrective measures taken; strategy evaluation involved review of the process of strategy formulation and implementation; there were clearly defined and measurable performance targets for each strategic management plan element; the company reviewed strategic management decisions; there was monitoring, evaluation and control of the implementation of strategy at your SMEs; good performance was being rewarded; corrective action was being undertaken; the success of strategy evaluation was done on regular basis and corrective action taken on timely basis on the strategy for highest performance and that performance of a strategy was being measured. To a moderate extent, the respondents indicated that strategy implementation time line was evaluated and performance recognized.

Strategy formulation was found to have positive and significant effect on organization performance with a coefficient of correlation on 0.0550 and a p-value of 0.0061. This indicated that adoption of strategy formulation strategies will improve performance of small and medium sized enterprises performance. The p-value of 0.0061 which is less than 0.05 implies that the influence of strategy implementation is statistically significant at 95% confidence level.

Further, strategy implementation had a positive and significant relationship with organization performance with a coefficient of 0.1520 with a p-value of 0.0001. This implied that strategy implementation practices have positive effect on performance of

small and medium enterprises organization performance. Hence, adoption of superior strategy implementation practices will increase organization performance.

Additionally, strategy evaluation and organization performance had a coefficient of correlation of 0.4610 and p-value of 0.0000. This implied that strategy evaluation practices have positive and significant relationship with performance of SMEs in Kenya.

The overall objective of the study was to determine the influence of strategic management practices adopted by the SMEs on organization performance. Strategic management practices were found to have positive relationship with organization performance as shown by the coefficient of correlation of 0.48. The coefficient of determination of 0.23 indicated that strategic management practices influences 23% of organization performance. The analysis of the variance indicated a p-value of 0.00. This implied that strategic management practices adopted by SMEs were statistically significant with since p value of 0.00 was less than 0.05. Hence at 95% confidence level, strategic management practices influenced organization performance.

These findings were similar to that of Lawal et al. (2012) who found that adoption of strategic management techniques improved the performance and relative standing of organization. Also, Otieno (2013) found that organizations perceived strategic practices were very important to the future success of organization and performance. Also, David (1997) concluded that companies that had successfully adopted strategic management practices had succeeded and improved their profit reports as well as increased their customer base and their market share.

One sample t-test was run to determine whether strategic management practices adopted by the firms was different from normal with a score of 3. Mean of $2.9890 \pm$

1.0273 was lower or higher than the normal score of 3. However, the difference was not statistically significant at 95% since the p-value of 0.9190 was higher than 0.05. This meant that the strategic management practices adopted by the studied SMEs were representative of the total population and hence the results from the study could be generalized.

5.3 Conclusion

Small and Medium Enterprises play an important role in employment and wealth creation, income distribution, accumulation of technological capabilities and spreading the available resources. SMEs have been found not to adopt strategic management practices due to resource constraints. However, this study found that top one hundred SMEs in Kenya had adopted strategic management practices. This finding was contrary of previous studies for example Muogbo (2013) finding that strategic management was not common business practice among small and medium firms.

The study therefore concludes that top one hundred SMEs had adopted strategic management practices relation to situational analysis, strategy formulation, implementation and evaluation. All the SMEs had written mission and vision statements and paid a lot of attention to strategy formulation, implementation and evaluation. The SMEs had adopted participatory mechanisms in strategic management practices and hence ensuring success of strategic management practice.

The study also concludes that adoption of strategic management practices influence organization performance. Superior strategies have positive relationship with organization performance. This means that adoption of superior strategies relating to situational analysis, strategy formulation, implementation and evaluation would lead

to improved organization performance. Hence, aadoption of superior strategic management practices provide small firms with new tools for survival, growth and maintaining a sustainable competitive advantage. This is not withstanding the fact that SME performance will depend on the size of the firm where large firms have comparably lower performance and SME sector where firms in service sector have higher performance than those in manufacturing sector. This finding was similar to those of previous studies like Heugens (2003) who found that implementation of issues management activities by firms significantly and positively influenced organizational outcome variables; Lawal et al. (2012) who found that adoption of strategic management techniques improved the performance and relative standing of organization and Otieno (2013) who found that strategic management practices were very important to the future success of organization and performance.

5.4 Recommendations for Policy and Practice

The study sought to determine the strategic management practices adopted by top one hundred SMEs in Kenya and their influence on performance. The study found that top one hundred SMEs in Kenya had adopted various strategic management practices relating to situation analysis, strategy formulation, implementation and control. Additionally, strategic management practices were found to have positive effect on organization performance. The findings have various implications relating to theory development, managerial policy and managerial practices.

The study revealed that involvement of all levels of staff is important for successful strategic management process. Therefore, this study recommends that top management for all the SMEs and other organizations to strive to make the strategic management process as inclusive as possible from the lower level employees to senior

management. This creates a sense of ownership and to ensure that employees feel part of the entire process since they are the ones to implement the strategy. Further the study recommends that top management to continuously evaluate the progress of various strategies and take corrective measures on timely basis.

The study found that adoption of superior strategies has positive effect on organization performance and could explain the superior performance attained by top one hundred SMEs. Therefore, the study recommends that management to take measures to ensure that they adopt superior strategies. This can be done by carrying out detailed and accurate situational analysis, involvement of consultants and all employees in strategy formulation, ensuring implementation of strategy is participatory and continuously reviewing the strategies implemented by firms.

The study revealed that all SMEs had written and clearly defined mission and vision statements. These statements are communicated to members of staff during the rolling out of strategy. The mission and vision statements state where the firm is heading and what it would like to achieve in future. This implies that the senior management has to come up with ways to reach its ultimate goal. This is done by senior management coming up with strategic objectives which include technology and innovation, business efficiency and growth, consolidation of regional business, customer service, sustainability and new business opportunities.

5.5 Implications for Theory Building

Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. Strategic management provides

overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics. Strategic management is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of planning.

As a strategic management practice, the study revealed that top one hundred SMEs have adopted strategic management practices. The practices adopted depend on the internal and external environment, the SME weakness and strengths. Situational analysis has to be done in as an initial part of strategic management process, implementation to be participatory and continuous evaluation to be done. This means that strategic management theory has to be aligned with practice and organizations to align strategic decisions to environment. To the theory, the study findings indicate strategic management practice is dynamic and depends on the environment.

5.6 Limitations of the Study

Empirical and theoretical literature on strategic management is intense. However, empirical literature on the relationship between strategic management practices and organization performance is limited both internationally and in Kenya. Therefore, this study was limited by inadequate literature in generation of study model and study variables for comparison.

This study focused on top one hundred SMEs and excluded all the other SMEs in Kenya. Therefore, the results of this study are limited to top one hundred SMEs and may not necessarily be applicable in other SMEs. Further, the findings may not be representative of large firms since they relate to SMEs. Therefore, attempts to interpret the results in other organizations mostly large firms should be approached with care since large firms are significantly different. The study was also limited by the fact that it was sensitive to the respondents' feelings and some responses could not be verified. However the questions were designed to minimize the risk by ensuring that the questions were not leading and adoption of likert scale. Data collection was also a key limitation since the studied firms were private companies and obtaining information was not easy. However, the purpose of the study thoroughly explained and confidentiality assured.

The study was also limited by the methodology applied where the researcher extensively relied on qualitative data collected using the questionnaire. While the respondents were thoroughly explained for the need to provide accurate information, the same could not be guaranteed. Further, primary data had to be coded to enable analytical analysis; a process which is usually very subjective. However, accuracy and consistency in the coding process was ensured. The study also gathered data relating to strategic management practices at one point in time and not over period of time.

5.7 Suggestions for Further Research

This study was limited by lack of adequate empirical literature on the relationship between strategic management practices and organization performance. This study therefore recommends that a repeat study to be done to confirm the results. Different variables could be used as control variables with different measures of strategic management practices.

The study was limited to top one hundred SMEs where the researcher sought to determine the strategic management practices adopted by the firms and how they influenced organization performance. Further research could be carried to determine how strategic management practices adopted by other SMEs or large organization influence organization performance. Further research could also be carried out to determine the strategic management practices adopted by large public institutions that have excelled in their respective industry.

The study used primary data collected at one point in time and hence its accuracy could not be assured. The study therefore recommends that a similar study be done but using data collected over period of time. Mean responses collected every year could be used in which case; errors due to the various factors relating to the respondents would be overcome.

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APPENDICES

Appendix I: Questionnaire

The purpose of this questionnaire is to collect information for academic purposes in determining the strategic management practices and performance of top one hundred SMEs in Kenya. The information obtained will be treated with the highest confidentiality and will specifically be used for academic purposes only. Please fill the questions accurately as possible.

Section One: Background Information

1. Which sector is your SME?

Manufacturing Service

2. When was the company established?

3. How many employees does the organization have?

Below 50 51 - 100

Over 100

Section Two: Strategic Management Practices

4. **Situational Analysis Practices**

i. Does your SME periodically gather and analyze data about the market and other external or internal factors which affect its operation and business?

Yes No

ii. If yes, how often do they gather and analyze this data?

Monthly Quarterly Semi-annually

Annually Continuous Other

Please specify.....

iii. Is the external or internal market analysis used to identify key strengths, weaknesses, opportunities and threats to your business?

Yes No

5. **Strategy Formulation**

i. Does the company have a vision statement?

Yes No

ii. Is the vision statement written or unwritten?

Written Unwritten

iii. Does your company have a mission statement?

Yes No

iv. Is the mission statement written or unwritten?

Written Unwritten

v. Who develops your company's mission and vision statements?

Owner of the company Top management team

All employees

vi. The following are descriptive statements about strategic management practices. Please indicate the extent to which each statement applies to your company. Use the scale below to tick as appropriate

1 – Not at all 2 – Small extent 3 – Moderate extent 4 – Large extent
5 – Very large extent

Descriptive Statements on Strategy Formulation Practices	1	2	3	4	5
The company has deliberately set its strategic direction in form of vision statement, mission statement and core values					
The company analyzes / gathers information about its external environment to understand their implications					
SME's chief executive officer take formal responsibility for the firm's strategic management planning					
Strategic formulation is a top priority activity at your SME					
SME hires the services of a consultant in the process of strategy formulation					
Members of staff are briefed and taken through the strategic management plan before implementation					
Your SME has a planning department or committee that steer heads policy formulation					
In strategy formulation, assessments of all resources at your SME organization (i.e. physical, financial, and human resources) are assessed					
Your SME identifies competitors and determine the reasons for success of competitors and consider this in strategy formulation.					

Descriptive Statements on Strategy Formulation Practices	1	2	3	4	5
Your firm's strategic behaviour and choices are in line with environmental developments and this is incorporated in strategy formulation					

6. Strategy implementation

i. Who does strategy implementation in your organization?

Owner / Directors Top Management

Junior staff All levels of staff

ii. Who owns implementation and outcome of organization strategy in your firm?

Directors/Owner Top managers

All levels staff

iii. The following are descriptive statements about strategic management implementation practices. Please indicate the extent to which each statement applies to your company. Use the scale below to tick as appropriate

1 – Not at all 2 – Small extent 3 – Moderate extent
4 – Large extent 5 – Very large extent

Descriptive Statements on Strategy Implementation Practices	1	2	3	4	5
Company strategy is adequately and comprehensively communicated to members of the staff					
Adequate resources are allocated to strategy implementation					
Organization strategy is matched to organizational structure					
Organization strategy is implemented purely based on set objectives and expected performance					
Organization is keen on implementing organization strategy in a way that yield highest performance					
There are motivational systems in place to ensure success of strategy implementation					

7. Strategy Evaluation

i. Using a 5 point scale, to what extent are the outcomes of the evaluation utilised in either changing the current strategic plan or in future planning processes

1 – Not at all [] 2 – Small extent [] 3 – Moderate extent [] 4 Large extent [] 5 – Very large extent []

ii. Please indicate the extent to which your SME has developed the following set of key performance indicators as a means of tracking the success of the strategy initiatives. Use a 5 point scale where 1 – Not at all 2 – Small extent 3 – Moderate extent 4 – Large extent, 5 – Very large extent.

Descriptive Statements on Strategy Evaluation Practices	1	2	3	4	5
There is monitoring, evaluation and control of the implementation of strategy at your SMEs					
There is clearly defined and measurable performance targets for each strategic management plan element					
The company review strategic management decisions					
Strategy evaluation involves review of the process of strategy formulation and implementation					
The success of strategy evaluation is done on regular basis and corrective action is taken on timely basis on the strategy for highest performance					
There exists clear communication channels within the company to enable evaluation of strategy performance					
The success of a strategy is implemented and evaluated at end of implementation stage and corrective measures taken.					
Comparison is undertaken					
Performance is measured					
Corrective action is undertaken					
Performance is recognised					
Good performance is rewarded					
Strategy implementation time line is evaluated					

End - Thank you for taking time to fill this questionnaire

Appendix II: 2014 Top 100 SMEs

1	Optiven Enterprises Ltd	42	Smart Brands Limited
2	Vehicle and Equipment Leasing Limited	43	Care Chemists
3	Shade Systems E.A Ltd	44	Stitch Masters Ltd
4	North Star Cooling Systems Ltd	45	Alexander Forbes Financial Services Ea Ltd
5	Lean Energy Solutions Ltd	46	Rongai Workshop & Transport Ltd
6	Wotech Kenya Limited	47	Coast Industrial & Safety Supplies
7	Pharmaken Limited	48	Eldohosp Pharmaceuticals
8	Synermedica (Kenya) Limited	49	Stile Gas Supplies Ltd
9	Novel Technologies Ea Ltd	50	Muranga Forwarders Limited
10	Aslan Adventure	51	Furniture Rama Ltd
11	Mega Pack K Ltd	52	Conventional Cargo Conveyors Ltd
12	East African Canvas Co Ltd	53	Total Office Solutions Ea Ltd
13	Hajar Services Ltd	54	Typotech Imaging Systems
14	Pewin Cabs	55	Unique Offers Limited
15	Btb Insurance	56	Devsons Industries Ltd
16	Bluekey Software Solutions (K) Ltd	57	General Cargo Services Ltd
17	Ark Construction	58	Jogian Interlink Limited
18	Digital City Ltd	59	Waumini Insurance Brokers
19	Vivek Investments Ltd	60	Professional Clean Care Ltd
20	Woodbridge Group Ltd	61	Xrx Technologies Limited
21	Onfon Media Ltd	62	Amex Auto & Industries Hardware Ltd
22	Lanor Holdings Limited	63	Synermed Pharmaceuticals (K) Ltd
23	Asl Credit	64	Ndugu Transport Company
24	Spry Engineering Co. Ltd	65	Security World Technology Ltd
25	Pwani Cellular Services Ltd	66	Vintage Travel & Tours Services Ltd
26	Pinnacle K Travel & Safaris	67	Vinep Forwarders Limited
27	Powerpoint Systems Ea Ltd	68	Dune Packaging Limited
28	Specicom Technologies Ltd	69	Ravenzo Trading Limited
29	Executive Healthcare Solutions Ltd	70	Trinity Petroleum Limited
30	Allwin Packaging Intl Ltd	71	Software Technologies Ltd
31	Africa Practice Ea Ltd	72	Avtech Systems Ltd
32	Upperhill Eye & Laser Centre	73	Aar Credit
33	Cube Movers Limited	74	Thika Wax Works Ltd
34	Machines Technologies (2006) Ltd	75	Eurocon Tiles Production
35	Charleston Travel Limited	76	Polygon Logistics Ltd
36	Africa Biosystems Limited	77	Rushab Petroleum Limited
37	Impax Business Solutions	78	Pratulchandra & Brothers Ltd
38	Kenya Bus Service Management Ltd	79	Healthy U 2000 Ltd
39	Elite Tools Ltd	80	Sheffield Steel Systems Ltd
40	Mic Global Risks Insurance Brokers Ltd	81	Viro Locks Ltd
41	Lantech (Africa) Limited		

82	Specialized Aluminium Renovators Ltd	91	Supreme Pharmacy Limited
83	Kenbro Industries Limited	92	Isolutions Associations
84	Nairobi Enterprises Ltd	93	Kurrent Technologies Ltd
85	Office Dynamics Limited	94	Total Solutions Ltd
86	De Ruitter East Africa Ltd	95	Trident Plumbers Ltd
87	Brollo Kenya Ltd	96	Palbina Travel Ltd
88	Melvin Marsh International Ltd	97	Tabaki Freight Services
89	Sigma Supplies Ltd	98	Hotel Waterbuck Limited
90	Sensations Limited	99	Xtreme Adventures Limited
		100	Satguru Travel and Tours

Source: <http://eastafricatop100.com/top-100-companies/>

Appendix III: Introduction Letter

To Whom It May Concern

RE: REQUEST FOR INFORMATION

I am a Master of Business Administration student at the University of Nairobi specializing in strategic management. As a requirement for the award of the degree requirements, I am undertaking a research on **Strategic Management Practices and Performance of Top One Hundred Small and Medium Sized Enterprises in Kenya.**

The study targets the 2014 top 100 SMEs in Kenya and your firm, being one of the top 100 SMEs has been identified. I am requesting your assistance in answering the questions on the attached questionnaire. I further wish to assure you that all the information provided will be used solely for academic purposes and will be treated with utmost confidentiality and not shared with anybody unless with your approval. If you wish to get a copy of the complete research paper, please record your interest with the undersigned.

Your assistance will be highly appreciated.

Yours sincerely,

Karendi G. Njeru