STRATEGIC MANAGEMENT PRACTICES AND CHALLENGES AMONG SMALL AND MEDIUM ENTERPRISES IN WESTLANDS DIVISION, NAIROBI

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A Management Research Project Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA), School of Business, University of Nairobi.

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DECLARATION

I declare that this Research Project is my original work and has not been presented to any other university for academic credit.

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Signed (Date)

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D61/8744/2006

The Research Project has been submitted for examination with my approval as University Supervisor.

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DEDICATION

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ABSTRACT

The main objective of this study was to determine the strategic management practices adopted by small and medium enterprises (SMEs) in Westlands Division, Nairobi. The study also sought to establish the strategic management challenges such enterprises face in their operations.

The research employed a descriptive survey design to obtain a sample of SMEs from the listing of the sampling frame containing 84 SMEs in Westlands Division. A sample of seventy four SMEs was identified and selected for this study. Out of this, fifty (50) enterprises responded, representing a response rate of 67.6%. Respondents were either owners or managers who had the responsibility of shaping the strategic direction of the enterprise.

A structured questionnaire was designed and used to capture data to address the objectives of this study. Both qualitative and quantitative primary data were collected. The questionnaire instrument was divided into three sections. Section one focused on the demographic profile of the respondents, Section two dealt with data on strategic management practices, while Section three addressed itself to the strategic management challenges that SMEs face.

The data collected was checked for consistency and then analysed to arrive at various conclusions. Descriptive statistics such as frequencies, percentages, and mean scores were used to analyze and describe the data. The standard deviation measure of dispersion was used to show the spread of the data where appropriate. Bar graphs, pie charts, and tables were used to present the data.

The study found that surveyed SMEs have adopted strategic management practices in order to facilitate efficient management and achieve better performance. SMEs reported that they adopted major strategic management practices proposed in strategic management theory and also

reported in the literature review from studies conducted in other industries. The study found that SMEs have benefited from instituting strategic management practices as such practices have helped these organizations better respond to the turbulent environment resulting in organizational survival and profitability.

This researcher proposes that future studies explore the relationship between education levels of managers and the extent to which they employ strategic management practices. Further research may also be done to establish the relationship between ownership of business enterprises, that is, whether local or foreign, and how such ownership is related to employment of strategic management practices.

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ABBREVIATIONS

CEO - Chief Executive Officer

EU - European Union

MBA - Master of Business Administration

SMEs - Small and Medium Enterprises

SWOT - Strengths, Weakness, Opportunities and Threats

UNDP - United Nations Development Programme

UoN- University of Nairobi

USAID - Unites States Agency for International Development

CHAPTER ONE: INTRODUCTION

1.0 Background of the Study

Strategic management as a discipline originated in the 1950s and 60s (Ansoff *et al* ,1990) . Although there were numerous early contributors to the literature, some influential pioneers were Igor Ansoff and Porter (Ansoff et al, 1990) and (Porter, 1980). According to Ansoff (1990) strategic management is a deliberate process in which top executives periodically would formulate the firm's strategies, then communicate it down the organization for implementation and eventually to control them. Strategic management in organizations is necessitated by the increasingly rapid nature of change as well as a greater openness in the eternal environment which requires a different set of perspectives from the past seemingly stable times. When a certain degree of equilibrium existed in the 1950s and 70s, with constant positive economic growth, less competition, low technological innovativeness, manageable budgets, predictable customer preferences and relative political stability, managers could concentrate almost exclusively on the internal dimensions of their organizations and assume a constancy in the external environment (King et al, 2002).

Contemporary, systems are much more open, firms are characterized by increasingly unstable politics and negative economic growth, stiff competition, customer tastes and preferences are constantly changing, enhanced technological innovativeness and planning in the traditional sense is no longer possible (Porter, 1980). Therefore, the strategic management approach recognizes that for an organization to maintain or exceed performance, it must continuously re-assess and modify its plans as the environment evolves (Rosen, 1995). This turbulent external environment necessitates the need to practice strategic management in organizations (Ansoff et al, 1990).

1.1.1 Strategic Management Practices

Strategic management practices is a process of steps applied to holistically manage the firm competitively (Coulter, 2005). The practices are situation analysis of organization, formulating winning strategies, implementing and evaluating them. Internal situation analysis of the firm's is the first step and should be carried out to determine the strengths and weakness of the internal environment of the firm (Rosen, 1999). External environment of the firm need to be analyzed to establish the firms opportunities and threats. This environmental analysis determines the formulation of the strategies that propel the firm to achieve its goals and objectives (Grant, 2005). Implementation of the formulated strategies must be carried out so as to achieve the firm's intended results. Finally, the whole process must be reviewed or evaluated within a relative given span of time to ensure adherence and correction (Coulter, 2005).

Pfeffer (1998) affirms that Strategists are individuals who are most responsible for the success or failure of an organization. Strategists are individuals who form strategies. Strategists have various job titles, such as chief executive officer, president, and owner, chair of the board, executive director, chancellor, dean, or entrepreneur. Strategists help an organization gather, analyze, and organize information (Thompson, 1999). They track industry and competitive trends, develop forecasting models and scenario analyses, evaluate corporate and divisional performance, spot emerging market opportunities, identify business threats, and develop creative action plans. Strategic planners usually serve in a support or staff role. Usually found in higher levels of management, they typically have considerable authority for decision making in the firm. The Chief Executive Officer is the most visible and critical strategic manager. Any manager who has responsibility for a unit or division, responsibility for profit and loss outcomes, or direct authority over a major piece of the business is a strategic manager or strategist.

1.1.2 Challenges of Strategic Management

Challenges are the impediments that make it difficult to apply strategic management practices. The following are some of the challenges. Change is inevitable in the modern times due to dynamic environment, yet some workers and even managers especially from old school of thought are slow to adapt to it (Ansoff et al, 1990). Some decision makers hold onto the previously held theory of stable external environment and slow in comprehension of paradigm shift in turbulent environment (Slack et al, 2002). Also finding data in some developing countries is a real challenge because the available statistics are far below those available in developing countries. Data is key to analyzing competitors and their products. Most companies try to keep any financial information and consider them secrets. It is not possible to know the demand in last year of a certain product or service. People are not used to market research and they do not want to talk to the marketing people (Coulter, 2005).

Some employees and some managers are not aware of the value of strategic planning and they may consider it a waste of time and something that is applicable only in big firms (Johnson and Scholes, 2002). In addition many owners of successful companies believe they do not need to do strategic planning. They forget that their success will go one day when there are more competitors or there are changes in the market (Mintzberg, 1999). Most company's managers in some firms are experts in the technical process of the organization but they are not well educated in management and thus they want to focus on what they know and neglect what they do not know. Accordingly, strategic management does not fall in their area of interest. Strategic planning needs a lot of forecasting and qualitative analysis besides the quantitative analysis (Coulter, 2005). Many technical managers are not used to neither the qualitative analysis nor the forecasting.

It is hard for employees to correct the managers who are heavily involved in formulating strategies (Rosen, 1995). Thus the managers will keep an attitude of know it all, just to keep his freedom at the expense of the firm. This may result to inadequate participation by necessary stakeholders may cocoon some managers in ineffective strategic management practices. In many cases formulation and implementation may not go as scheduled. In addition, managing Strategic plan is costly in terms of time and other resources like people and funds (Bowman et al, 1997). To get every manager follow the same strategy is not an easy task. Some workers claim that some managers keep the document of strategic plan secret, thus hoarding it from the implementers. Having a clear strategic plan and clear goals for the future (other than increasing sales of the current products) does not affect the stock price because most of the investors do not care about long terms development of the firm (Mintzberg, 1991).

1.1.3 Small and Medium Enterprises (SMEs)

While a broad generic definition can be taken for SMEs, different authors have a very specific definition. For example, the European Commission defines an SME as an enterprise which employs less than 250 people has an annual turnover of less than €50m and balance sheet assets of less than €43m; and has no more than 25% of its capital or voting rights owned by a larger firm or public body (European Commission, 2003). SMEs are defined by three keywords small, single and local. Small SMEs are small in nature, either in terms of number of employees e.g. 10 persons for small to 200 persons for medium depending on the country's law. Secondly capital and assets are and finally the overall turnover of the enterprise is small, compared to larger businesses (European Commission, 2003).

Most SMEs have a single owner who could also be the sole employee. While this may predominantly be the case, definitions set 250 to 500 employees as the limit for enterprises to be called an SME. The 'single' also refers to single products produced or service provided. Local SMEs are essentially local in nature and their market is usually localized to the area where they are located (same city, district or state); or may be local in the sense that they operate from a place of residence and also called Small Office Home Office (Hill, 1987).There are of course, exceptions to the above. For example, SMEs while having a small output can have a global market for its product/service or SMEs may produce more than one product or provide service (Hill, 1987).

SMEs are not limited to any particular type of industry or service, and can include small manufacturing facilities, small processing units, trading companies, export-import companies, distribution, retailing, rental, service company (King, 2002). A key factor that distinguishes an SME from enterprises in the informal Sector is the fact that they are legally registered companies/businesses. Another related term that is sometimes used interchangeably with SME is that of a microenterprise (Hill, 1987). Variations of the definition of a microenterprise is quite similar to an SME. SMEs are socially and economically important. They represent 99% of an estimated 23 million enterprises in the EU and provide around 75 million jobs representing two-thirds of all employment. SMEs contribute up to 80% of employment in some industrial sectors, such as textiles, Agriculture, Information Technology and Manufacturing European Commission (2003).

1.1.4 Small and Medium Enterprises (SMEs) in Nairobi

The strategic importance of SMEs to economic development is widely recognized. According to Mueni (2008) most of the local investment businesses in Kenya fall under the Small and Medium Enterprise (SME) business sector. The report states that the sector employs over 75% of the Kenyan workforce and contributes to about 18.4% of the country's GDP. Basically SMEs have provided employment in Kenya therefore alleviating poverty. SMEs have also provided breeding ground for entrepreneurs, caused driving force for interrelated flow of trade, investment, technological innovations and development of cheaper quality products (USAID, 1991). These Small and Medium enterprises have adapted quickly to changing market demands and increase competitiveness of the market place. Given the importance of SMEs' in Kenya, strategic management plan should be developed in order to meet demanding standards and requirements of today's highly competitive global market place (Ngahu, 2002).

At this time, competition has increased on the domestic market of Kenya due to the elevated interest of foreign firms as well as due to development of domestic firms supported by increasing market demand. The fact that Kenya has a liberal trade policy increases the competitiveness of enterprises and their readiness to expand exports (Orwa, 2007).This fuels stronger competition and growing pressure on prices that aggravate economic situation of SMEs. To counter the threats and make successful use of the new opportunities, SMEs need long-term strategies and purposeful work. In particular, the role of strategic management should be emphasized in order to drive the firm into a competitive edge (David, 1989).

The rapid growth of SME sector in Nairobi is attributed to the adjustment programmes that have resulted in widespread retrenchments both in the public and private sector. Many retrenched workers have sought alternative employment in the informal sector. In addition, the recent growth in Kenyan economy has really improved the growth of SME sector in Kenya. As globalization intensifies and with global competition in labour intensive manufacturing large enterprises have sought and will continue to seek to evade mandated protection to lour by subcontracting to unprotected labour in the informal sector therefore leading to the growth of the informal sector (Melony, 1999). The informal sector has been described variously by a number of reports and scholars (Government of Kenya, 1999). Generally it comprises of semi organized registered and unregistered activities undertaken by self employed persons. In the open air markets, market stalls, undeveloped plots, street pavements within the urban centres with or without licenses from local authorities. The reason why the informal sector flourishes in Kenya is the operations of businesses without much restriction or regulation, the entrepreneur's flexibility in meeting customer needs and the goods and services provided depend on demand as perceived by entrepreneur. The informal sector will continue growing thereby providing income generating opportunities for those willing and able to take advantage Government of Kenya (1999).

1.2 Research gap

Mueni (2008) researched on factors influencing profitability in SMEs while Wanjohi and Murure (2008) carried out a study on factors affecting the growth of SMEs. Orwa (2007) had researched on force for development and Reform in Jua Kali, while Ngahu (1992) studied choice of Technology in SMEs. The researcher of this study has not found a study on the strategic management practices and challenges amongst SMEs in Westlands, Nairobi. This qualifies a gap for this study.

1.3 Statement of the problem

It is generally accepted that SMEs are becoming increasingly important in terms of employment, wealth creation, and the development of innovation (Ngahu, 1992). However, there are considerable doubts about the quality of management in this sector with policy-makers suggesting that there are particular weaknesses in innovation, a lack of financial acumen, marketing, entrepreneurial flair, practical knowledge, and human resource management (Ngahu, 1992). As a result, many firms do not reach their full potential and fail to grow (King & McGrath, 2002). Wanjohi and Mugure (2008) reaffirms that in Kenya it is recognized that SMEs face unique challenges, which have limited their ability to strategically position themselves in the market. Mueni (2008) states that SMEs are subjected to cut throat competition that favours the larger scale enterprises. This subsequently affects their growth and profitability and hence, diminishes their ability to contribute effectively to sustainable development.

The SMEs are potentially dynamic sector of the economy and their growth is considered to be key for the overall economic well-being (Ngahu, 1992). When strategically managed they have the potential to provide their owner-manager with substantial economic rewards and a controlled and balanced lifestyle. However, many are not strategically managed as they could be and consequently the potential rewards are not always achieved (Orwa, 2007). The failure of SMEs to take strategic approach to management makes them to be outperformed by the formal planners in large scale enterprises in terms of financial criteria that measure sales, assets, sales price, profits and earnings growth (Hill, 1987). Moreover, the SMEs lag behind in prompt recognition and response to winds of change as to and when it occur (Teder, n.d). Given the strategic importance of SMEs to economic development, the issues affecting their growth needs to be fully unearthed and addressed. It is expected that if SMEs are empowered in taking strategic approach to management, they would adopt a more proactive rather than reactive posture to opportunities and threats. This study therefore seeks to answer the following questions:

(i) What strategic management practices are used by SMEs in Westlands Division, Nairobi?

(ii) What are the strategic Management challenges facing SMEs in Westlands Division, Nairobi?

1.4 Objectives of the study

The study seeks to address the following objectives:

(i) To determine the strategic management practices adopted by SMEs in Westlands Division, Nairobi.

(ii) To establish the strategic management challenges encountered by SMEs in Westlands Division, Nairobi.

1.5 Significance of the Study

To the entrepreneurs in the SME sector, the study is important in understanding areas where they are advantaged and disadvantaged. In strengths, the firm will capitalize on them to build its competitiveness and gain competitive edge, while it minimizes its weaknesses. After understanding the enterprise's strengths, it will allocate sufficient resources to enhance performance, grow the firm, increase sales, growth and profits. After discovering its weaknesses through internal analysis, the enterprise will do all within its ability to reduce its weaknesses.

The results of this study act as a radar to SME owner-managers in adopting a more proactive posture to new opportunities and threats. After it identifies the opportunities through external environment analysis, the enterprise will plan to attack the opportunities for its benefit. The firm will invest only in areas that will advance the growth and performance of the firm. The firm will equally be able to assess the threat in the external environment and avoid it. This will save the firm from making detrimental decisions to the firm.

To policy makers this research would be helpful in highlighting areas of policy gaps that require policy improvement within SME sector in Nairobi. It will result to improved policies that will encourage growth of SMEs hence increased employment, economic growth, market competitiveness and technological innovativeness. The study will help policy makers avoid highlighted impediments by policy makers to the growth of SMEs.

To future researchers and academicians this study shall contribute immensely to existing literature on strategic management in SMEs. The researchers will refer to this study to confirm the facts indicated on strategic management practice in Nairobi's SMEs. They can also use this study to identify gaps for further research. The scholars will gain insights on challenges in strategic management practice in SMEs.

CHAPTER TWO: LITERATURE REVIEW

2.0 The Concept of Strategic Management

David (1989) and Coulter (2005) define strategic management as the art and science of analyzing the firms’ surrounding, formulating, implementing and evaluating cross-functional decisions that enable any organisation to attain its objectives. However, according to Grant (2005) strategic management is the formal process, or set of processes, used to determine the strategies or actions for the organization. According to Wikipedia, the online encyclopedia, strategic management is the process of specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives and then allocating resources to implement the policies and plans, projects and programs

Strategic management focuses on many areas, including the integration of: management; entire human resource, marketing; finance/accounting; production/operations; research and development; and computer information systems (Wilson, 2003). Its main objective is to help the organization achieve success through the formulation of different strategies, their implementation, and evaluation (Wilson, 2003). Strategic management, even though there are several definitions provided, is still not adequately defined because of the process and concepts that involves within it. Mintzberg (1991) argued that strategic management cannot be defined by brief sentences or paragraphs, because for him, it involves “plan, ploy, pattern, position and perspective”. Coulter (2005) explains that strategic management process is dynamic and continuous. Furthermore, one major change in one or more of the process can affect the other processes as well. Wilson (2003) explained that strategy formulation, implementation and evaluation should be performed on a continual basis.

2.1.0 Strategic Management Practices

According to Coulter (2005) the strategic management is a process made up of four elements: situation analysis, strategy formulation, strategy implementation, and strategy evaluation. These elements are steps that are performed, in order to practice strategic management. Existing businesses that have already developed a strategic management plan will revisit these steps as the need arises, in order to make necessary changes and improvements. The strategic management elements are discussed hereunder.

2.2.1 Environmental Analysis

Organizational environment consists of both external and internal factors (Coulter, 2005). Environment must be scanned so as to determine development and forecasts of factors that will influence organizational success. Environmental scanning refers to possession and utilization of information about occasions, patterns, trends, and relationships within an organization's internal and external environment (Coulter, 2005). It helps the managers to decide the future path of the organization. Scanning must identify the threats and opportunities existing in the environment, while in strategy formulation, an organization must take advantage of the opportunities and minimize the threats (Wilson, 2003). A threat for one organization may be an opportunity for another. Also, discussions, interviews, and surveys can be used to assess the internal environment. Analysis of internal environment helps in identifying strengths and weaknesses of an organization (Rosen, 1995).

Internal analysis of the environment is the first step of environment scanning. Organizations should observe the internal organizational environment (Coulter, 2005). This includes employee interaction with other employees, employee interaction with management, manager interaction with other managers, and management interaction with shareholders, access to natural resources, brand awareness, organizational structure, main staff, operational potential, etc.

Wilson (2003) states that the social environment includes general forces that do not directly touch on the short-run activities of the organization but those can, and often do, influence its long-run decisions. These forces are; Economic forces, technological forces, political-legal forces and socio-cultural forces. The social environment contains many possible strategic factors. The number of factors becomes enormous when one realize that each country in the world can be represented by its own unique set of societal forces, some of which are very similar to neighboring countries and some of which are very different.

Large corporations categorized the social environment in any one geographic region into four areas and focus their scanning in each area on trends with corporate-wide relevance (Coulter, 2005). Trends in any area may be very important to the firms in other industries. Trends in economic part of societal environment can have an obvious impact on business activity. Changes in the technological part of the societal environment have a significant impact on business firms. Demographic trends are part of socio-cultural aspects of the societal environment (Rosen, 1995).

International society consideration: For each countries or group of countries in which a company operates, management must face a whole new societal environment having different economic, technological, political-legal, and Socio-cultural variables (Johnson and Scoles, 2002). This is especially an issue for a multinational corporation, a company having significant manufacturing and marketing operations in multiple countries. International society environments vary so widely that a corporation's internal environment and strategic management process must be very flexible. Differences in social environments strongly affect the ways in which a multinational company. Strategic managers must not only recognize the present state of the environment and their industry but also be able to predict its future positions (Bowman et al, (1997).

Michael Porte (1980) an authority on competitive strategy, contends that a corporation is most concerned with the intensity of competition within its industry. Basic competitive forces determine the intensity level. The stronger each of these forces is, the more companies are limited in their ability to raise prices and earned greater profits.

Threat of new entrants: New entrants are newcomers to an existing industry. They typically bring new capacity, a desire to gain market share and substantial resources. Therefore they are threats to an established corporation. Some of the possible barriers to entry are the following:; Economies of scale, product differentiation, capital requirements, switching costs' access to distribution channels, cost disadvantages independent of size and government policy

Rivalry among existing firms: Rivalry is the amount of direct competition in an industry. In most industries corporations are mutually dependent. A competitive move by one firm can be expected to have a noticeable effect on its competitors and thus make us retaliation or counter efforts. According to Porter, intense rivalry is related to the presence of the following factors; number of competitors, rate of industry growth, product or service characteristics, amount of fixed costs, capacity, height of exit barriers, diversity of rivals and treatment of substitute product or services. Substitute products are those products that appear to be different but can satisfy the same need as another product. According to Porter, "Substitute limit the potential returns of an industry by placing a ceiling on the prices firms in the industry can profitably charge.” To the extent that switching costs are low, substitutes may have a strong effect on the industry.

Bargaining power of buyers: Buyers affect the industry through their ability to force down prices, bargain for higher quality or more services, and play competitors against each other.

Bargaining power of suppliers: Suppliers can affect the industry through their ability to raise prices or reduce the quality of purchased goods and services.

2.2.2 Strategy Formulation

Strategy formulation is the development of long-range plans for they effective management of environmental opportunities and threats, taking into consideration corporate strengths and weakness (Johnson and Scholes, 2002). It includes defining the corporate Vision, mission, specifying achievable objectives, developing strategies and setting policy guidelines (Mintzberg, 1991). Vision is a short, succinct and inspiring statement of what the organization intends to become and to achieve at some point in the future. Its often state in competitive terms (Rosen, 1995).

Mission: An organization’s mission is its purpose, or the reason for its existence. It states what it is providing to society (Johnson and Scholes, 2002). A well conceived mission statement defines the fundamental, unique purpose that sets a company apart from other firms of its types and identifies the scope of the company‘s operation in terms of products offered and markets served (Thomson et al, 1999). Objectives are the end results of planned activity; they state what is to be accomplished by when and should be quantified if possible (Grant, 2005). The achievement of corporate objectives should result in fulfillment of the corporation’s mission (David, 1989).

Policies: A policy is a broad guideline for decision making that links the formulation of strategy with its implementation (Johnson and Scholes, 2002). Companies use policies to make sure that the employees throughout the firm make decisions and take actions that support the corporation's mission, its objectives and its strategies.

According to Mintzberg (1999), the most typical approaches or modes of strategic decision making are entrepreneurial, adaptive and planning. He proposes that in most situations the planning mode, which includes the basic elements of strategic management process, is a more rational and thus better way of making strategic decisions. He contends that corporate strategy is primarily about the choice of direction for the firm as a whole. This is true whether the firm is a small, one-product Company or a large multinational corporation. In a large multi-business company, however, corporate strategy is also about managing various product lines and business units for maximum value. In this instance, corporate headquarters must play the role of organizational "parent" in that it must deal with various product and business unit "children". Even though each product line or business unit has its own competitive or cooperative strategy that it uses to obtain its own competitive advantage in the marketplace, the corporation must coordinate these different business strategies so that the corporation as a whole succeeds as a "family".

Corporate strategy, therefore, includes decisions regarding the flow of financial and other resources to and from a company's product lines and business units. Though a series of coordinating devices, a company transfers skills and capabilities developed in a one unit to other units that need such resources. In this way, it attempts to obtain synergies among numerous product lines and business units so that the corporate whole is greater than the some of its individual business unit parts. All corporations, from the smallest company offering one product in only one industry to the largest conglomerate operating in many industries in many product must, at one time or another, consider one or more of these issues.

Directional Strategy: Mintzberg (1999) state that just as every product or business unit must follow a business strategy to improve its competitive position, every corporation must decide its orientation towards growth by asking the following three questions: Should we expand, cut back, or continue our operations unchanged? Should we concentrate our activities within our current industry or should we diversify into other industries? If we want to grow and expand, should we do so through internal development or through external acquisitions, mergers, or joint ventures? A corporation's directional strategy is composed of three general orientations towards growth (sometimes called grant strategies):Growth strategy expands the company's activities, Stability strategies make no change to the company's current activities and Retrenchment strategies reduce the company's level of activities.

2.2. 3 Implementation

Strategy implementation is the sum total of the activities and choices required for the execution of strategic plan by which strategies and policies are put into action through the development of programs , budgets and procedures (Coulter, 2005). Although implementation is usually considered after strategy has been formulated, implementation is a key part of strategic management. Thus strategy formulation and strategy implementation are the two sides of same coin. Depending on how the corporation is organized those who implements strategy will probably be a much more divorced group of people than those who formulate it ((Teder, n.d). Most of the people in the organization who are crucial to successful strategy implementation probably had little to do with the development of corporate and even business strategy. Therefore they might be entirely ignorant of vast amount of data and work into formulation process. This is one reason why involving middle managers in the formulation as well as in the implementation of strategy tends to result in better organizational performance (Johnson and Scholes, 2002).

The managers of divisions and functional areas worked with their fellow managers to develop programs, budgets and procedures for implementation of strategy(Johnson and Scholes, 2002). They also work to achieve synergy among the divisions and functional areas in order to establish and maintain a company's distinctive competence.

Programs: A program is a statement of the activities or steps needed to accomplish a single use plan. The purpose of program is to make a strategy action oriented.

Budgets: A budget is a statement of corporation's program in monitory terms. After programs are developed, the budget process begins. Planning a budget is the last real check a corporation has on the feasibility of its selected strategy. An ideal strategy might found to be completely impractical only after specific implementation programs are costed in detail. Procedures: These are system of sequential steps or techniques that describe in detail how a particular task or job is to be done.

Synergy achievement: One of the goals to be achieved in strategy implementation is synergy between functions and business units, which is why corporations commonly reorganize after an acquisition (King et al, 2002). The acquisition or development of additional product lines is often justified on the basis of achieving some advantages of scale in one or more of company's functional areas. Implementation also involves leading, motivating people to use their abilities and skills most effectively and efficiently to achieve organizational objectives (Slack et al, 2002). Leading may take the form of management leadership communicated norms of behavior from the corporate culture or agreement among workers in autonomous work groups.

Company Manage Corporate Culture: Because an organization's culture can exert a powerful influence on the behavior of all employees, it can strongly affect a company's ability to shift its strategic direction (Cagliano, 2001). An optimal culture is one that best supports the mission and strategy of the company of which it is a part. This means that, like structure and staffing, corporate culture should follow strategy. A key job of management is therefore to evaluate; what a particular strategy change will mean to the corporate culture, whether a change in culture will be needed and whether an attempt to change the culture will be worth the likely costs (Pearce and Robinson, 2000).

Communication may be used to manage Culture. Communication is crucial to effectively managing change (Pfeffer, 1998). Companies in which major cultural changes have successfully taken place had the following characteristics in common; the Chief executive officer and other top managers had a strategic vision of what the company could become and communicated this vision to employees at all levels and the vision was translated into the key elements necessary to accomplish that vision. Deculturation involves the disintegration of one company's culture resulting from unwanted and extreme pressure from the other to impose its culture and practices (Pearce and Robinson, 2000).

2.2.4 Evaluation

Evaluation involves examining how the strategy has been implemented as well as the outcomes of the strategy (Coulter, 2005). This includes determining whether deadlines have been met, the implementation steps and processes are working correctly and whether the expected results have been achieved. If a shortcoming is discovered against the mentioned outlined expected results, then the strategy can be modified or reformulated(Johnson and Scholes, 2002). The process of Strategy Evaluation consists of following steps (Rosen, 1995): Fixing benchmark of performance: While fixing the benchmark, strategists encounter questions such as; what benchmarks to set, how to set them and how to express them. In order to determine the benchmark performance to be set, it is essential to discover the special requirements for performing the main task. The performance indicator that best identify and express the special requirements might then be determined to be used for evaluation. The organization can use both quantitative and qualitative criteria for comprehensive assessment of performance. Quantitative criteria include determination of net profit, ROI, earning per share, cost of production, rate of employee turnover etc. Among the Qualitative factors are subjective evaluation of factors such as - skills and competencies, risk taking potential, flexibility etc.

Measurement of performance - The standard performance is a bench mark with which the actual performance is to be compared. The reporting and communication system help in measuring the performance. If appropriate means are available for measuring the performance and if the standards are set in the right manner, strategy evaluation becomes easier. But various factors such as managers contribution are difficult to measure. Similarly divisional performance is sometimes difficult to measure as compared to individual performance. Thus, variable objectives must be created against which measurement of performance can be done. The measurement must be done at right time else evaluation will not meet its purpose. For measuring the performance, financial statements like - balance sheet, profit and loss account must be prepared on an annual basis.

Analyzing Variance - While measuring the actual performance and comparing it with standard performance there may be variances which must be analyzed. The strategists must mention the degree of tolerance limits between which the variance between actual and standard performance may be accepted. The positive deviation indicates a better performance but it is quite unusual exceeding the target always. The negative deviation is an issue of concern because it indicates a shortfall in performance. Thus in this case the strategists must discover the causes of deviation and must take corrective action to overcome it.

Taking Corrective Action - Once the deviation in performance is identified, it is essential to plan for a corrective action. If the performance is consistently less than the desired performance, the strategists must carry a detailed analysis of the factors responsible for such performance. If the strategists discover that the organizational potential does not match with the performance requirements, then the standards must be lowered. Another rare and drastic corrective action is reformulating the strategy which requires going back to the process of strategic management, reframing of plans according to new resource allocation trend and consequent means going to the beginning point of strategic management process.

2.3 Benefits of Strategic Management

Research indicates that organizations using strategic-management concepts are more profitable and successful than those that do not (Johnson and Scholes, 2002). This is attributed to the fact that focus is placed on the important things. Resources like time, talent, money are properly allocated to those activities that provide the most benefit. Businesses using strategic-management concepts show significant improvement in sales, profitability, and productivity compared to firms without systematic planning activities. High-performing firms tend to do systematic planning to prepare for future fluctuations in their external and internal environments. Firms with planning systems more closely resembling strategic management theory generally exhibit superior long-term financial performance relative to their industry (Coulter, 2005) .

High-performing firms seem to make more informed decisions with good anticipation of both short- and long-term consequences. On the other hand, firms that perform poorly often engage in activities that are shortsighted and do not reflect good forecasting of future conditions (Grant, 2005). Strategists of low-performing organizations are often preoccupied with solving internal problems and meeting paperwork deadlines. They typically underestimate their competitors' strengths and overestimate their own firm's strengths. They often attribute weak performance to uncontrollable factors such as poor economy, technological change, or foreign competition.

Besides helping firms avoid financial demise, strategic management offers other tangible benefits, such as an enhanced awareness of external threats, an improved understanding of competitors' strategies, increased employee productivity, reduced resistance to change, and a clearer understanding of performance-reward relationships (David, 1989). Strategic management enhances the problem-prevention capabilities of organizations because it promotes interaction among manager’s at all divisional and functional levels. Interaction can enable firms to turn on their managers and employees by nurturing them, sharing organizational objectives with them, empowering them to help improve the product or service, and recognizing their contributions.
In addition to empowering managers and employees, strategic management often brings order and discipline to an otherwise floundering firm (King et al, 2002). It can be the beginning of an efficient and effective managerial system. Strategic management may renew confidence in the current business strategy or point to the need for corrective actions. The strategic-management

process provides a basis for identifying and rationalizing the need for change to all managers and employees of a firm; it helps them view change as an opportunity rather than a threat (Grant, 2005).

2.4 Strategic Management Challenges

The following set of conditions shaping the competitive environment for emergent industries in the digital revolution and knowledge-intensive companies; the market place is evolving and immature and its boundaries are unclear (Berley, 1994). The products in terms of goods and services are getting more complex causing the future to be uncertain. The concept on market place and globalization is so critical to the operation of traditional tools of business management. The rapid rate of change and technological innovation mean that organizations have to be agile and flexible in terms of strategic planning. The change is at sometimes too often and unpredictable, therefore challenging the already set strategic plans in a given period (Grant, 2005).

Expertise intensive organizations depend on employees knowledge for success. The firms will require structures to support the creative process of these individuals as well as the conversion of ideas into marketable products or services (Berley, 2005). This is because their input is a key component in the firm's products and services. These products or services give the firm a competitive advantage ahead of its competitors (Porter, 1985). The firm will therefore require proactive measures in its strategic management processes and practices to sustain such expertise in individuals to are part of superior products and services to the organization. The challenge is how to sustainably and strategically manage such talents that add value to the customers. This is because the competitors are grasping for the same talents. The firm has to balance fair Compensation and survival.

Organizations have to look to their internal resources for the formulation, implementation and control of strategic management practices. This requires knowledgeable employees in the area of study. It also requires finances and time (Mintzberg et al, 1999). The challenge has been that some small firms, lack the expertise in strategic management practices. The employees in place could be few in a manner that they lack sufficient time to be involved in strategic management issues. Some owners of small firms get involved in routine management, therefore lacking time to look at the big picture and long term state of the firm. Some top managers see strategic management as too much time consuming (Coulter, 2005). Financially, the firm too has to set aside budgets for the activities involved in strategic planning and management

Insufficient involvement of employees at communication stage of the strategic plan. Thorough interaction between management and workers during organization analysis enhances employees involvement. If the workers perceive their contribution as ignored, the strategic plan may lead to failure at implantation. Furthermore, strategic management is a top management affair (Bennis Waren, 2000). Though the departmental heads are fully involved, more often the workers are not fully aware of strategic management practices and how it affects them at work place. At times, the employees at lower levels get suspicious of top management apparent change of organizational structures. This makes staff resistant to necessary change that is aimed to benefit the firm and all stakeholders including the workers.

2.5 Small and Medium Enterprises (SMEs)

SMEs are defined differently in different countries using different parameters. Some define them based on their number of employees, annual sales turnover, annual balance sheet total, or level of autonomy (Hill, 1987). In Kenya they are defined by Kibera and Kibera (1997) as enterprises which employ fewer than 100 persons. According to Mueni (2008) an SME is a business that is independently owned and operated, with a small number of employees and relatively low volume of sales. The European Commission defines an SME as an enterprise which employs less than 250 people has an annual turnover of less than €50m and balance sheet assets of less than €43m; and has no more than 25% of its capital or voting rights owned by a larger firm or public body European Commission (2003). SMEs are defined by three keywords small, single and local. Small SMEs are small in nature, either in terms of number of employees e.g. 10 persons for small to 200 persons for medium depending on the country's law. Secondly capital and assets are and finally the overall turnover of the enterprise is small, compared to larger businesses European Commission (2003).

Most SMEs have a single owner who could also be the sole employee. While this may predominantly be the case, definitions set 250 to 500 employees as the limit for enterprises to be called an SME. The 'single' also refers to single products produced or service provided. Local SMEs are essentially local in nature and their market is usually localized to the area where they are located (same city, district or state); or may be local in the sense that they operate from a place of residence and also called SOHO (Small Office Home Office) (Hill, 1987). There are of course, exceptions to the above. For example, SMEs while having a small output can have a global market for its product/service or SMEs may produce more than one product or provide service (Hill, 1987). SMEs are not limited to any particular type of industry or service, and can include small manufacturing facilities, small processing units, trading companies, export-import companies, distribution, retailing, rental, service company (King, 2002).

A key factor that distinguishes an SME from enterprises in the informal Sector is the fact that they are legally registered companies/businesses. Another related term that is sometimes used interchangeably with SME is that of a microenterprise (Hill, 1987). Variation in the definition of a microenterprise is quite similar to an SME. SMEs are socially and economically important. They represent 99% of an estimated 23 million enterprises in the EU and provide around 75 million jobs representing two-thirds of all employment. SMEs contribute up to 80% of employment in some industrial sectors, such as textiles, Agriculture, Information Technology and Manufacturing European Commission (2003).

UNDP (2006) provided some insights on why SMEs are desirable. One is that it promotes competition and employment and because a few of them may innovate and grow into large firms that potentially produce even more of what SMEs can offer. Also, for some individuals, it can be a means to achieve independence and self-expression and even wealth .The presence of SMEs also serves special social purposes and helps to avoid an over-concentration of political and economic power.

CHAPTER THREE: METHODOLOGY

3.0 Research Design

This study used a survey design. This design was considered most appropriate because the study needed information from various categories of SMEs for comparison purposes to determine how the strategic management practices such organizations have adopted and the challenges they face is dependent on their underlying demographics. Robson (1993) has observed that surveys are useful for data intended for comparison.

3.1 Population

The population of interest was all SMEs in Westlands Division located within Westlands Shopping Centre in the city of Nairobi. A sampling frame of 80 SMEs had been identified and was used to obtain a sample for the study. The listing consisted of several categories of enterprises, which included the following: trade, services, manufacturing, and construction.

3.2 Sample Design

Robson (1993) has stated that the minimum sample size in research is 30 randomly selected cases. Going by this, a sample size of 74 SMEs was identified using the random sampling procedure. This ensured that the categories of the population were proportionally represented in the sample. The categories included in the sample were manufacturing, construction, trade and services.

3.3 Data Collection

Primary data was used for this study. The data was collected by the use of a structured questionnaire (Appendix 2). The questionnaire had three sections: Section A contained structured general questions about the SME while section B contained structured questions relating to strategic management practices. Section C consisted of the strategic management challenges faced by the enterprises. Respondents were drawn from owners and managers of these enterprises. The researcher undertook to self- administer the questionnaires to the targeted respondents at their offices and picked them at agreed dates.

3.4 Data Analysis

Data analysis involves organizing, accounting for and explaining the data; that is, making sense of the data in terms of respondents' definition of the situation noting patterns, themes, categories and regularities. The data was analyzed by use of percentages and descriptive statistics with the mean scores used to obtain the average measure for each of the key variables for the strategic management practices and also the challenges SMEs face. The standard deviation measure was used to give an indication of the dispersion of the scores of these variables from from the means.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

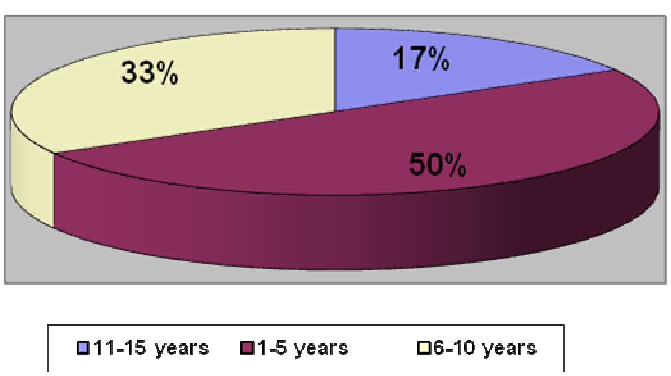
4.0 Introduction

In this chapter, data is presented using tables, pie charts, percentages and graphs. The total number of distributed questionnaires was 74 but only 50 respondents returned their questionnaires. This represents a response rate of 67.6%. The demographic information for each organization was collected and related to the strategic management practices and challenges.

4.1 Demographic Profile of Enterprises Surveyed

The researcher sought to find out the age distribution of these enterprises. Half of the enterprises surveyed (50 %) had been in operation for a period of between 1 and 5years, 17% of the enterprises had been in operation for between 11 and 15 years, while the rest (33%) were older, having operated for 6 and above. The fact that most of the enterprises were young might imply that many enterprises survive for only a few years and then die. The pie chart below presents this information:

Figure 4.1: Age distribution in operation

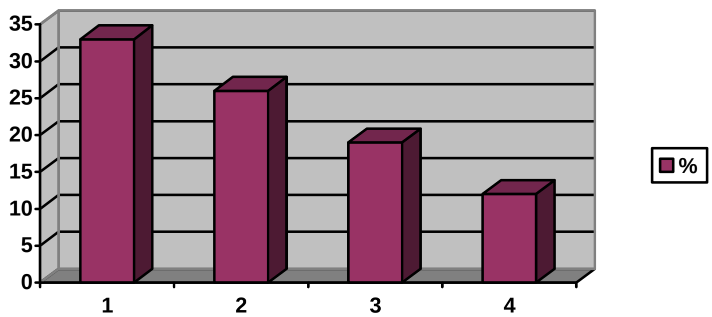


Source: Author 2010

4.1.2 Industry category

One third (or 33%) of the respondents reported that they were in the service category including: cyber cafés, gasoline stations, saloons, among others. Slightly over one quarter (or 26%) reported that they were in trade. Those in manufacturing were 19% of the total while 12% stated that they were in construction. This information is shown in the next figure:

Figure 4.2 Industry categories of surveyed enterprises



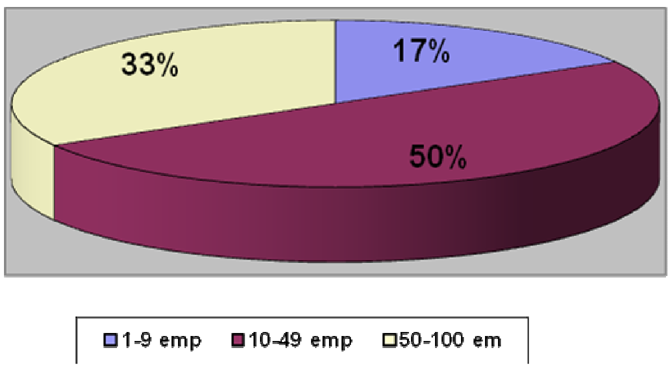
Source: Author 2010

1 = Service, 2= Trade, 3= Manufacturing and 4= Construction.

4.1.3 Number of persons employed

The researcher also sought to investigate the number of employees in the surveyed enterprises. The study found that half of the enterprises (or 50%) had about 10-49 employees, 33% between 50-100 employees, while the rest (17%) had 1-9 employees. This is shown in the next chart:

Figure 4.3: Number of employees



Source: Author 2010

4.2.0 Strategic Management Practices adopted

4.2.1 Strategy Formulation

The statistics below sought to investigate the level of involvement by different stake holders in strategy formulation. The total number of respondents was 50.

Table 4.1: Stakeholder involvement

Stakeholder	***Mean score***	***Std Deviation***
CEO	2.0	1.13
Managers	2.0	1.20
Consultants	1.9	1.14
Employees	2.9	1.15
Customers	3.0	1.10
Suppliers	3.5	1.12

Source: Author 2010

All stakeholders were involved in strategy formulation. As evident on the table above, Consultants, managers and CEOs were most involved in formulating strategy while employees took moderate involvement. Suppliers were least involved.

4.2.2 Strategy development tools

In seeking to rate on use of strategy development tools such as key success factors, forecasting, SWOT analysis, brainstorming and computer training models, the respondents stated general application of most of the strategy development tools. Mostly applied tool was SWOT analysis though all other tools were used except computer planning mode. Tools indicated by respondents as used to develop strategies in their enterprises.

Table 4.2: Strategy development tools

Strategy	***Mean score***	***Std deviation (s)***
Key Success Factors	2.7	1.41
Forecasting	1.8	1.32
Computer Planning model	0.0	0.00
SWOT analysis	1.7	1.21
Brainstorming	1.9	1.32

Source: Author 2010

4.2.3 Strategic Plans

The extent to which enterprises had strategic plans in place.

Table 4.3: Extent to which enterprise has strategic plan in place

Responses	***Frequency***	***Percentage (%)***
To no extent	0	0
To a small extent	0	0
To a moderate extent	27	41
To a great extent	18	34
To a very great extent	15	25
Total	**50**	**100**

On seeking to establish the extent the enterprises had strategic plans in place among the interviewed enterprises, it was established that most enterprises had strategic plans in place to moderate extent. Generally all enterprises had strategic plans in place.

4.3.4 Strategy implementation

The respondents were asked to state to what extent the respondents felt that their firms embraced strategy implementation in firm structure, in system procedures, reference to master plans and monitoring. The findings are shown in table 3below.

Indicate the extent to which the following statements relate to strategy implementation in your enterprise.

Table 4.4: Extent of strategy implementation

Implementation	***Mean score***	***Std deviation (s)***
Communication	3.05	1.32
Clear Systems, programs and procedures	3.10	1.47
Reference to Master plan	2.85	1.45
Adequate budgets	3.1	1.35
Leadership and motivation	3.0	1.32

Source: Author 2010

The respondents indicated that the implementation process was fairly adhered to by most of the enterprises. Reference to master plan was adhered to in a great extend. Communication, Clear systems and budgets were adhered to in a moderate extend. All enterprises indicated an element of leadership in strategic management implantation.

4.3.5 Evaluation Process

This section sought to investigate the extent to which the respondents utilized the following evaluation process as stipulated below.

Table 4.5 Evaluation process scores

Evaluation process	***Mean score***	***Std deviation (s)***
Performance is measured	2.75	1.32
Comparison is undertaken	3.15	1.46
Corrective action is undertaken	3.05	1.28
Others	0.00	0.00

Source: Author 2010

The results in above indicate that the respondents considered most of evaluation process parameters in practice in the evaluation process of strategic management practices in their enterprises. The respondents indicated that performance measurement was utilized to a very great extent, while recognition of outstanding performance was not moderate.

4.4.0 Strategic Management Challenges

This section sought to investigate the extent to which respondents considered strategic challenges important to their enterprises. The results are summarized in the table below.

Table 4.6: Extent to which strategic challenges are important to surveyed enterprises

Nature of challenge	***Mean score***	***Std deviation (s)***

Changing technology	3.15	1.32
Increase in diversity	3.05	1.32
Resistance to change	3.1	1.31
Stiff competition	2.9	1.32
Resource constraint	2.8	1.26
Legal constraint	3.1	1.32
Turbulent political environment	2.9	1.23
Strategy redundancy	3.2	1.21

Source: Author 2010

This indicates that most of these challenges existed in the SMEs that were interviewed. Most pronounced challenges were stiff competition, resource constraint and political turbulent.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The research objective was to establish strategic management practices and challenges amongst SMEs in Westlands Division. There were eighty SMEs in Westlands Division and a sample of seventy four were selected but fifty respondents were realized.

5.2 Summary

This chapter summarizes the major findings of this study and provides a direction for further research and recommendations necessary action. It expresses the current strategic management practices and challenges among SMEs in Westlands Division. Application of strategic management practices is an integral management process for any organization that desires to survive in modern environment. Organisations that fail to adapt to the changing realities in the environment would become weak and finally fail. The role of strategic management in SMEs is to inculcate a culture of being responsive to change taking place in the environment, so as enable an enterprise achieve its goals.

5.3 Conclusions

The SMEs in Westlands have generally made efforts to appreciate and embrace strategic management practices. The strategic management practices adopted by most of the SMEs are similar to those proposed in strategic management theory and also as reported in the literature review and also from studies conducted in other industries. A significant correlation exists between the age of the SME and its use of strategic management practice. More established SMEs in terms of age had strategic plans in place in great extent unlike in the younger SMEs. Most enterprises in westlands were categorized in service industry. Most enterprises were rated to have staff number of between ten and forty nine.

All stakeholders were generally involved in the strategic formulation with Consultants, CEO and managers indicating higher involvement while the suppliers were found to be least involved in formulation. The respondents indicated that enterprises were generally conversant with most of strategy formulation tools. SWOT analysis was most frequently used tool while no enterprise indicated use of computer planning model.

Most enterprises moderately applied implementation process as indicated in questionnaire. Budgetary constraints and unclear systems were indicated as common of the challenges in implementation process. Evaluation process was applied in all SMEs that were interviewed. Performance was measured to a great extent while performance recognition was moderate. Stiff competition, resources constrain and political uncertainty were concluded to be major challenges facing SMEs in strategic management practice.

5.4 Limitations of the Research

Some respondents viewed some of the information sought as confidential and either or deliberately declined to divulge or did not have access to information. In addition the time allocated to data collection was not sufficient to enable respondents complete the questionnaire as accurate as possible considering that they were at the same time carrying out their daily duties.

Though the researcher would have wished to administer the data collection tools to only managers and owners of the enterprises, this was not possible due to busy schedules or away on duty hence some of them had to be delegated to the supervisors.

5.5 Recommendation for further research

It is hoped that the findings of the study will contribute to the existing body knowledge and form basis for future research. Whereas the current study focused on adoption of strategic management practices and challenges in SMEs, future studies could focus on responses from other firms like institutions of learning. This will shed light on the impression the managers have on application of strategic management practices.

Study should also be carried out to establish the correlation between adoption of strategic management practices and the level of education of managers. Its also important in future to establish the source of capital in SMEs. To find out whether its local or foreign.

5.6 Recommendation for policy and practice

Based on the findings of the research, it is expected that the shareholders who include the partners of the firm will gain a better understanding of strategic management practices and challenges adopted by SMEs to remain competitive in the business environment. Understanding of the challenges in strategic management would help practitioners in the field to ensure that enterprises will develop rational strategies to effectively respond.

I recommend that employees and customers to be more involved in strategic management practices. This is because the employees are heavily involved in implementation, while the customer is the consumer of most of our products. Communication and feedback may be increased in the formulation, implementation and evaluation to key stakeholders. Communication enables the stakeholders to issue their input and helps save time in implementation and evaluation process. The Chief executive and managers should employ good leadership and motivation in strategic management application, so as to achieve efficiency in goal realization.

Enterprises may have to go for bank loans to reduce the burdens of budgetary constrains. Individual and team outstanding performance may be recognized by finding a way to reward the outstanding achievers

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APPENDICES

Appendix 1: Introduction Letter

My name is Redempta N. Ndambuki. An MBA student at University of Nairobi in partial fulfillment of the requirement of the Master of Business Administration. I am required to present a research project. In this regard, I will be conducting a survey study on strategic management practice and challenges in several enterprises.

I will therefore be grateful if you could allow me ask you some questions. I wish to assure you that the responses I will receive from you will be classified as strictly confidential. No instance will your name be mentioned in this research or its findings. In addition the information will not be used for any purpose other than for this academic research.

Your assistance in facilitating the same will be highly appreciated.

Thank you in advance.

Yours faithfully

Redempta N. Ndambuki
MBA Student
University of Nairobi
Reg. No. D61/8744/2006

Appendix 2: Questionnaire

To aim of this questionnaire is to establish the strategic management practices your enterprise pursues and the challenges you have faced. I am doing this study as part of my academic requirements for the award of the degree of Master of Business Administration of the University of Nairobi. Kindly complete this document as fully as possible. You should aim at completing the entire questionnaire without omitting any section as all the parts are interrelated.

Section A: Background Information

1. Which category below represents the current age of your organization fall? (*Please tick one*.)

1-5 years ☐

6-10 years ☐

11-15 years ☐

2. What is current number of employees in your organization? (tick one)

1-9 employees ☐

10-49 employees ☐

50-100 employees ☐

3. What major economic activity are you engaged in?

Manufacturing ☐

Construction ☐

Trade ☐

Services ☐

Any other

Section B: Strategic Management Practices

Please tick the most appropriate number.

Use a 5 point scale where:

1= Not at all

2= Little extent

3= Moderate

4= Great extent

5= Very great extent

1. How would you rate the participation of the following stakeholders in developing your organizational strategy?

Participants	*1*	*2*	*3*	*4*	*5*
Chief Executive officer					
Managers					
Consultant					
Employees					
Customers					
Suppliers					

2. What tools do you use in developing strategies in your enterprise?

Strategy development	*1*	*2*	*3*	*4*	*5*
Key success factors					
Forecasting					
Computer planning model					
SWOT analysis					
Brainstorming					
Indicate and rate others					

3. Indicate the extent to which your enterprise has strategic plans in place.

Use a 5 point scale where:

1= Not at all

2= Little extent

3= Moderate

4= Great extent

5= Very great extent

4. Please indicate the extent to which the following statements relate to strategy implementation in your enterprise.

Implementation	*1*	*2*	*3*	*4*	*5*
Communication					
Clear Systems, programs and procedures					
Reference to Master plan					
Adequate budgets					
Indicate and rate others					

5. Please indicate the extent to which your organization has developed the following set of key performance indicators as a means of tracking the success of strategy initiatives.

Evaluation process	*1*	*2*	*3*	*4*	*5*
Performance is measured					
Comparison is undertaken					
Corrective action is undertaken					
Performance is recognized					

SECTION C: Strategic Management Challenges

Please tick the most appropriate number

Use a 5 point scale where:

1= Not at all

2= Little extent

3= Moderate

4= Great extent

5= Very great extent

Kindly indicate in the table below the extent to which the following challenges affect strategic management practices in your enterprise.

Nature of challenge	*1*	*2*	*3*	*4*	*5*
Changing technology					
Increase in diversity					
Resistance to change					
Stiff competition					
Resource constraint					
Legal constraint					
Turbulent political environment					
Strategy redundancy					