RELATIONSHIP BETWEEN STRATEGIC MANAGEMENT PRACTICES AND THE GROWTH OF FIRMS IN THE ALOE INDUSTRY IN KENYA

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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university.

Sign………………………………….. Date:………………………………...

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This report has been presented for examination with my approval as the appointed supervisor.

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Supervisor:Dr. Mercy G. Munjuri

DEDICATION

To God.

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To God is the glory for the wisdom he bestowed upon me and for giving me the strength to start and complete my studies.

My heartfelt gratitude goes to the University of Nairobi and in specific the school of business for affording me the privilege to undertake my studies here. I cannot over emphasize my sincere appreciation to my supervisor, Dr. Mercy Munjuri for her untiring help and guidance during the research period. I also wish to thank Dr. Regina Kitiabi for their guidance during the process of moderation whose comments went a long way in improving the quality of my proposal and finalization of the project. I also thank the teaching staff at the University of Nairobi for their commitment in imparting knowledge throughout my course and the entire board of post graduate studies.

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ABSTRACT

The aim of the study was to identify the relationship between strategic management practices and the growth of companies in the Kenyan aloe industry. The study was led by this research questions: what is the relationship between strategic management practices and the growth of firms in the aloe industry in Kenya? The population of interest was seven major aloe processing companies in Kenya. Data was collected using questionnaires and quantitatively and qualitatively analyzed when an appropriate analysis using SPSS was carried out. From the study, a positive relationship between strategic management practices and the growth of Aloe industry in Kenya was observed. Strategic management practices such as mission and vision, environmental scanning, strategy formulation, strategy implementation evaluation and control were all established as significant in influencing the growth of firms in the Aloe industry in Kenya. Thus the study's showed positive relationship between strategic management practices and growth of firms in the Aloe industry in Kenya. The researcher recommends alignment of the business activities with the strategic management practices to ensure sustainable growth and suggest further study on environmental elements that might influence the growth of Aloe industry in Kenya.

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LIST OF ABBREVIATIONS

BABE	Baringo Aloe Bio-Enterprise
CBO	Community Based Organization
DFI	Development Financial Institutions
KEBS	Kenya Bureau of Standards
KENAFF	Kenya National Farmers' Federation
SPSS	Statistical Package for the Social Sciences

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic management is a practice that involves the setting up of the objectives of a firm, the coming up of guidelines and plans to attain these set objectives while assigning resources to enable the implementation of these guidelines and plans. Companies today are not only looking at the short-term framework of their businesses but are looking at lasting and planned outcomes (Betts and Ofori, 1992). Challenges found in the business environment necessitate strategic thinking (Benjamin et al., 1984). This is due to increased international competition among others (Levitt, 1983). Market demand, taste variations, technology changes and need for survival are some of other factors that have led to the adoption of strategic management practices by firms. Strategic management practice gives a strong influence towards an organization's success as observed when differentiating firms that apply strategic management practices from those that do not in terms of performance. It has been evidenced that large firms that use strategic management practices are more profitable than those that do not (David, 1997). The plans are set in a way to enable the firm function optimally in the environment where there might be economic, social, technological and political challenges (Sharplin, 1985).

The resource-based theory states that a firm has an advantage over its competitors because of inherent resources it possess. These resources are unique and the abilities of the entity are not present with the competitors (Barney, 1995). The resource-based theory assumes that resources owned by organizations can give advantage over the competition and can give anticipated outcomes (Ainuddin et al., 2007). A similar theory is the competitive forces approach proposed by Porter (1980) which deals with the company's relation to its environment and to the industry's structure. The Competitive forces approach states that five industry level forces affect the competitiveness of the firm. These are barriers to entry into the industry, substitution risk, the bargaining power of buyers and suppliers and competition between competitors in the industry. This will enable a firm find out the best way to fit in the industry by either by defending itself against these forces mentioned or by using them to create a competitive advantage.

Aloe growing is being commercialized in Kenya as demand grows for the plant's extracts which are used in the manufacture of healthcare products. The plant is also being used to fight poverty and create employment in arid and semi-arid regions with farmers assured of steady income (by Bjøra et al., 2015). According to Herbal Garden Limited, this promising sector is growing rapidly with more agriculturalists in Eastern, Central and Rift Valley provinces venturing into its production because of high returns according to the Kenya National Farmers' Federation (KENAFF). Aloe has gained a lot of prominence due to its high economic value and uses. Thousands of the communities in areas where there is Aloe harvest earn a living from it. Most farmers have traded Aloe bitter gum from wild populations and not at a large scale and this has limited the country in accessing the great global Aloe market while the country has a great potential of tapping into the global market due to the nature of the environment we have. Recent efforts to tap the market were put on check when an Aloe factory opened in Baringo County was closed due to apparent lack of viability of the project (www.farmingfirst.org).

Oldfield (2003) noted that exports to Europe and Middle East from large-scale aloe extractors in Kenya are used to make drugs and cosmetics thus earning the country foreign exchange.

1.1.1. Strategic Management Practices

Strategic management according to Kaufmann and Walleck (1980) has three definitions. First, itis termed as a planning structure which transcends the boarders of an organization and involves the making of strategic choices about the resources of a firm and its customers in view of the future. Secondly, it is an activity of planning that provokes a planner to look for business opportunities and finally, strategic management is a system of organizations principles that strengthens the commitment of managers to the strategy of the firm. Another definition of strategic management by Hitt, Ireland and Hoskisson (1999) states that it is the total attention a firm gives to the achieving of positive gains and competitive advantage in an industry. Mintzberg et al (1998) says it is “revolving around the discrete phases of formulation, implementation, and control, carried out in cascading steps.”

Business strategies have been associated with a firm’s performance (Chell et al, 1991). Key success factors are strategies that yield positive results and these include the use of finance from external sources, widespread advertising, customer support initiatives and customer service innovations, finding of new markets and development of new technologies (Covin, 1991). There are 3steps of strategic management: formulation, implementation and finally evaluation. According to Certo & Peter (1991), the formulation stage aims at the organization achieving their objectives. Here, according to David (1997), the decision of which business to be engaged in, resource allocation, the market area to enter, development of mission statement, SWOT analysis and choice of strategies are done. Sharplin (1985) states that the implementation stage involves the initiation of the strategic plans. Establishment of objectives and policies, motivation of employees and resource allocation to execute the strategies already formulated is done here. The final stage is Evaluation and control and it deals with comparing information obtained with expected measures (Certo and Peter, 1991).

1.1.2. Organizational Growth

According to Drucker (1974) growth will continue to be a desirable and indeed a necessary business objective. Whetten (1987) states that growth is a positive size change over a time period while size is a complete measure. Hakkert & Kemp (2006) state that growth is a positive change in some aspects like profits, employment and sales of an organization over a specific period of time. Growth can be defined as change and positive change is indispensable in a vibrant business environment. Birley and Westhead (1990) found out that studies determining growth in organizations have been criticized for concentrating only on size change rather than using numerous dimensions. Kimberly (1976) found out that there are a number of measures of size such as the organization's capacity, assets of employees and sales. Ardishvili et al. (1998) and Delmar (1997) noted like measures of growth and these are employee number, revenue, the value of the stock market, capacity and value of production as well as rate of value addition.

Pearce and Robbinson (1997) state that growth strategies are all-inclusive tactics guiding the major activities geared towards attaining long term goals. Porter (1985) says that one of the growth strategies used by firms is the strategy of positioning: differentiation and cost leadership. Two strategies of growth are presented by most scholars: expansion and diversification. Ansoff and McDonnell (1988) explain that diversification's main goal is to allow the organization to grow by getting into new businesses through development of new products for new markets. Markides and Williamson (1996) argue that diversification improves performance only when it permits an enterprise to gain privileged access to strategic resources.

1.1.3. Aloe Industry in Kenya

Aloes have been used for ages because of their medicinal properties and ability to be used as cosmetics. Almost half of the species found in Kenya are local while the rest are from other regions of the world. In total, Kenya has sixty three species of Aloe with Aloe secundiflora being the most common. Others common ones are Aloe kedongensis, Aloe turkanesis, Aloe rabaiensis and Aloe lateritia and these are easy to grow. There is a large potential for Aloe products because they are well known globally as well as domestically.

According to Irungu (2010) in a study on the factors affecting Aloe cultivation and propagation Kieni West Division, Kenya, the Aloe industry is relatively unknown or overlooked in the country and there is technical knowledge available in Kenya that can be harnessed to get a sizeable market share in the global aloe industry. Research has shown that there is an increasing demand for Aloe products and that there is great potential of gaining entry into markets through trustworthy channels. Most aloe products in Kenya are imported and the need for attractively packaged products in Kenya is great. Value addition with better-quality ingredients can cater for the large local market.

According to Dodds (2007) several challenges exist that affect the Aloe industry in the country. First and foremost, there is no assessment of quality since most aloe is exported in its raw form. This is also affected by the methods of harvesting which are poor leading to low quality. Another challenge is that most of the aloe is found on areas where land is communal thus the sharing of proceeds is difficult. A third setback is the poor economies of scale where there is high initial investment when setting out a farm and low returns on small acreages. Another critical challenge is that aloe from Kenya has not been adequately branded and marketed globally to contend in the international market with aloe from other countries. There is also little technical knowledge on management of aloe business in Kenya though the Kenya National Farmers' Federation (KENAFF) have tried to address this by teaching farmers how to grow Aloe on their farms according to their website.

In fact there are no Aloe product standards in the country attested by the fact that neem standards are used to assess aloe products at the Kenya Bureau of Standards (KEBS) leading to marketing challenges. This makes it difficult to determine the percentage content of aloe in Aloe products thus bringing about a negative response in the market towards these products because of perceived inactivity.

1.2 Research Problem

Strategic management practice provides a robust effect towards an organization's achievement of its goals as noted by studying the connection between organizations practicing strategic management and those that do not. According to David (1997) strategic management grows firms and some firms have beaten others in their industry because of their application of strategy. Price et al. (2003) notes that firms there are higher returns on equity for those firms that employ strategic management as well as train their workforce on the firms strategy making many firms start to employ strategic management practices.

According to Dodds (2007) the global Aloe industry is highly lucrative but unfortunately its potential has not been harnessed in Kenya. The sector faces a little or no major interest from the government and allied institutions neglecting the enormous economic potential of the industry. Firms dealing with aloe products in Kenya have been experiencing growth in employee numbers and demand for aloe products indicating a certain level of growth. This is according to their websites and business publications like the business daily. For example according to the firm Kate's Organics the demand for aloe products across East Africa cannot be met by the company because of the demand by consumers. Winnie's Pure Health, another company that processes aloe products saw a 25% growth in its unit output in the year 2014 because of increase in demand. The company which started with less than 10 employees and a small office to operate from, today boasts of over one hundred employees and 40 products in six different product lines, up from the initial four (www.businessdailyafrica.com). The company Herbal Garden that primarily processes aloe products has grown in size since its inception over 5 years ago and has had to move to bigger premises to accommodate its processing activities according to its website (www.herbalgarden.co.ke).

Mutemi(2014) in a study to assess the impact of strategic management practices on the performance of small enterprises in Kitui, Kenya shows that employment of strategic management practices like product differentiation and delegation of duties give competitive advantage to small firms. Another study on strategic management practices in the Ministries of the Government of Kenya and their role in the implementation of changes by Mwando (2016) concluded that the ministries should recruit managers who can analyze the business environment, formulate, implement and evaluate strategies so as to enhance efficiency and effectiveness in the ministries since the ministries lacked the use of strategic management practices. A similar study by Juma(2016) on the effects of strategic management practices on the performance of public health institutions in Kisii County, Kenya found that a strategy for the management of human resources is essential for the delivery of good service and more emphasis should be placed on the strategy for managing human resources in order to ensure prudent use of human resources in healthcare institutions. The influence of strategic management practices on the performance of private construction companies in Kenya by Waweru (2015) has shown that building companies that use it increase their performance, profits and service delivery. None of the locally conducted studies examined strategic management practices in the Kenyan aloe industry. The objective of this study was therefore to address this gap by establishing strategic management practices in the industry. The research question that guided this study was: is there a relationship between strategic management practices and the growth of firms in the Aloe industry in Kenya?

1.3 Research Objective

This study's objective was to find the relationship between strategic management practices on the growth of firms in the Aloe industry in Kenya.

1.4 Value of the Study

One value is that it will be a basis of reference material for future researchers on the topic and other related themes; helping academicians embarking on the similar theme. It will bring to light significant venues in need of further research. Scholars as well as researchers in business use the findings of this research to support their citations in literature as well as propose subjects for more research. Thus this research will contribute significantly to existing literature by being a source of literary citations and in term of contribution to theory open a door for other researchers to come up with similar theories of study.

It will help Development Financial Institutions (DFIs) in deciding whether to invest or not in the Aloe industry since. The study will also help banks and commercial lenders in making a decision whether to lend or invest in the industry since they can tell how the money given is expended. The immediate players of Aloe industry will benefit by choosing fitting strategies that will yield better outcomes giving strategies that are necessary for growth and continual. Credible information of this nature would enable current Aloe companies or potential entrants have a reliable guide in making strategic decisions.

It will provide and in-depth look by the government into the Aloe industry to help it form a basis for enhancing the industry in the country as well as function to aid the government on how to make directives and guidelines for the aloe industry. The study will also help in making the national policies to guide the Aloe sector and to ensure the government gives proper tax rates viable for the industry. The contribution of the study to theory will help the researcher appreciate the strategic management practice approach by the Aloe industry in Kenya. The study will enable establish whether there is any need to adjust the strategies in the Aloe industry so as to make it a profitable industry that can sustain itself.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews strategic management and organizational growth literature that are study variables. It will review diverse strategic management theories, strategic management practices, Organization growth, Organization growth measures and Strategic management practices.

2.2 Theoretical Foundation of the Study

Academics have formulated several theories regarding the theory of strategic management. The two strategic management theories that guide this study are the resource-based theory and Competitive Advantage theory.

2.2.1 Resource based theory

This theory advanced by Birger Wernerfelt(1984) states that the ability to compete for a company depends on a company which has rare, valuable, inimitable, non- tradable, non-substitute resources and which are specific to the company's external resources (Barney, 1995). The resource-based view assumes that resources owned by organizations can give rise to advantage over other firms and yield expected results (Ainuddin et al., 2007).

There are several criticism of RBV. One states that depreciation of the value of the resource is not factored on. Another criticism states that competitive survival is more important than the achievement of sustainable advantage over the competition which is the main aim of RBV. In reality it is rare for a resource to fulfill this checklist. A supposition that an enterprise can succeed in a tough marketplace because it has resources that it can exploit is rarely practicable because there are outside forces that affect the market, which RBV overlooks. Finally, one cannot totally define sustainability and value it practically. The fact that the theory assumes that competitors do not try to copy one another is not realistic.

2.2.2 Competitive Advantage theory

Porter (1980) proposed this and deals with the development of a competitive strategy for the environment of the company. i.e. the environment is considered when forming a strategy to enable the company compete in the industry. It states that the surroundings that an enterprise functions in is the industry in which it contests. The configuration of an industry influences to a very large extend what strategies a firm can employ as well as the dynamics in the industry. The potential for profit in an industry is dictated by five forces in the industry namely rivalry among existing industry players, the suppliers' bargaining power, the buyers' bargaining power, barriers to entry into the industry and the threat of substitution. A firm can therefore gain competitive advantage by manipulating these forces or defending itself from them. A firm can out-compete its competitors through cost advantage and differentiation according to Michael Porter. In cost advantage, similar products like those of the rivals are offered at a reduced price while in differentiation advantage an organization gives products that are better than its rivals.

Several criticisms for Porter's framework have been put forth. Coyne and Subramaniam (1996) assert that there are several uncertain assumptions that lie beneath this framework. The first is that the players are not related and do not come into contact with each other i.e. the suppliers, purchasers and rivals do not connive. A second assumption is that there is low uncertainty in the industry's landscape giving room for the players to react to variations in the industry and thus plan accordingly. The final assumption is that barriers to entry are created because structural advantage is the foundation of value. Another criticism comes from Wernerfelt (1984) who states that one cannot find out how attractive an industry is without the resources a business brings in to the industry and argues that competitive advantage theory should be combined with the Resource-Based View.

2.3 Strategic Management Practices

There are several strategic management practices employed by firms and these are: mission and vision setting, environmental scanning, strategy formulation, strategy implementation and, finally, assessment and monitoring. These are discussed below in detail.

Setting of a Mission and Vision. A mission and vision statement expresses the raison d'etre of an organization, its values, goods it will offer, to which customers it will offer these goods or services to, the markets it will deal in and the organization's philosophy in use of technology. The mission statement is what the organization is and what it aspires to be. This is direct and to the point overlooking several businesses but at the same time allowing for growth. It is ideal that it differentiates a firm, acts as a guide for assessing the present and prospective dealings as well as be clear enough to be comprehended without the organization (Subbha, 2005).

Environmental Scanning. According to Rayport and Jaworski (2001) environmental scanning is getting information from the internal and external environments through monitoring and evaluation and giving this information to strategy formulators in the firm. It takes into account the small and large factors that affect the company in the external environment. Some of these factors include political, economic, social, technological, geographical and legal considerations. According to Aguilar (1967) it assists managers get and utilize facts about occasions, developments and associations in the firm's external environment which will assist them plan what to do in the future.

Hitt *et al*. (2007) state that information provided by scanning the environment is really important and it is done in four forms of analyses; industry, competitor, customer and internal analysis. In industry analysis, the main purpose is to identify threats and opportunities brought about by the industry's condition in order match strategy with industry conditions. Competitor analysis is done for a firm to understand their competitors so as to have competitive advantage over them and to identify opportunities and threats that need strategic attention in relation to the competition. Customer analysis aims at trying to understand the customer so that the firm can develop appropriate strategies to attract and retain the customers. Internal analysis takes into account the firm's internal strength and weakness so as to exploit opportunities and deal with threats. Sutton (1998) states the need for environmental scanning by organizations and states that advantages accompanied by scanning are numerous. These include identifying organizational threats, identifying opportunities, gaining competitive advantage and improving long- term and short- term planning. These organizations do environmental scanning so as comprehend the factors in the environment outside the firm that may affect it so as to come up with suitable responses which protect or advance their situation in the future.

Strategy Formulation. According to Certo and Peter (1991), the formulation stage aims at the organization achieving their objectives. Here, according to David (1997), the decision of which business to be engaged in, resource allocation, the market area to enter, and development of mission statement, SWOT analysis and choice of strategies are done.

Wheelen and Hunger (2008) state that strategy formulation involves several steps; setting objectives, environmental evaluation, setting of targets, units working to achieve targets, performance analysis and finally choice of strategy. First, organizations' objectives are set since the primary objective of a strategic plan is the future state of firm. The second step is evaluation of the firm's environment by assessing the overall trade and financial surrounding where the firm carries out its business. The third step is setting measurable goals for specific organizational objectives. Departments aiming to achieve these set goals in context with the divisional plans now work to achieve the set targets. This is the fourth step. In this step, strategic planning is done for each subunit after the contributions made by each subunit is identified. Analysis of performance is the fifth step and this involves discovering as well as analyzing the deviation of the planned from the expected outcome. After all the above processes are done, the final step is choosing the strategy that will fit the firm after taking into account the goals of the firm, its strengths, abilities, weaknesses, opportunities in the external environment and barriers.

Strategy Implementation. According to David (2001) this involves the assigning of fitting resources to ensure the chosen strategies are appropriately accomplished. It is described by Pearce *et al*. (2010) as the action phase, actualization phase or execution phase. It follows strategy formulation whereby the firm states its mission, goals or objectives and an organization must implement its strategies effectively so as to achieve its objectives. Mintzberg (2008) states that implementation is usually linked to goal setting practices and it transforms the set plans to things that can be done therefore making sure that these deliverables are carried out in a way that brings about success.

According to Hurbbad (2009) implementation can be done in five steps. The first step is the aligning of the initiatives throughout the firm to make certain that each action fits into the strategy. This is followed by the aligning of financial budgets and performance and here each division allocates and manages the budgets, followed by the placement of measures of performance against the set goals that have been strategically formulated throughout the organization. Following is the third step which is ensuring that the firm's structure follows strategy. Here, the structure of the organization is aligned so as to permit the strategy to trickle from top to bottom of the organization meaningfully and efficiently so as to deliver the strategy. The fourth step is to engage the staff so that all the organization's staff get behind the strategy. This is to make the staff and stakeholders understand the strategy and get behind it. This is done through communication and clarification. The last step is to monitor and adjust and this is done by making sure that the strategy is documented and that the strategy is flexible and can adopt change.

Evaluation and Control. This is the last stage whereby data acquired on performance of the strategy is compared with the expected set standards (Certo and Peter, 1991). David (1997) states that there arise several problems when an organization becomes successful one of them being complacency which may lead to the death of the firm. This necessitates evaluation of strategy by reviewing the strategies in use, measuring their effectiveness and taking action to correct where necessary. Rossi *et al*., (2004) explain that evaluation and control is a methodical, demanding and thorough employment of empirical means to review the plan, implement and improve strategy results. It requires a lot of resources, skill, labour, time and a substantial financial resource. Stufflebeam & Webster (1980) state that one of the aims of evaluation and control is to aid organizations gauge a strategy's value and worth. Here, the attention is on facts. Lodato (2014) states that the process of evaluation involves two levels, tactical and strategic evaluation. Tactical evaluation compares performance against the plans set and detects changes that should be made to the implementation or the strategy. The strategic evaluation includes a review of the assumptions against what actually happens in the organization's environment. This is done to uncover strategic assumptions which in the near future are no longer accurate or projected to be wrong.

2.4 Measures of Organizational Growth

There exists numerous measures of organizational growth with the most common measures being size of assets, sales, profits, equity and number of employees. Generally, there exists several indicators of the size of organization and a researcher can choose any according to his interest, imagination or both. There is little guide on which choice is most appropriate and those doing research have to choose between different growth measures. Though these two are commonly used, Wiklund and Shepherd (2005) argue that there have their own disadvantages: Employment is affected by indivisibility, a point which is significant on small businesses with only a few employees and sales do not necessary match to the actual value added. For instance Weinzimmer et al. (1998) give an example where a company purchases a nearly finished product that will be slightly adjusted or repackaged and sold giving the firm huge sales volume. Coad (2009) argues that value added is a better indicator of size than sales since it takes into consideration the material cost used in production even though in practice data on value added is not always available.

Total assets are also very popular even though they present their own challenges as some companies have different capital intensities. Firms' positions regularly guide their capital percentages. Furthermore, firms in dissimilar industries should not be compared to each other, since capital intensities differ in different industries. Colombo and Grilli (2005) noted that most authors use size as indicators of growth especially the young firms since the initial size of a firm is zero at the start. In this case however, Coad (2009) argues that the growth rate in the initial stage is abnormally high when scaled down by initial size. To solve this problem Freedman (1999) recommends that the growth rates be scaled down by the average size or perhaps final size so as to attain evenness. Another school of thought emanates from Davis et al., (1996) who states that measures of growth should be relative to average size rather than initial size. Wiklund and Davidsson (2000) further note that there are two methods used to calculate the measures used , absolute and relative; changes that are expressed in actual figures which favors big organizations and percentage favoring small ones respectively.

2.5 Strategic Management Practices and Organizational Growth

Strategic management practice provides a robust effect towards an organization's achievement of its goals. This has been noted by observing organizations practicing strategic management. David (1997) argue that Strategic management is advantageous to firms especially in terms of earnings. Hasegawa (1988) noted that contractors in Japan have competitive advantage over others globally due to application of strategic management. According to Price et al. (2003) banks in the United States which apply strategy show greater returns and so do profitable firms. He also noted that an increasing number of firms are using strategic management practices thus improving their profitability and outcome.

Mutemi (2014) in a study to assess the impact of strategic management practices on the performance of small enterprises in Kitui, Kenya shows that employment of strategic management practices like product differentiation and delegation of tasks ensure that small businesses are relevant and successful in a highly competitive environment. Another study on strategic management practices in the Ministries of the Government of Kenya and their role in the implementation of changes by Mwando (2016) established that leadership styles, communication styles and employee training were not common strategic management practices employed to influence change implementation in the ministries. The study concluded that the ministries should recruit managers who can analyze the business environment, formulate, implement and evaluate strategies and recommended that ministries should adopt structures that are flexible to change and encourage employee training to enhance efficiency and effectiveness. The study also recommended that ministries should implement changes by coming up with a way to direct how to impose systematic alterations with little friction within the organization.

A similar study by Juma (2016) on the impact of strategic management practices on public health institutions in Kisii County, Kenya showed to a large portion that, if fully embraced, the strategy of technology architecture would lead to an efficient provision of health services. The study also found that the strategy for managing human resources is essential for the provision of good service provision and that more emphasis should be placed on the strategy for managing human resources to ensure the prudent use of human resources in healthcare institutions. Waweru (2015) study on the impact of strategic management practices on the performance of private building companies in Kenya established that firms dealing with construction and using strategy have increased performance in terms of profit and service delivery. The findings indicated that the use of technology improves efficiency and that application of SWOT analysis gives competitive advantage.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology used in this study to collect data. This includes research design, study population, sample and sample size, data collection and methods of data analysis.

3.2 Research Design

This study used a cross- sectional descriptive study. It was deemed appropriate to collect information as some variables could not be quantified and could only be expressed. Collection of this information enabled identification of trends in a situation and some of the causal links between its various elements with the respondents help to generate hypotheses based on further research.

3.3 Population of the Study

The population of interest was seven major aloe processing companies in Kenya: the Herbal Garden limited, Kate's Organics, Clear Skin Naturals, Seth Naturals, Sabihah Oils, Baringo Aloe Bio-Enterprise (BABE) and Marangu Aloe Self Help Group Community Based (CBO). A census study conducted because the population's small size.

3.4 Data Collection

This study used primary data from semi- structured questionnaires containing both open and closed questions. These were given to the firm's proprietors and the questionnaires were sent to them by the drop- and -pick method.

Three sections were found in the questionnaire; Section A comprised of data about the organization, Section B, covered questions on Strategic management practices adopted by the firms and Section C contained questions on Organizational growth.

3.5 Data Analysis

The completeness of the data and information in the questionnaire was first checked. The data were summarized, coded and tabulated correctly and fit for analysis. Data analysis was carried out on descriptive statistics such as means, standard deviation, percentages and frequency distribution. Analysis of the correlation between strategic management practices and organizational growth was also conducted in Pearson. In the form of tables and graphs, data was presented.

Pearson correlation Formula:

$$r = \frac{N \sum xy - \sum (x)(y)}{\sqrt{N \sum x^2 - \sum (x^2)][N \sum y^2 - \sum (y^2)]}}$$

r = Pearson r correlation coefficient

N = number of observations

x=Strategic Management Practices

y=Organizational Growth

$\sum xy$ = sum of the products of paired scores

$\sum x$ = sum of x scores

$\sum y$ = sum of y scores

$\sum x2$= sum of squared x scores

$\sum y2$= sum of squared y scores

CHAPTER FOUR: ANALYSIS OF RESULTS AND FINDINGS

4.1 Introduction

This chapter presents an analysis and discussion of data gathered from respondents regarding the relationship between strategic management practices and the growth of firms in the Kenyan Aloe industry. Descriptive analysis and inferential analysis were carried out and the results were presented in the form of tables, charts and graphs. The chapter finally provides a summary of the results.

4.2 Reliability Analysis

This study was analyzed for reliability to determine whether the questionnaire parameters were reliable. The analysis was done through Cronbach's Alpha to measure internal consistency of the data collection tool. Cooper & Schindler (2003) indicated that Alpha value should be above 0.7 to be an acceptable reliability coefficient which for this study is 0.967 which indicates that the instrument was very reliable.

Table 4.1: Reliability Analysis for the Variables

Cronbach's Alpha	N of Items
.967	42

4.3 Response Rate

Kotler (1997) defines response rate as the total of returned questionnaires over total sample who were sent the survey initially. Out of the 7 questionnaires given out, all 7 questionnaires were returned, making a response rate of 100%.

4.4 Organizational Data

4.4.1 Category of Ownership

Table 4.2Category of ownership firm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public owned	1	14.3	14.3	14.3
	Private owned	5	71.4	71.4	85.7
	Other	1	14.3	14.3	100.0
	Total	7	100.0	100.0	

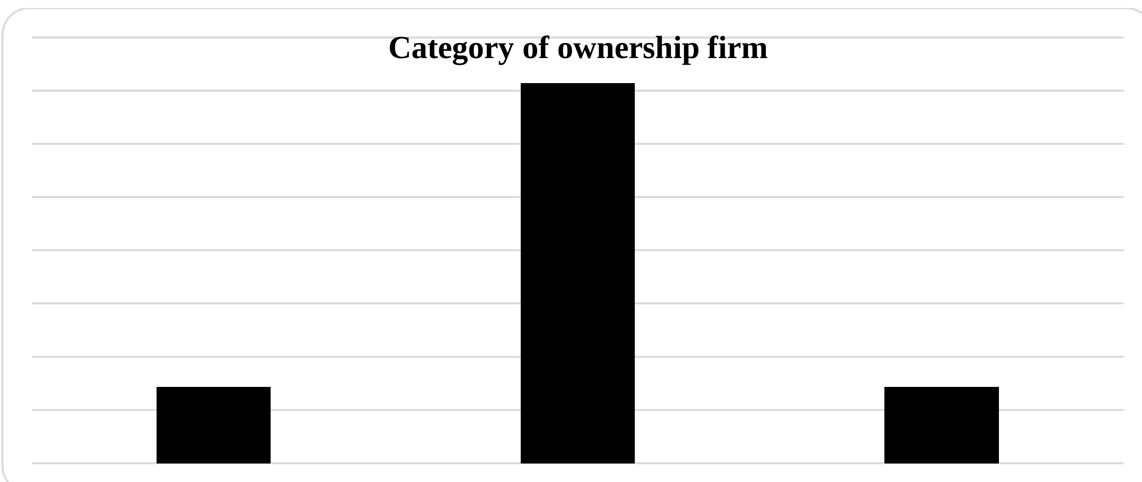

Figure 4.1Category of ownership firm

The table 4.2 and figure 4.1 above indicates the category of ownership of aloe firms in Kenya. The results indicated that 71.4% of the firms studied were privately owned while those that were publicly owned made up 14.3%. Those that fell under other categories was represented by 14.3% and these were specified as Self Help Based organization.

4.4.2Length of Operation

Table 4.3 Length of operation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 10 yrs.	6	85.7	85.7	85.7
	10 – 20 yrs.	1	14.3	14.3	14.3
	Total	7	100.0	100.0	

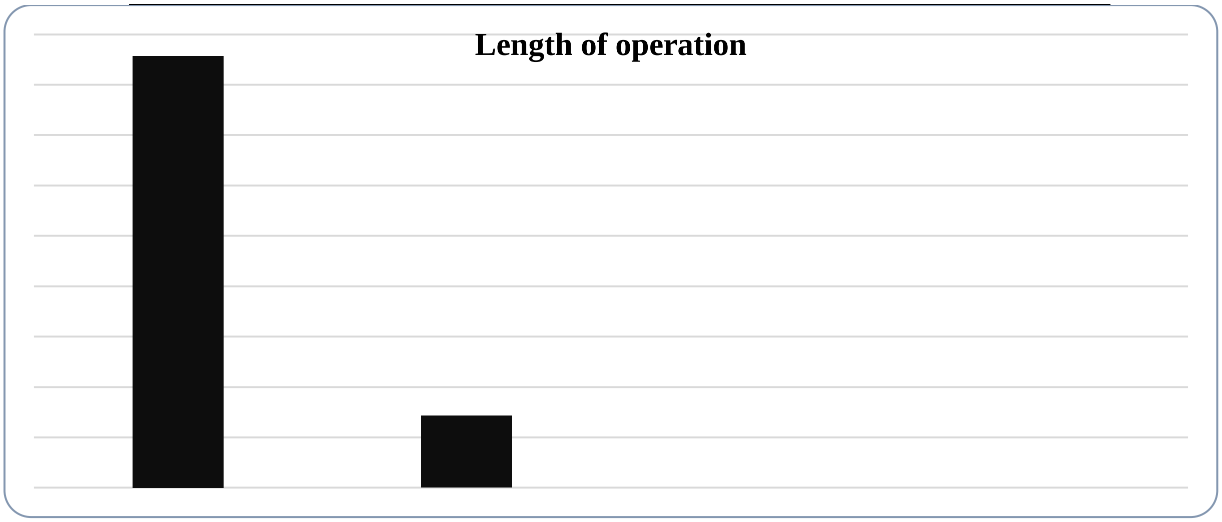

Figure 4.2 Length of operation

Table 4.3 and figure 4.2 above indicates the length of operation of Aloe firms. According to the analysis 85.7% of the Aloe firms studied have been in operation for less than 10 year while 14.3% had been in operation for between 10 and 20 years.

4.4.3 Size of the Organization

Interviewees were asked to show the size of their organization with regard to the number of employees. The results have been analyzed and shown in the following table and figure.

Table 4.4 Size of the Organization

Size of organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 – 25 Employees	7	100.0	100.0	100.0

From table 4.4all of the firms in the Aloe industries studied had less than 25 employees.

4.5 Strategic management practices adopted by the firms in the Aloe industry.

The aim of this study was to identify the relationship between strategic management practices and growth in Kenya's Aloe industry. This was determined by the use of Likert-scale questions. Interviewees were asked about the relevance of mission and vision setting, environmental scanning, strategy formulation, strategy implementation and evaluation and growth control of the Kenyan Aloe sector. The findings results are as shown below.

4.5.1 Setting Mission and Vision and growth in firms in the Aloe Industry in Kenya

Setting mission and visionfor any company has been considered as a very important factor in strategicmanagement. Our study sought to determine the relationship betweenthe mission and vision and growth ofthe Aloe industry in Kenya. Table 4.5 indicates the findings.

Table 4.5Setting mission and vision and growth in firms in the Aloe Industry in Kenya

Strategic management practices adopted by the company			
Setting of mission and vision and growth in Aloe Industry in Kenya	**Mean**	**Std. Deviation**	**N**
It is stated in terms that are clear and widely understood outside the organization	4.4286	1.13389	7
Does the mission and vision define the reason for the company's existence	4.2857	1.1127	7
Do they identify the products and services the company will be involved in	4.2857	1.1127	7
It differentiates the firm from all others	4	1.41421	7
Do they identify the market of the company	3.8571	1.46385	7
Does the mission define what the firm wants to be in the future	3.8571	0.89974	7
It serves as a framework for evaluating both current and prospective activities	3.8571	1.34519	7
Does the mission and vision identify the customers of the company	3.7143	1.60357	7
Do they identify the values of the firm	3.7143	1.1127	7
It is limited enough to ignore some businesses and sufficiently wide to permit for growth	3.7143	1.1127	7

According to the study findings when respondents were asked about mission and vision, most felt that the mission and vision of their Aloe firm were clearly stated and widely understood outside the organization with a mean of M=4.4286 and stand deviation of SD of 1.13389, followed by the ability of mission and vision to define the reason for the company’s existenceand identification of the products and services for the company to be involved which both had a mean of M=4.2857 and standard deviation of SD=1.1127, then the ability of the mission and vision to differentiate the firm form others with a mean of M=4.00and standard deviation of SD=1.41421. The ability of a mission and vision to identify the market of the company had a mean of M=3.8571 and a standard deviation of SD=1.46385, the mission and vision’s ability to define what the firm wants to be in the future had a mean of M=3.8571 and standard deviation of SD=0.89974, the mission and vision serving as framework for evaluating both current and prospective activities had a mean of M=3.8571 and a standard deviation of SD=1.34519, the mission and vision’s ability to identify the customers of the company had a mean of M=3.7143 and a standard deviation of SD=1.60357, the ability of the mission and vision to identify the values of the firm had a mean of 3.7143 and a standard deviation of SD=1.1127 and finally the mission and vision being limited enough to ignore some businesses and sufficiently wide to permit growth had a mean of M=3.7143 and a standard deviation of 1.1127.

4.5.2 Environmental Scanning and growth of firms in the Aloe Industry in Kenya

The research sought to understand environmental scanning as a strategic management practice in relation to growth of the Aloe industry.

Table 4.6Environmental Scanning and growth of firms in the Aloe Industry in Kenya

Strategic management practices adopted by the company			
Environmental Scanning and growth in Aloe Industry in Kenya	**Mean**	**Std. Deviation**	**N**
Industry Analysis is done to identify threats and opportunities	4	1.41421	7

so as to match strategy with industry conditions			
Competitor Analysis is done to understand the competitors so as to have competitive advantage	3.8571	1.21499	7
Customer Analysis is done so as to understand the customer so that the firm can develop appropriate strategies to attract and retain them	3.4286	1.51186	7
Internal Analysis is done so as to determine the company's internal strength and weakness so as to exploit opportunities and deal with threats	3.4286	1.13389	7

Another strategic management practice considered was environmental scanning. From the study findings on the variables of environmental scanning, majority of the respondents indicated by a mean score of M=4.0and standard deviation of SD=1.41421 agreed that industry analysis was done so as to identify threats and opportunities that would match strategy with industry conditions. Competition analysis came second with a mean score of M=3.8571 and standard deviation of SD=1.21499 while Customer analysis and internal analysis were ranked third and fourth with an equal mean score of M=3.84286 and standard deviations of SD=1.51186 and SD=1.13389 respectively.

4.5.3 Strategy formulation and growth of the firms

The study was also intended to establish the relation between strategy formulation and growth in the Aloe Industry and the findings are in the table 4.7.

Table 4.7 Strategy formulation and growth of firms in the Aloe Industry in Kenya

Strategic management practices adopted by the company			
Strategy formulation and growth of firms in the Aloe Industry in Kenya	**Mean**	**Std. Deviation**	**N**
The long-term objectives of the firm are set	4	1.1547	7
Quantitative targets are set to fix measurable target values for specific objectives	4	1.2909	7
The choice of strategy is done whereby the best course of action is chosen considering the firm's goals, strengths, potential, limitation and opportunities	3.7143	1.2536	7
The firm's organizational environment is evaluated by assessing the general economic and industrial environment the firm operates in	3.7143	1.3801	7
Performance analysis is done to discover and analyze the gap between the planned and the desired performance.	3.5714	0.9759	7
The departments aiming to achieve the set goals work to achieve the set targets by making contributions and accordingly strategic planning is done for each sub-unit	3	1.1547	7

The formulation of strategies influence the growth of Aloe industry in Kenya. The study results ranked highly the long-term objectives that an Aloe firm sets with a mean of M=4 and standard deviation of SD=1.1547. This was followed by the setting of quantitative targets to fix measurable target values for specific objectives which had a mean of M=4 and a standard deviation of SD=1.2536. The mean and the standard deviation for the question whether the choice of strategy is done whereby the best course of action is chosen considering the firm's goals, strengths, potential, limitation and opportunities had a mean of M=3.7143 and SD=1.2536 respectively. The result on whether the firm's organizational environment is evaluated by assessing the general economic and industrial environment the firm operates in had a mean of M=3.7143 and a standard deviation of SD=1.3801,while analysis of performance and gaps was ranked fifth with a mean score of M=3.5714 and standard deviation of SD=0.9759, departmental contribution towards strategic planning was least ranked with a mean of M=3 and a standard deviation of SD=1.1547 perhaps because of the small size of the company with an less than 25 employees thus lack of subunits or departments.

4.5.4 Strategy Implementation and growth of firms in the Aloe Industry in Kenya

Table 4.8 Strategy Implementation and growth of firms in Aloe Industry in Kenya

Strategic management practices adopted by the company			
Strategy Implementation and growth of firms in Aloe Industry in Kenya	**Mean**	**Std. Deviation**	**N**
The staff are engaged through communication and clarification so that all the organization's staff get behind the strategy	4.1429	1.069	7
The strategy is documented and is flexible (can adopt change) and can therefore be monitored and adjusted	4	1.4142	7
The structure of the organization is aligned so as to allow strategy to trickle across and down the organization in a meaningful and efficient way.	3.4286	1.3973	7
Budgets & performance are aligned where each division allocates and manages the budgets and then the performance measures are placed against strategic goals across the organization and each division and staff.	3.1429	1.3452	7
Aligning of the initiatives is done to make sure that each activity is reviewed against its relevance to the new	3	1.2901	7

strategy			

Strategy implementation is also another important factor in growth of firms in the Aloe industry in Kenya. According to the study findings it was important for staff to be engaged through communication and clarification so that all the organization's staff get behind the strategy. This was ranked highly on the study with a mean of M=41429 and standard deviation of SD=1.069. This was followed by the question whether the strategy is documented and is flexible (can adopt change) and can therefore be monitored and adjusted with a mean of M=4.00 and a standard deviation of SD=1.4142, whether the structure of the organization is aligned so as to allow strategy to trickle across and down the organization in a meaningful and efficient way followed with a mean of M=3.4286 and a standard deviation of SD=1.3973, followed by the question whether budgets and performance are aligned where each division allocates and manages the budgets and then the performance measures are placed against strategic goals across the organization and each division and staff with a mean of M=3.1429 and a standard deviation of SD=1.3452while aligning of the initiatives to ensure that each initiative is reviewed against its relevance to the new strategy was least ranked with a mean of M=3 and a standard deviation of SD=1.2901.

4.5.5Evaluation and control

Table 4.9 Evaluation and control and growth of firms in Aloe Industry in Kenya

Strategic management practices adopted by the company			
Evaluation and control	**Mean**	**Std. Deviation**	**N**

Measurement of performance is done using the reporting and communication system after comparing with the standard benchmark.	4	1	7
Corrective action is taken once the deviation in performance is identified.	4	1.1547	7
Fixing the benchmark of performance is done using both quantitative and qualitative criteria.	3.7143	1.49603	7
Tactical evaluation is done to compare performance against the plans set and to detect changes that should be made to the implementation of the strategy	3.5714	0.9759	7
Strategic evaluation is done by examining the assumptions against what is really happening in the environment of the organization.	3.4286	1.13389	7
Analysis of variance from the standard benchmark is done by mentioning the degree of tolerance limits that are acceptable.	3.1429	1.57359	7

According to this study evaluation and control was also found to have an effect on the growth of Aloe Industry in this country. From the list of indicators of evaluation and control practices, measurement of performance using the reporting and communication system after comparing with the standard benchmark was found to be the most influential factor with a mean of M=4 and standard deviation of SD=1, followed by fixing the benchmark of performance using both quantitative and qualitative criteria with a mean of M=3.7143 and a standard deviation of SD=1.49603, then by tactical evaluation to compare performance against the plans set and to detect changes that should be made to the implementation of the strategy with a mean of M=3.5714 and a standard deviation of SD=0.9759. The question whether strategic evaluation is done by examining the assumptions against what is really happening in the environment of the organization had a mean of M=3.4286 and a standard deviation of SD=1.13389 while respondents indicated that analysis of variance from the standard benchmark using the degree of tolerance limits that were acceptable was the least influential evaluation and control practice in the growth of Aloe industry in Kenya with a mean of M=3.1429 and a standard deviation of SD=1.57359.

4.6Growth of firms in the Aloe Industry in Kenya

The study was intended to establish the growth of firms in the Aloe Industry in Kenya. The indicators used to find out whether firms in the Aloe industry in Kenya had grown included: Total Assets, the number of employees, profitability, branch network, number of customers, total sales, the range of aloe products produced by the company and the use of new technology. The results are as presented in frequency tables below.

4.6.1Total assets and the growth of firms in the Aloe Industry in Kenya

Table 4.10 Total assets and the growth offirms in the Aloe Industry in Kenya

Total assets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0–20%	3	42.9	42.9	42.9
	21 – 40%	2	28.6	28.6	71.4
	41 – 60%	1	14.3	14.3	85.7
	61 – 80%	1	14.3	14.3	100.0
	Total	7	100.0	100.0	

The frequency in table 4.10, show that most respondents represented by 42.9% of the show that total assets of their firms grew by between 0 and 20% percent. 28.6% indicated that their firms grew by between 21 and 40% while 14.3% indicated that their Aloe firms grew by between 61 and 80% which also represented those that grew by between 81 and 100%.

4.6.2Number of employees and the growth of the firms

The study also sought to determine the growth of firms in the Aloe industry in terms of the number of employees in the Aloe firm. The results were represented in table 4.11 below. From the table below, majority of the Aloe firms cited that the number of employees had grown by between 0 and 20%. 28.6% indicated that the umber had increased by between 21and 40% while 14.3% cited that it had grown by between 41 and 60%.

Table 4.11 Number of employees and the growth of the firms

Number of employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 – 20%	4	57.1	57.1	57.1
	21 – 40%	2	28.6	28.6	85.7
	41 – 60%	1	14.3	14.3	100.0
	Total	7	100.0	100.0	

4.6.3 Profitability of firms in the Aloe Industry in Kenya

The profitability of companies in the Aloe industry was also evaluated and respondents were asked to show how their profits had grown since the start- up. Table 4.12 shows the results.

Table 4.12 Profitability of firms in the Aloe Industry in Kenya

Profitability of Aloe firms

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 – 20%	2	28.6	28.6	28.6
	21 – 40%	1	14.3	14.3	42.9
	41 – 60%	1	14.3	14.3	57.1
	61 – 80%	2	28.6	28.6	85.7
	81 – 100%	1	14.3	14.3	100.0
	Total	7	100.0	100.0	

Table 4.12 represents the results of the study on the profitability of the companies in this sector. From the table respondents indicated that their profits had grown by between 0 and 20% and between 61 and 80% which was represented by 28.65 respectively.

4.6.4 Branch network of firms in the Aloe Industry in Kenya

The study also sought to find out the growth of firms in terms of the branch network of the Aloe firm. The table 4.13 below show the results.

Table 4.13 Branch network of firms in the Aloe Industry in Kenya

Branch network

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 – 20%	3	42.9	42.9	42.9
	21 – 40%	1	14.3	14.3	57.1
	41 – 60%	1	14.3	14.3	71.4
	61 – 80%	2	28.6	28.6	100.0
	Total	7	100.0	100.0	

From the table 4.13 above, majority of the firms in the Aloe industry that is 42.95 of the respondents cited that their branch network had grown by between 0 and 20%. 28.6% indicated that the their branch network had increased by between 61and 80% while 14.3% cited that it had grown by between 41 and 60% and 21 – 60%.

4.6.5 Number of customers in firms in the Aloe Industry in Kenya

The study sought to find out at what percentage the number of customers in firms in the Aloe Industry has increased . Table 4.14 below shows the results.

Table 4.14 Number of customers in firms in the Aloe Industry in Kenya

Customer Numbers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 – 20%	2	28.6	28.6	28.6
	41 – 60%	4	57.1	57.1	85.7
	81 – 100%	1	14.3	14.3	100.0
	Total	7	100.0	100.0	

From the table 4.14 above, it is indicated that the number of customers in firms in the Aloe industry in Kenya increased by between 41 and 60%. This was represented by a 57.1% response rate while, 28.6% of the respondents indicated that customers had increased by between 0 and 20%.

4.6.6 Total sales in firms

This study determined that the total sales in the firms in the Aloe industry in Kenya had increased by between 41 and 60%, this is represented by 42.9% response rate, while 28.6% indicated that total sale had increased by between 0 and 20%. 14.3% represented a growth of between 61 and 80% and between 81 and 100%. Table 4.15 below shows the findings.

Table 4.15 Total sales in firms in the Aloe Industry in Kenya

Total sales

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 – 20%	2	28.6	28.6	28.6
	41 – 60%	3	42.9	42.9	71.4
	61 – 80%	1	14.3	14.3	85.7
	81 – 100%	1	14.3	14.3	100.0
	Total	7	100.0	100.0	

4.6.7 Range of aloe products produced by the firms in the Aloe Industry in Kenya

Analysis was also done to establish whether the range of products in Aloe industry had increased. (Value addition, product differentiation). The Table 4.16 below shows the findings and it can be seen that the range of products had variedly increased depending on the company. 28.6% indicated that it had increased between 0 and 20%, 21 and 40% and 61 and 80%.

Table 4.16 Range of aloe products produced by firms in Aloe Industry in Kenya

Range of aloe products produced by the company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 – 20%	2	28.6	28.6	28.6
	21 – 40%	2	28.6	28.6	57.1
	41 – 60%	1	14.3	14.3	71.4
	61 – 80%	2	28.6	28.6	100.0
	Total	7	100.0	100.0	

4.6.8 The use of new technology in firms in the Aloe Industry in Kenya

Finally the study also looked to establish whether, technology had been integrated in Aloe industry to increase efficiency in productivity. The findings are presented in the table 4.17 below. Integration of technology has also been seen to contribute to growth. From the table 4.17 it is seen that the integration of technology had increased variedly also depending on the company.

Table 4.17 the use of new technology in the firms

The use of new technology

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 – 20%	2	28.6	28.6	28.6
	21 – 40%	1	14.3	14.3	42.9
	41 – 60%	1	14.3	14.3	57.1
	61 – 80%	1	14.3	14.3	71.4
	81 – 100%	2	28.6	28.6	100.0
	Total	7	100.0	100.0	

4.7. Correlation analysis

Table 4.18 Correlation between strategic management practices and growth of firms in the Aloe Industry in Kenya

		Growth in Aloe Industry	Mission and Vision	Environmental Scanning	Strategy formulation	Strategy implementation	Evaluation and Control
Growth in Aloe Industry	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	7					

Mission and Vision	Pearson Correlation	.734	1				
	Sig. (2-tailed)	.060					
	N	7	7				
Environmental Scanning	Pearson Correlation	.734	.750	1			
	Sig. (2-tailed)	.060	.052				
	N	7	7	7			
Strategy formulation	Pearson Correlation	.627	.899**	.789*	1		
	Sig. (2-tailed)	.131	.006	.035			
	N	7	7	7	7		
Strategy implementation	Pearson Correlation	.627	.482	.899**	.575	1	
	Sig. (2-tailed)	.131	.273	.006	.177		
	N	7	7	7	7	7	
Evaluation and Control	Pearson Correlation	.592	.517	.930**	.684	.966**	1
	Sig. (2-tailed)	.162	.235	.002	.090	.000	
	N	7	7	7	7	7	7

**. Correlation is significant at the 0.05 level (2-tailed).

The study findings on strategic management practices were subjected to correlation analysis to determine whether there existed a significant relationship between strategic management and growth in firms in the Aloe industry. The results are as shown in table 4.18. According to the study findings, mission and vision as well as environmental scanning had the highest relationship with growth of firms in the Aloe industry in Kenya. Mission and Vision R = 0.734; P value = 0.060, and Environmental scanning Mission and Vision R = 0.734; P value = 0.060. However, with a P value = 0.060 this means that the significance threshold was not met as it was higher than 0.05. Strategy formulation and

Implementation ranked third with R = 0.627; P value = 0.131. With this P value, it means that significance threshold was not met as it was higher than 0.05. Evaluation control ranked fifth with positive relationship with growth in Aloe Industry in Kenya, where R = 0.592; P value = 0.162. This again means that the P value did not meet significance threshold as it was higher than 0.05.This shows that there is an overall relationship between strategic management practices and the growth of firms in the aloe industry with a positive correlation between use of strategic management practices outlined above and the growth of firms in the aloe industry.

4.8 Discussion of Results

The study findings confirmed literature assertions of Mwando (2016) who recommended the need to have a management that can analyze the business environment, formulate, implement and evaluate strategies for the organization to ensure sustainable growth. The study results revealed a positive relationship between strategic management practices and growth of firms in the Aloe industry in Kenya.

The findings revealed a positive relationship between mission and vision of Aloe firms and their growth. The results on mission and vision of Aloe firms indicated that having a clear mission and vision statement that could be widely understood outside the organization was very essential to their growth. With the results of the study ranking clear and widely understood mission and vision as number one.The results were consistent with the literature postulations by Subbha (2005), who pointed that it was ideal to have a clear and understandable mission and vision since it differentiated a firm, and acted as a guide for analyzing the present and prospective business opportunities.

The study revealed that environmental scanning affected the growth of firms in the Aloe industry in Kenya. The results showed a positive relationship between scanning and growth. These findings supply support for the previous studies that established positive relationship between environmental scanning and growth of an organization. Literature done on environmental scanning and growth of an organization, have shown that that growth is always anchored on the ability of the management to do environmental scanning for the organization and that it was an important factor .Accordingly Hitt et al. (2007) opine that through environmental scanning, and organization is able to identify threats and opportunities and thus enable them match strategic objective with industry conditions thus enabling them to grow.

On whether strategy formulation affected the growth of firms, it was revealed that strategy formulation indeed affected growth of firms in the Aloe industry. This was congruent with previous literature that indicated that strategy formulation was central in ensuring growth in organization. Accordingly Certo and Peter (1991) asserted the strategy formulation was important because it guided organization into achieving their objectives.

Under strategy formulation, the study ranked highly the effect of setting long term objectives to growth of an organization. With majority of the firms in the Aloe industry respondents agreeing to a large extent that it was necessary to formulate a long term objective that would guide the company to success.

The results of the study on strategy implementation and organization growth were consistent with other researchers who have argued that successful strategy implementation is mandatory for the growth of any organization. As Mintzberg (2008) opines, strategy implementation should be carefully linked to initiatives or activities that will action the set objectives to successful deliverables. The study indicated that strategy implementation had a positive relationship with the growth of firms in the Aloe industry. On strategy implementation it was found that if staff are engaged through communication and clarification during strategy implementation it would lead to successful implementation of growth objectives.

On whether there was a relationship between evaluation and control affected the study, the results of the study were consistent with literature postulations that indeed there was a positive relationship. As indicated by Lodato (2013), there is need for organization to evaluate their performance against the set targets so as to determine their level of success or failure and determine what worked and what did not work. It is only through evaluation and control that an organization can grow by setting and monitoring to see whether the objectives are being met or not. A positive relationship between evaluation and control and growth in the firms in Aloe industry in Kenya was shown. On the indicators of evaluation and control, the study established ranked highly the Measurement of performance using the reporting and communication system after comparison with the standard benchmark.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary discussion of the findings, by comparing current findings with the literature reviewed as well as with past studies findings. The chapter also presents conclusion, recommendations of the study, limitations and suggestions for further studies.

5.2 Summary of the Findings

The main objective of this study was to assess whether strategic management practices relate to the growth of companies in the Aloe industry in Kenya. The results of the study revealed a positive relationship between the mission and vision of the Aloe companies and their growth. The results on mission and vision of Aloe firms indicated that having a clear mission and vision statement that could be widely understood outside the organization was very essential to their growth. Firms in the Aloe industry show that having a widely understood mission and vision is beneficial in the industry as per as this factor is concerned.

Environmental scanning affected the growth of firms in the Aloe industry in Kenyaas indicatedby a positive relationship between environmental scanning and growth of firms in this Aloe industry. These findings supply support for the previous studies that established positive relationship between environmental scanning and growth of an organization. This scanning identified threats and opportunities and thus enabled the firms match strategic objective with industry conditions thus enabling them to grow.

Strategy formulation affected the growth of firms in the Aloe Industry in Kenya as the study revealed that strategy formulation indeed affected growth of firms in the Aloe industry. This has been done by the firms as a guide to them to achieving their objectives.

Strategy implementation was carefully linked to initiatives and activities that action the set objectives to successful deliverables in the firms studied. The findings of the study indicated that strategy implementation had a positive relationship with the growth of firms in the Aloe industry. On strategy implementation it was found that if staff are engaged through communication and clarification during strategy implementation it would lead to successful implementation of growth objectives.

The relationship between evaluation and control as a strategic management practice and the growth of firms in the Aloe Industry in Kenya was positive showing that the organizations evaluate their performance against the set targets so as to determine their level of success or failure and determine what worked and what did not work. It is only through evaluation and control can an organization grow by setting and monitoring to see whether the objectives are being met or not. Findings of the study showed a positive relationship between evaluation and control and growth in the firms in Aloe industry in Kenya. On the indicators of evaluation and control, the study established ranked highly the Measurement of performance using the reporting and communication system after comparison with the standard benchmark.

The study in general revealed that the growth of firms in the Aloe Industry in Kenya was affected by a number of strategic management practices. These included the mission and vision of the organization, environmental scanning, strategy formulation, strategy implementation and finally evaluation and controls. The study indicated that indeed that there is a relationship between all the strategic management practices with the growth of firms in the Aloe industry in Kenya.

5.3 Conclusions

This study has found that there is need to have a sound strategic management practice if a company needs to grow. It has acknowledged the need to have a clear and precise vision and mission, the importance of environmental scanning in industry analysis, strategy formulation through having long term objectives, strategy implementation through staff engagement and evaluation and control through measuring and benchmarking performance.

From to the study findings, there existed a positive relationship between strategic management practices and the growth of Aloe industry in Kenya. Strategic management practices such as mission and vision, environmental scanning, strategy formulation, strategy implementation evaluation and control were all established as significant in influencing the growth of Aloe industry in Kenya. Clearly the results of the study complement the Competitive Advantage theory that was developed by Porter (1980), which postulated that the surroundings of a company influences the way a firm employs its strategies so as to compete with other firms and this meant that employing the best strategic management practices that would enable it achieve competitive advantage.

5.4 Recommendations

The study established that the Aloe firms in Kenya have positioned themselves very well in regards to employing the best strategic management practices to achieve growth both in assets, sales, profits, customers, branch network and employee numbers. Especially since their operation is influenced by industrial forces and government regulation. They need to adopt strategic management practices that will enable them to successfully grow and also achieve competitive advantage over competitors.

The researcher recommends that strategic management practices that contribute to growth be properlyaligned with the mission and vision of the company; and to short term and long term objectives. Environmental scanning through SWOT analysis should be conducted and personnel be engaged and empowered during the strategy implementation process.

5.5Limitations of the study

The study's objective was to determine whether there is a relationship between strategic management practices and the growth of firms in the aloe industry. The study was limited in terms of scope whereby only few companies and organizations deal with aloe making the sample size small.

The researcher of this study was self-sponsored leading to limitation in funding activities like data collection in terms of transport. This however did not affect the quality of the study as the basic research guideline s were followed. Gathering data especially from proprietors of firms is usually a difficult issue since most were uncomfortable answering some questions as they believed that they were exposing their organization to potential competitors. This was mitigated by assuring the respondents on confidentiality.

5.6 Suggestions for Further Studies

The following areas for further study have been;

i) The study only focused on the effect of strategic management practices. These are largely internal factors and therefore further research should be done to determine the effect of environmental factors on the growth of firms in the Aloe industry in Kenya.

ii) Since the study focused on one industry, a similar kind of study and research approach can be used to investigate the strategic management practices of other related industries and sectors in Kenya such as the indigenous fruits industry, the forest products industry, the agroforestry industry in Kenya for example in the bamboo cultivation industry and mangrove management among others to find out whether there is a relationship between strategic management practices and the growth of these industries.

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APPENDIX

APPENDIX I: QUESTIONNAIRE

A SURVEY ON THE RELATIONSHIP BETWEEN STRATEGIC MANAGEMENT PRACTICES AND THE GROWTH OF FIRMS IN THE ALOE INDUSTRY IN KENYA

The Questionnaire below seeks to establish the relationship between strategic management practices adopted by the firms in the Aloe industry in Kenya and the influence they have to its growth.

SECTION A: ORGANIZATIONAL DATA

1. Name of company________________________________

2. In which category would you classify the ownership of your firm? -Tick the appropriate box: [ ]

Public Owned	Privately owned	Other - Specify

3. How long has your company operated in Kenya? Tick the appropriate box: [ ]

Below 10 yrs	10-20 yrs	21-30 yrs	Above 30 yrs

4. What is the size of your organization in terms of number of employees?

1 - 25 employees ( )   26 - 50 employees ( ) 51-75 employees ( )   76-100 employees ( )

Above 100 employees ( )

SECTION B: STRATEGIC MANAGEMENT PRACTICES ADOPTED BY THE COMPANY

A) SETTING OF MISSION AND VISION

	NOT AT ALL	**LESS EXTENT**	**MODERATE EXTENT**	**LARGE EXTENT**	**VERY LARGE EXTENT**
SETTING OF MISSION AND VISION	**1**	**2**	**3**	**4**	**5**
Does the mission and vision define the reason for the company's existence					
Does the mission and vision identify the customers of the company					
Do they identify the products and services the company will be involved in					
Do they identify the market of the company					
Do they identify the values of the firm					
Does the mission define what the firm wants to be in the future					
It is limited enough to ignore some businesses and					

sufficiently wide to permit for growth					
It differentiates the firm from all others					
It serves as a framework for evaluating both current and prospective activities					
It is stated in terms that are clear and widely understood outside the organization					

B) ENVIRONMENTAL SCANNING

	NOT AT ALL	**LESS EXTENT**	**MODERATE EXTENT**	**LARGE EXTENT**	**VERY LARGE EXTENT**
ENVIRONMENTAL SCANNING	**1**	**2**	**3**	**4**	**5**
Industry Analysis is done to identify threats and opportunities so as to match strategy with industry conditions					
Competitor Analysis is done to understand the competitors so as to have competitive advantage					
Customer Analysis is done so as to understand the customer so that the firm can develop appropriate strategies to attract and					

retain them					
Internal Analysis is done so as to determine the company's internal strength and weakness so as to exploit opportunities and deal with threats					

C) STRATEGY FORMULATION

	NOT AT ALL	**LESS EXTENT**	**MODERATE EXTENT**	**LARGE EXTENT**	**VERY LARGE EXTENT**
STRATEGY FORMULATION	**1**	**2**	**3**	**4**	**5**
The long-term objectives of the firm are set					
The firm's organizational environment is evaluated by assessing the general economic and industrial environment the firm operates in					
Quantitative targets are set to fix measurable target values for specific objectives					
The departments aiming to achieve the set goals work to achieve the set targets by making contributions and accordingly strategic planning is done for each sub-unit					

Performance analysis is done to discover and analyze the gap between the planned and the desired performance.					
The choice of strategy is done whereby the best course of action is chosen considering the firm's goals, strengths, potential, limitation and opportunities					

D) STRATEGY IMPLEMENTATION

	NOT AT ALL	**LESS EXTENT**	**MODERATE EXTENT**	**LARGE EXTENT**	**VERY LARGE EXTENT**
STRATEGY IMPLEMENTATION	**1**	**2**	**3**	**4**	**5**
Aligning of the initiatives is done to make sure that each activity is reviewed against its relevance to the new strategy					
Budgets & performance are aligned where each division allocates and manages the budgets and then the performance measures are placed against strategic goals across the organization and each division and staff.					
The structure of the organization is aligned so as to allow strategy to					

trickle across and down the organization in a meaningful and efficient way.					
The staff are engaged through communication and clarification so that all the organization's staff get behind the strategy					
The strategy is documented and is flexible (can adopt change) and can therefore be monitored and adjusted					

E) EVALUATION AND CONTROL

	NOT AT ALL	**LESS EXTENT**	**MODERATE EXTENT**	**LARGE EXTENT**	**VERY LARGE EXTENT**
EVALUATION AND CONTROL	**1**	**2**	**3**	**4**	**5**
Tactical evaluation is done to compare performance against the plans set and to detect changes that should be made to the implementation of the strategy					
Strategic evaluation is done by examining the assumptions against what is really happening in the environment of the organization.					
Fixing the benchmark					

of performance is done using both quantitative and qualitative criteria.					
Measurement of performance is done using the reporting and communication system after comparing with the standard benchmark.					
Analysis of variance from the standard benchmark is done by mentioning the degree of tolerance limits that are acceptable.					
Corrective action is taken once the deviation in performance is identified.					

SECTION C: ORGANISATION GROWTH

Indicate to what extent the following indicators of growth are likely to have increased in the last 5 years.

RATE OF GROWTH					
ORGANISATION GROWTH	**0-20%**	**21-40%**	**41-60%**	**61-80%**	**81-100%**
Total assets					
Number of employees					
Profitability					
Branch network					
Number of customers					
Total sales					
Range of aloe products produced by the company					
The use of new technology					