



**ASSESSMENT OF FACTORS THAT AFFECT IMPLEMENTATION OF STRATEGIC PLANNING AMONG SMALL AND MEDIUM ENTERPRISES IN MACHAKOS COUNTY**

**Wambua, A. M., Muhoho, J., & Kilonzo, T.**

## ASSESSMENT OF FACTORS THAT AFFECT IMPLEMENTATION OF STRATEGIC PLANNING AMONG SMALL AND MEDIUM ENTERPRISES IN MACHAKOS COUNTY

Wambua, A. M., <sup>1\*</sup> Muhoho, J., <sup>2</sup> & Kilonzo, T. <sup>3</sup>

<sup>1\*</sup> MBA Student, School of Business Communication and Computer Studies, St. Paul's University [SPU], Kenya  
<sup>2,3</sup> Ph.D, Lecturer, School of Business Communication and Computer Studies, St. Paul's University [SPU],  
Kenya

Accepted: September 9, 2020

### ABSTRACT

*The study sought to assess the factors effecting implementation of strategic planning among SMEs in Machakos County. This study used descriptive research design. The sampling frame was obtained from County Registrar of Business, Ministry of Industrialization and Enterprise Development. The target population for this study was 39953 SMEs and the sample size of the study was 400SMEs. The researcher used questionnaires to collect data from the target population and, the study generally adopted stratified random sampling. The researcher coded and input the data into the Statistical Package for Social Sciences (SPSS) software for analysis using descriptive method. The study determined that resource capacity development, strategic leadership development, and technological innovation were found to be significant. The findings of the study also implied that the various stakeholders in Machakos County and particularly the public have to take seriously the Integrated Strategic Planning activities. This would be through active participation in the processes, including interrogation of the resource allocation criteria, and the parameters used to make key decisions in the County Government of Machakos. The study recommended that the academics in the field of Organizational Development, should consider using the empirical evidence adduced to further their research interests. The study also recommended the findings for the development of policies for growth of the SMEs in Machakos County. Finally, the study recommended that the proprietors of the various SMEs in Machakos County should use the findings for develop strategies for growth. The study also recommended use of longitudinal research design since the current study used cross sectional design. The study also recommended that the influence of moderating and mediating variables since that was outside the scope of the current study. Finally, the study suggested that cultural orientation should be investigated since the study determined that more male than female gender were likely to be SMEs in Machakos County.*

**Key Words:** Resource Capacity, Strategic Leadership, Technological Innovation, Strategic Planning

**CITATION:** Wambua, A. M., Muhoho, J., & Kilonzo, T. (2020). Assessment of factors that affect implementation of strategic planning among small and medium enterprises in Machakos County. *The Strategic Journal of Business & Change Management*, 7(3), 1278 – 1294.

## INTRODUCTION

SMEs is defined by the government of Kenya (GOK, 2010) as business that engage between 1-99 employees, cover a range of establishments in almost all sectors of the economy; they operate formally or informally, seasonally or year round and are located in a number of areas SMEs contribute to outputs and employment and also affect the competitive ability of the large organizations (Rosa, Carter & Burns, 2014). SMEs can influence the competitiveness of large organizations by providing high quality inputs (Hogarth-Scott & Riding, 2010). SMEs are viewed as the rule main impetus monetary improvement in practically all economies in Kenya, SMEs is indispensable. As per Gakure and Amurle, (2013), they saw that the SMEs segment utilizes 74% of the work power and contributes over 18% of the nation's Gross Domestic Product (GDP).

Regardless of its extraordinary commitment to Kenyan the various approach remedies, SMEs area experience arrangement of difficulties and requirements that repress its development. The impact is less development, low seriousness, high disappointment rate, and a normal life expectancy of five years. Then again for quite a while vital arranging is known to be a basic movement that creates positive results for firms everything being equal. Anyway little is known about key arranging rehearses among SMEs in Africa specifically Kenya (Gakure & Amurle, 2013).

The importance of SMEs sector in Kenya was first recognized in the international labour Organization report (ILO) in 1972. The report underscored the sectors crucial role in promoting growth in incomes and employment (Africa economic outlook, 2016). According to African economic outlook 2016 report, the SMEs sub sector plays a significant role in Kenyas economic structure, where the sector has employed close to 80% of Kenyans total work force, 20% of the county's growth domestic product (GDP). This implies dismal subsector performance despite its potential contribution to employment, income and equity as was asserted in ILO report in

2007. The paltry performance of SMEs in Kenya is linked to several constrains among which the regulatory and institutional framework is alleged to be one of the factors (Karami, 2015).

Strategic planning focuses on the setting of long haul authoritative targets, and the usage of plans intended to accomplish them. A reasonable meaning of vital arranging can be the conceiving and detailing of hierarchical level plans which set the expansive and adaptable goals, systems and approaches of a business, driving the association towards its vision of things to come (Stonehouse and Pemberton, 2012). Arranging is certifiably not another wonder; it has its underlying foundations in military history (Sullivan & Richardson, 2011). Key getting ready for business can be followed back to the 1920s when Harvard Business School built up the Harvard approach model, one of the vital arranging strategies for firms (Mahmood, Taleghani & Sharifi, 2011).

The principles and goals of strategic planning are significant and ought to be disclosed to each individual from staff inside the associations with the goal that they can have information and assess the suggestions given out by the councils ordered by the association. Any extra guide to execute the key arrangement is to make an incorporated framework by which the key arrangement turns into the benchmark for progress in an association and turns into an arrangement of responsibility to all the worry people in the association. Along these lines, key arranging is the way to guaranteeing that associations are set up for the difficulties of today, tomorrow and what's to come being guided by the vision, crucial objectives of the association so as to accomplish the set targets. This is a definitive choice for all associations that needs to be the market heads in the business in which they work (Kiptoo & Mwirigi, 2014) .

In keeping with the decision that Kenya Vision 2030 be implemented through five year Medium Terms the Government successfully launched the Second Medium Term Plan (Second MTP 2013-2017) in October 2013. The Ministry of Devolution and

Planning then embarked on the process of preparing the second round of Kenya Vision 2030 Sector Plans detailing policies, programmes and projects to be implemented in each sector. A total of twenty one Sector Plans have therefore been produced based on the work of nineteen medium term plan sector working groups and three thematic working groups formed to prepare detailed plans as background documents for the Second MTP. The Sector Plans outline in greater detail specific plans for implementation in each sector during the 2013-2017 period. The Plans have been prepared through a participatory and inclusive process involving representatives from the government, development partners, private sector, NGOs, civil society, faith based organizations, professional associations, research institutions, and organizations representing women and youths, among others. Apart from the technical inputs, the Sector Plan priorities have been aligned and taken into account the priorities and inputs from nationwide Second MTP county consultation forums which captured views and priorities of Kenyans at the grass root and local level. Additionally, the Sector Plans have taken on board the key issues and priorities outlined in the Manifesto of the Jubilee Government in line with Second MTP. The Sector Plans implementation matrices outline the broad goals and strategic objectives, the specific objective of each programme and project, the expected output and outcomes, the indicators for monitoring progress, the entity responsible for implementation, the implementation timelines, the source and mode of funding for each planned programme and activity starting financial year 2013/14 to 2017/18 (GOK, 2017)

Machakos County is an administrative county in the eastern part of Kenya. The County has 8 constituencies which are; Machakos Town, Masinga, Yatta, Kangundo, Matungulu, Kathiani, Mavoko and Mwala. The County covers 6,208 square kms and has a population of 1,098,584 as per 2009 census of which only 17% accessing

electricity. Its capital town Machakos is cosmopolitan and is located 64 kilometres southeast of Nairobi. The predominant nearby atmosphere is semi-arid and the scene is bumpy, ascending from a height of 1,000 to 1,600 meters above ocean level. Get a reasonable guide for the voting demographics and furthermore with all the 8 The County encounters flighty and unusual downpours of under 500mm every year, with short rains in October through to December and the long rains in late March to May. The districts Road Network of Bitumen Surface cover just 88.5 Km, and Gravel Surface 440.4Km.

The destitution levels in the County are at 59.6 % against a national normal of 47.2% dependent on KIHBS (2009); this positions the County at 33 out of the 47 counties, while 52% of the populace lives in the urban focuses, which is path over the national normal of 29.9%. There is a high increment in labor power which has prompted increment in joblessness and this could prompt heightening of wrongdoings because of non-assimilation of this dynamic populace in administrations of productive business. This situation combined with the way that the 51% of the Machakos County resident are considered as financially latent infers that the County need of ventures to spike development and switch the circumstance. (Machakos Strategic Plan Draft, 2019)

### **Statement of the Problem**

This investigation sought to evaluate the variables that influence key arranging of SMEs in Machakos County and fill the identified research gap by exploring factors that affect implementation of strategic planning of SMEs in Kenya with a specific reference on Machakos County. Sorooshian, Norzima, Yusof, and Rosna (2010) examined the structural relationships between system usage and execution inside the little and medium assembling firms in Malaysia. They recognized three central factors in procedure execution in particular the structure, authority style and assets. Sorooshian *et al.* (2010) at that point concocted an auxiliary inquiry model of the relationship among drivers of

procedure execution and association execution and furthermore affectability investigation on the drivers.

The principle focal point of this examination is in private area and as little just as medium assembling firms specifically. Sorooshian et al. (2010) did exclude authoritative culture as one of the crucial factors in the technique usage process. Canbera (2013) suggested that there is need for more research that explores in much greater depth how managers use financial and non-financial information. In spite of its extraordinary commitment to Kenyan, and the various strategy solutions, SMEs division experience arrangement of difficulties and imperatives that repress its development. The impact is less development, low seriousness, high disappointment rate, and a normal life expectancy of five years.

Then again, for quite a while key arranging is known to be a fundamental action that produces positive results for firms all things considered. In any case, little is known about the vital arranging rehearses among SMEs in Africa and specifically Kenya (Gakure & Amurle, 2013). As the world economy continues to move towards increased integration, some of the greatest opportunities for Small-to-Medium Sized Enterprises (SMEs) will derive from their ability to participate in the global marketplace while sustainably increasing their competitiveness. It is generally accepted that SMEs are becoming increasingly important in terms of employment, wealth creation, and the development of innovation (Gatukui & Katuse, 2014).

In Machakos County, Kenya, data available from the County Registrar of Business Office, Ministry of Industrialization and Enterprise Development, indicates that more than 96% of registered companies in 2019 are Small and Medium Enterprises. This target group is identified as the catalyst for the economic development in the county. However, this data also shows that more than three out of five newly registered SMEs yearly, close business operations within the first three years of business operation, this is because this

sector has continued to face challenges; among them lack of proper financial management practices (Nyakundi *et al.*, 2016).

Faith, (2017) observed that there is little recent research that has shown that most SMEs are unable to utilize strategic planning techniques. Little research has been led to evaluate the elements which influence key arranging by SMEs working in Machakos County. These deficiencies brought up the need to analyze the estimation of vital arranging of SMEs in more detail since it would enhance survival of SMEs for longer period hence increase the economy Machakos County and Kenya at large.

### **Research Objectives**

The specific objectives of the study were:

- To establish the influence of resource capacity on implementation of strategic planning among SMEs in Machakos County.
- To determine the influence of strategic leadership on implementation of strategic planning among SMEs in Machakos county.
- To establish the influence of technological innovation on implementation of strategic planning among SMEs in Machakos County.

### **LITERATURE REVIEW**

#### **Resource-Based Theory**

The main researcher to propose an asset based hypothesis was Edith Penrose (1959), despite the fact that her investigation of the assets was planned for understanding the yield of the firm instead of the meaning of its conduct. This methodology has attracted interest among scholars worldwide. The fundamental investigation on the topic was that of Wermerfelt (1984), however here and there it despite everything stays connected to the Porterian model. Infact, for Wernerfelt, "assets and items are two of a kind "where the assets are comprehended as "the benefit unmistakable or not which are semi for all time connected to the firm by and by mechanical association would deal with amplifying benefits relegating the assets asset base view would

rather focus on limiting the cost assets given a specific degree of benefit.

Wernerfelt (1984) at that point applied Porter's Five Forces model to the assets specifically he calls attention to the presence of "assets position obstructions with a job like that of the passage in an industry. Successive works definitively move away from the Porterian hypothesis and make determinant commitment to the meaning of asset based view Grant, above all else recognize assets and abilities. The assets are the contribution of the gainful procedure, the essential unit of examination which needs aggregation and coordination.

As per Grant, six classifications of assets exist; money related: Physical (plant limit accessibility of crude materials and so forth.); human; innovative (number and significance of licenses, and so on); the notoriety (acknowledgment of the brand, client loyalty/and so on); and authoritative (values the executives/and so forth). The new topics of SMEs are not an alternate method for key arranging, yet rather an extra instrument to be utilized nearby the conventional analysis to adopt ways of strategic planning. This theory was relevant to the variables on resources since it stated that resources are semi-permanently linked to firm and so to SMEs adopting strategic planning to enhance increase of their productivity.

### **Contingency Theory**

The contingency theory of leadership was proposed by the Austrian therapist Fred Edward Fiedler in his milestone 1964 article, "A Contingency Model of Leadership Effectiveness". The possibility hypothesis underscores the significance of both the pioneer's character and the circumstance where that pioneer works. Possibility hypothesis is a class of conduct hypothesis that there is no most ideal approach to sort out a firm to lead an organization, or to decide, the ideal game-plan is unexpected (subordinate) upon the inner and outside circumstances. Possibility hypothesis (Johnsen, 2005) states that mind boggling associations use execution estimation to diminish vulnerability and for authenticity.

Verifiably, possibility hypothesis has tried to figure expansive speculations about the proper structures that are regularly connected with or best fit the utilization of various innovations. The viewpoint started with crafted by Joan Woodward in 1958 who contended that advances straightforwardly decide contrasts in such hierarchical traits as length of control, centralization of power, and the formalization of rules and strategies. Defenders of this hypothesis contend that the most ideal approach to compose relies upon the idea of nature to which the association must relate.

Associations are open frameworks that need cautious administration to fulfill and adjust inward needs and to adjust to ecological conditions. There is nobody most ideal method for sorting out; the fitting structure relies upon the sort of assignment or condition one is managing. Various sorts of associations are required in various kinds of conditions. In the present examination, possibility hypothesis was relevant in stressing on the earth in which vital arranging appropriation take place by SMEs. This theory was relevance to this study because it emphasized on the variable of strategic leadership to the adoption of strategic planning which would enable the achievement of SMEs future goals and objectives.

### **Survival Based Theory**

The concept of survival-based theory or some might call it as "survival of the fittest" theory was initially evolved by Herbert Spencer (Miesing & Preble, 1985). It was him who combined Darwin's hypothesis of advancement and common choice with Adam Smith's undetectable hands to think of the possibility of social Darwinism. This hypothesis which was very well known during late nineteenth and mid twentieth century accentuated on the thought that by following the standard of nature simply the best and the fittest of contenders will win which at last would prompt the improvement of the social network in general.

Social Darwinism accepted it is typical for the challenge to carry on in libertine manners to create the fittest business who endure and flourished by

effectively adjusting to its condition or become the most proficient and financial maker of all. Subsequently savage business competition and unscrupulous legislative issues is adequate under this supposition. The endurance based view in vital administration accentuated on the presumptions that so as to endure associations needs to send systems that ought to be centered around running exceptionally productive activities and can react quickly to the changing of serious condition (Khairuddin, 2005) since the one that endure is the one that is the fittest and generally ready to adjust to nature.

MC Donald was contended as one of the example of overcoming adversity which suit impeccably to the Darwinian natural selection hypothesis (Stillman, 2003). It was contended that the example of overcoming adversity of present day life and productive working environment. In any case, a portion of the advocates of this view contended that choosing a specific arrangement of methodology would not be ideal. Rather, it is smarter to try different things with a few methodologies without a moment's delay and let the procedure of characteristic choice pick the best system that adjusts better to the earth (Lynch, 2000).

This view put the few – based hypothesis into the typology of eminent speculations of key administration. The use of this hypothesis in the field of corporate turnaround was additionally very straight forward. A sickly organization generally faces bunch of issues all the while, for example, monetary challenges, bombing items, losing key faculty and numerous others. These were in reality just signs that the organization was not running productively. Turning round organization typically described with failing to meet expectations deals and under-limit as far as processing plant yield and overpowering size in the size in human asset division (Stillman, 2003).

### **Empirical Literature Review**

Effective the management of an association's asset assumes a basic job in the successful implantation

of procedure. This is a key administration activity and presumably the most significant. Vital administration is worried about the weak inner assets of an association to the open doors in the outer condition so as to accomplish the key plan of the association. As indicated by Barney and Hesterly (2014), an association's inner assets incorporate money related asset (monetary capital that associations use to define and actualize methodology), physical resources, human asset, and authoritative asset that incorporate the reputation and informal relationships among groups in the organization.

Robert and Sonfield (2012) on an article to gauge and look at contrasts in levels of privately-owned company making arrangements for progression in seven nations: Croatia, Egypt, France, India, Kosovo, Kuwait, and the USA. The exploration approach was study look into gathering information from seven nations. Investigation of covariance (ANCOVA) was rushed to test for contrasts in privately-owned company progression arranging between nations, controlling for quite a long time in business, number of representatives, industry, and kind of proprietorship. ANCOVA was trailed by a post hoc pairwise correlations least huge contrast (LSD) to figure out which nations had noteworthy contrasts in their degree of progression arranging. The paper finds that there were measurably noteworthy contrasts in privately-run company progression arranging between Croatia, Egypt, France, Kosovo, Kuwait, and the USA.

Strategic leadership refers to an authority capacity to foresee, imagine, and keep up adaptability and enable others to make key change in the association (Hitt et al., 2010). Vital authority is multipurpose, includes overseeing through others and aids the procedure needed to guarantee that the associations adapt to the change that appear to increment in the present globalization business condition. Vital administration activities incorporate deciding the key heading of the association, building up ecological controls, and successful administration of association's assets, supporting a

powerful hierarchical culture and underlining moral practice. These activities are critical in execution of their technique which brings about improved execution.

Authority in an association is the foundation of progress whereby the administration ought to have the option to outline the foreordained of the association by utilizing the vision, crucial objectives of the association so as to accomplish the set targets. On the off chance that administration fizzles, at that point vital arranging won't succeed subsequently influencing the key arranging of the association. This implies the accomplishment of any vital arrangement is pegged on the initiative of the association and particularly the lead group that is driving the exercises that are connected in the execution.

Mulandi, (2013) saw that high development can be accomplished by firms with an assortment of size, part and age trademark. Such company's capacities are recognized more by the systems and activities of supervisors than by their profile qualities with this SME area in Kenya contributing up to over half openings for work, past measurements demonstrate that three out of each five new companies bomb inside the initial not many months. A portion of the difficulties that a SME is probably going to confront are rivalries among themselves and from huge homesteads, absence of access to credit, modest imports, and frailty and obligation assortment. In any case, with great administration they are probably going to defeat the majority of the difficulties that would prompt disappointment through measures, for example, bomb valuing, limits improving nature of administration conveyance (Mulandi, 2013).

Technological factors are evaluated as the state of technological progress, new technology adoption, etc. affecting the promotion of company's products (Harrison, 2013) Innovation has helped in the growth of several businesses, however it also back fires on some if the feasibility study is not properly done. Kiraka, (2013) notes that the success of many innovations is measured in financial terms which is

not always the outcome hence for those who want immediate returns always get disappointed and coming up with innovative ideas involves use of financial and human resources in the business which might not be available. Studies have also various benefits that come with innovation, Hafeez, (2013) for example mentioned product diversification, creating new markets, customer loyalty, brand awareness, business survival for a long time and meeting the customer expectations as some of the few benefits that come when a business embraces innovation (Agan, 2015).

A study to inspect advancement in little and medium-sized undertakings (SMEs) and build up a complete hypothetical structure of how development happens, the final product, and effect on business money related execution, concentrating on three kinds of developments. The investigation utilizes a grounded technique. Meetings with business visionaries from across enterprises educate the advancement regarding the exploration suggestions. The discoveries were other than showcase condition, business and quality perspectives, for SMEs advancement is driven by a longing to be fruitful, and improve working conditions. Positive results of advancement incorporate an improvement of SMEs' notoriety and picture, an expansion in operational productivity and money saving advantages, bringing about a superior business budgetary execution, enlistment of an increasingly gifted workforce, and more noteworthy in-house ability prompting further development.

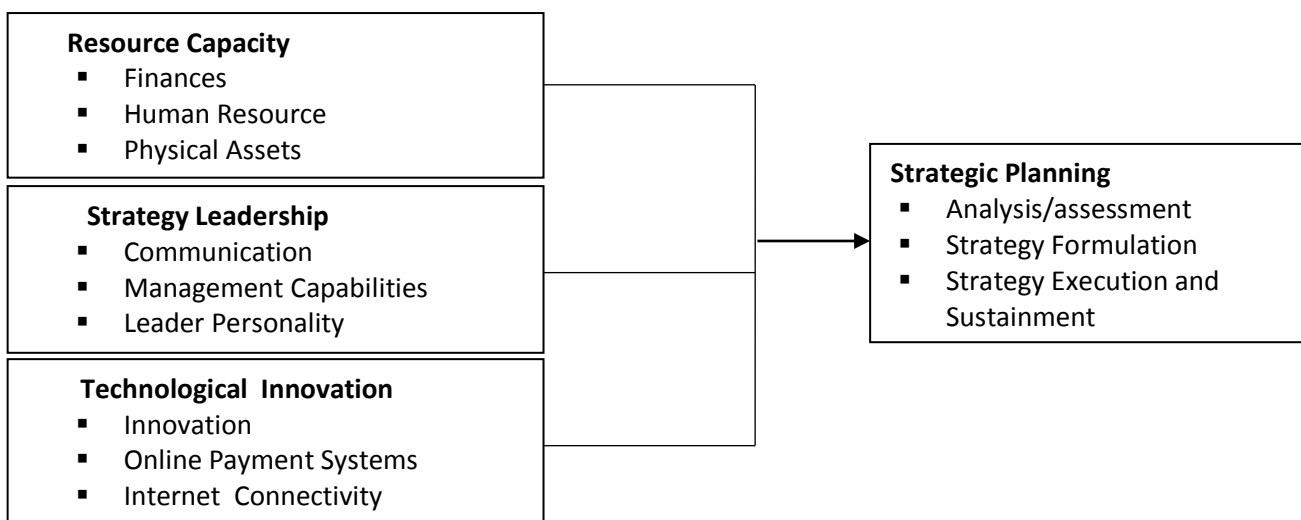
Successful plan implementation needs a mixture of a range of aspects and not a linear and prescriptive type of implementation model because the plan execution is too complex to be analyzed by such a model. According to Okumus (2013), some of the most commonly used frameworks such as industry structure analysis, SWOT analysis, and generic strategies for practicing managers and researchers in strategic formulation and analysis in with regard to strategic management. However, there is no



dominant or agreed-upon framework in strategic implementation (Ngairah, 2018).

The strategic planning process implies that planning should focus on defining, conducting and evaluating applied strategy. Strategic planning is classified into two distinct categories, namely, “process” and “content” research (Elbanna, 2012). While content focuses on strategic position of a firm, process is concerned with the decision making. Strategic decision making process focuses exclusively on the formulation period of a decision (Papadakis, Thanos, and Barwise, 2010). Participation in strategic decision enhances quality of decision

implementation through building commitment and consensus hence leading to better decision outcomes. According to Papadakis (2014) the participation of many players in tactical decision-making, amplifies the degree of consensus on approach among the managers, creates a common understanding of the joint task, creates an atmosphere of shared collective and makes it easy to achieve a smooth implementation. Involving middle level managers in decision making ensures their views are taken into consideration before any resource allocation is done to ensure better decisions in creation of new ways and ideas of implementing (Andersen and Nielsen, 2013).



**Independent Variables**

**Dependent Variable**

**Figure 1: Conceptual Framework**

**Source: Author (2020)**

**METHODOLOGY**

Descriptive research design was used for this research. It involved the use of relative variables and scientific methods to describe and analyze behavior. In this study the population consisted of 39,953 SMEs distributed as shown in Table 1. The respondents were the business owners and the employees of the SMEs. To determine sample size for respondents, the study generally adopted probability sampling in the course of its research. The study used questionnaires as the research instrument. In this study a threshold of 0.70 was used to establish the reliability of the data

collection instrument. This was computed with the assistance of Statistical Package for Social Sciences (SPSS). Data was analyzed using descriptive methods with the relationship among the variables analyzed using the multiple regression model below and the findings were presented in Tables.

Multiple regression Model was as follows

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where

Y = Implementation of strategic planning

X1 = Resources Capacity

X2 = strategic leadership

X3 = Technological Innovation

$\epsilon$  =the error term

$\beta_0$ =is a constant which is the value of independent variable when all independent variables are 0 (intercept)

$\beta_1$ = Regression Coefficient (slope) of the variable X1 (Resources capability)

$\beta_2$ = Regression Coefficient (slope) of the variable X2 (strategic leadership)

$\beta_3$ = Regression Coefficient (slope) of the variable X3 (technological innovation)

## RESULTS

### Resource Capacity

The study sought to know the state of resource capacity among the SMEs in Machakos County. The respondents were, therefore, asked to in a scale of 1-5; score various statements relating to resource capacity in their businesses. The scale ranged from: 1-Strongly disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly agree. The results were as shown in Table 1 below.

**Table 1: Perception of Respondents on Resource Capacity**

Statement	1 F (%)	2 F (%)	3 F (%)	4 F (%)	5 F (%)	Mean	SDV
My business has strong financial base	74 (21.8%)	105 (31.0%)	57 (16.8%)	70 (20.6%)	33 (9.7%)	<b>2.433</b>	<b>0.321</b>
My business has sufficient human resources	51 (15.0%)	75 (22.1%)	127 (37.5%)	71 (20.9%)	15 (4.4%)	<b>2.832</b>	<b>0.283</b>
My business has sufficient physical resources	64 (18.9%)	110 (32.4%)	75 (22.1%)	77 (22.7%)	13 (3.8%)	<b>2.546</b>	<b>0.347</b>
<b>Composite Score</b>					<b>2.770</b>	<b>0.317</b>	

### Source: Research Findings

From Table 1, the respondents were asked whether their businesses had strong financial bases. Majority of the respondents disagreed that their businesses had strong financial bases (31.0%); followed by those who strongly disagreed (21.8%). The Mean Score for this statement was 2.433, with Standard Deviation of 0.321. The respondents were also asked whether their businesses had sufficient human resources. Majority of the respondents were neutral (37.5%), followed by those who disagreed (22.1%). The Mean Score for this statement was 2.832, with Standard Deviation of 0.283.

The respondents further asked whether their businesses had sufficient physical resources. Majority of the respondents disagreed that their businesses had sufficient physical resources (32.4%), followed by those who agreed (22.7%). The Mean Score for this statement was 2.546, with

Standard Deviation of 0.347. The Composite Score for Resource Capacity was 2.770, with Standard Deviation of 0.347. The Composite Score implies that the overall rating for Stakeholder Participation was between “Strongly Disagree” and “Disagree”. However, the small Standard Deviation implies that the dispersion of the respondents’ opinion on the state of Resource Capacity in the strategic planning process was small.

### Strategic Leadership

The study sought to know the state of strategic leadership among the SMEs in Machakos County. The respondents were, therefore, asked to in a scale of 1-5; score various statements relating to strategic leadership in their businesses. The scale ranged from: 1-Strongly disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly agree. The results were as shown in Table 2 below.

**Table 2: Perception of Respondents on Strategic Leadership**

Statement	1 F (%)	2 F (%)	3 F (%)	4 F (%)	5 F (%)	Mean	SDV
My business has good management practices	30 (8.8%)	33 (9.7%)	77 (22.7%)	94 (27.7%)	105 (31.0%)	<b>4.322</b>	<b>0.505</b>
My business has good has good leadership practices	21 (6.2%)	71 (20.9%)	25 (7.4%)	95 (28.0%)	127 (37.5%)	<b>4.511</b>	<b>0.674</b>
My business has clear communication framework	34 (10.0%)	23 (6.8%)	65 (19.2%)	108 (31.9%)	109 (32.2%)	<b>4.243</b>	<b>0.565</b>
<b>Composite Score</b>					<b>4.359</b>	<b>0.581</b>	

**Source: Research Findings**

Table 2 above revealed that 30(8.8%) of the respondents strongly disagreed that their businesses had good management practices; 33(9.7%) disagreed that their businesses had good management practices; 77(22.7%) were neutral on this sentiment; 94(27.7%) agreed that their businesses had good management practices; while 105(31.0%) strongly agreed that their businesses had good management practices. This implied that majority of the proprietors strongly agreed that their businesses had good management practices. The mean for this indicator was 4.322, with standard deviation of 0.505.

The Table also showed that 21(6.2%) of the respondents strongly disagreed that their businesses had good leadership practices; 71(20.9%) disagreed that their businesses had good leadership practices; 25(7.4%) of them were neutral on this sentiment; 95(28.0) agreed that their businesses had good business practices; while 127(37.5%) strongly agreed that their businesses had good business practices. This implied that majority of the proprietors strongly agreed that their businesses had good business practices. The mean score for this indicator was 4.511, with standard deviation of 0.674.

The Table demonstrates that 34(10.0%) of the respondents strongly disagreed that their businesses had clear communication frameworks; 23(6.8%) disagreed that their businesses had clear communication frameworks; 65(19.2%) held neutral opinion on this sentiment; 108(31.9%) agreed that their businesses had clear communication frameworks; while 109(32.2%) strongly agreed that their businesses had clear communication frameworks. This implies that majority of the respondents strongly agreed that their businesses had clear communication frameworks. The mean for this indicator was 4.243, with standard deviation of 0.565. The overall mean score strategic leadership was 4.359, with overall standard deviation of 0.581.

**Technological Innovation**

The study sought to know the state of technological innovation among the SMEs in Machakos County. The respondents were, therefore, asked to in a scale of 1-5; score various statements relating to technological innovation in their businesses. The scale ranged from: 1-Strongly disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly agree. The results were as shown in Table 3.

**Table 3: Perception of Respondents on Technological Innovation**

Statement	1	2	3	4	5	Mean	SDV
	F (%)	F (%)	F (%)	F (%)	F (%)		
My business innovates new products and services often	41 (12.1%)	83 (24.5%)	110 (32.4%)	38 (11.2%)	67 (19.8%)	<b>2.989</b>	<b>0.687</b>
My business actively uses on-line payment platforms	32 (9.4%)	103 (30.4%)	120 (35.4%)	62 (18.3%)	22 (6.5%)	<b>2.675</b>	<b>0.601</b>
<b>Composite Score</b>					<b>2.832 0.644</b>		

**Source: Research Findings**

Table 3 showed that 41(12.1%) of the respondents strongly disagreed that their businesses innovate new products and services; 83(24.5%) disagreed that their businesses innovate new products and services; 110(32.4%) held neutral opinion; 38(11.2%) agreed that their businesses innovate new products and services; while 67(19.8%) strongly agreed that innovate new products and services. The mean for this indicator was 2.989, with standard deviation of 0.687.

The Table further showed that 32(9.4%) strongly disagreed that their businesses actively used on-line payment platforms. 103(30.4%) disagreed that their businesses actively used on-line payment platforms; 120(35.4%) were neutral on this sentiment; 62(18.3%) agreed that their businesses actively used on-line payment platforms; while 22(6.5%)

strongly agreed that their businesses actively used on-line payment platforms. The mean score for this indicator was 2.675, with standard deviation of 0.601. The composite mean score for technological innovation was 2.832, with standard deviation of 0.644.

**Implementation of Strategic Planning**

The study sought to know the state of implementation of strategic planning among the SMEs in Machakos County. The respondents were, therefore, asked to in a scale of 1-5; score various statements relating to implementation of strategic planning in their businesses. The scale ranged from: 1-Strongly disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly agree. The results were as shown in Table 4 below.

**Table 4: Perception of Respondents on implementation of Strategic Planning**

Statement	1	2	3	4	5	Mean	SDV
	F (%)	F (%)	F (%)	F (%)	F (%)		
My business often conducts environmental analysis	89 (26.3%)	104 (30.7%)	79 (23.3%)	35 (10.3%)	32 (9.4%)	<b>2.631</b>	<b>0.611</b>
My business often selects strategies based on environmental analysis	25 (7.4%)	97 (28.9%)	110 (32.4%)	82 (24.2%)	25 (7.4%)	<b>2.474</b>	<b>0.655</b>
My business often develops clear strategy execution outline	99 (29.2%)	100 (29.5%)	75 (22.1%)	31 (9.1%)	34 (10.0%)	<b>2.297</b>	<b>0.572</b>
<b>Composite Score</b>					<b>2.467 0.613</b>		

**Source: Research Findings**

Table 4 above showed that 89(26.3%) of the respondents strongly disagreed that their businesses often conduct environmental analysis; 104(30.7%) disagreed that their businesses often conduct environmental analysis; 79(23.3%) held

neutral opinion in this respect; 35(10.3%) agreed that their businesses often conduct environmental analysis; while 32(9.4%) strongly agreed that their businesses often conduct environmental analysis.

The mean for this indicator was 2.631, with standard deviation of 0.611.

Results further revealed that 25(7.4%) strongly disagreed that their businesses often select strategies based on environmental analysis. 97(28.9%) disagreed that their businesses often select strategies based on environmental analysis. 110(32.4%) held neutral opinion in this regard; 82(24.2%) agreed that their businesses often select strategies based on environmental analysis; while 25(7.4%) strongly agreed that their businesses often select strategies based on environmental analysis. The mean score for this indicator was 2.474, with standard deviation of 0.655.

Results showed that 99(29.2%) of the respondents strongly disagreed that their businesses often develop clear strategy execution outline. 100(29.5%) disagreed that their businesses often develop clear strategy execution outline; 75(22.1%) were neutral on this sentiment; 31(9.1%) agreed that their businesses often develop clear strategy

execution outline; while 34(10.0%) strongly agreed that their businesses often develop clear strategy execution outline. The mean score for this indicator was 2.297, with standard deviation of 0.572. The composite mean score for strategic planning was 2.467, with standard deviation of 0.613.

**Regression Analysis of Resource Capacity, Strategic Leadership, Technological Innovation and implementation of Strategic Planning**

Relationship between each of the independent variables with implementation of strategic planning was assessed using multiple regression model. From the analytical output, R<sup>2</sup> was used to measure the proportion of implementation of strategic planning explained by resource capacity, strategic leadership, and technological innovation. The beta factors were used to measure the correlation between each of the independent variables with strategic planning. The significance of the beta factors was interpreted at 0.05 level of significance. The results were as shown in table 5.

**Table 5: Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.730	0.584	0.495	0.674330

**Source: Research Findings**

Table 5 showed that the adjusted R-square was 0.584. This demonstrated that, at 95% confidence interval, upto 58.4% of the perception of respondents on implementation of strategic planning was explained by their perception on resource capacity, strategic leadership, and

technological innovation in Machakos County. This implies that upto 41.6% of of the perception of respondents on implementation of strategic planning was explained by other factors outside the model. Table 6 below presents the Analysis of Variance.

**Table 6: Analysis of Variance**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.586	3	0.271	2.045	0.018
	Residual	2.537	336	0.089		
	Total	3.123	339			

**Source: Research Findings**

From the analysis of variance above, the data had significance of 1.8%, an indication that the data was suitable for inference on the parameters of the study population (p=1.8%<5%). The F-critical at 5% level of significance was 2.0196. Since the F

calculated (2.045) was above the F critical, the overall model was found to be significant. This is an indication that the three independent variables jointly had effect on strategic planning. Table 7 showed the Regression Model Coefficients.

**Table 7: Regression Model Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 Constant	1.997	0.254		2.865	0.002
Resource Capacity	0.361	0.177	0.203	2.479	0.009
Strategic Leadership	0.305	0.132	0.231	3.834	0.000
Technological Innovation	0.287	0.193	0.118	2.065	0.018

p<0.05, dependent variable; strategic leadership

**Source: Research Findings**

The below regression equation was established from Table 7 above.

$$P = 1.997 + 0.361R + 0.305S + 0.287T$$

Where:

P represents Strategic Planning

R represents Resource Capacity

T represents Technological Innovation

The above regression equation implies that if the respondents were indifferent to each of the independent variables; their perception on implementation of strategic planning, in a scale of 1-5, would be 1.997.

However, a unit change in resource capacity perception would lead to 36.1% change in perception on strategic planning. Similarly, unit change in strategic leadership perception would lead to 30.5% change in perception on implementation of strategic planning.

Finally, a unit change in perception on technological innovation would lead 28.7% change in perception on implementation of strategic planning. At 5% level of significance, perceptions on resource capacity, strategic leadership, and technological innovation were each found to be statistically significant.

**Discussion of Findings**

The study had a relationship with both theoretical and prior empirical studies. The predictions of Resource Based Theory, Contingency Theory, and Social Darwinism were assessed based on empirical findings of the study. In addition, the findings of previous empirical studies were also assessed in light of the findings of the study.

The study established that resource capacity significantly affects implementation of strategic planning among SMEs in Machakos County. This finding is consistent with the postulation of resource based theory which holds that for a firm to thrive and survive, it has to have ambient resource base. Strategic planning and especially on implementation requires resource capacity. The study also determined that strategic leadership significantly affects implementation of strategic planning.

This is in support of the findings of contingency theory which hold that there is no one suitable leadership style that guarantees organizational excellence. Strategic planning practices are therefore dependent on the nature of strategic leadership, and what works in one SME setting may not work in another. Further, the study found that technological innovation significantly affects strategic planning. This is in concurrence with the arguments of social Darwinism theory which predicts that entities that continuously reinvent themselves are more likely to last longer. Strategic planning outlines the future of an organization hence innovation is key due to the unpredictable nature of the environment.

The study established that resource capacity affects implementation of strategic planning. Similar conclusion was arrived at by Barney and Hesterly (2006) who found that an association's inner assets incorporate money related asset (monetary capital that associations use to define and actualize methodology), physical resources, human asset, and authoritative asset that incorporate the

reputation and informal relationships among groups in the organization. Others such as Robert and Sonfield (2012) on an article to gauge and look at contrasts in levels of privately-owned company making arrangements for progression in seven nations: Croatia, Egypt, France, India, Kosovo, Kuwait, and the USA, found a relationship between resource capacity and strategic planning.

The study also found a significant effect of strategic leadership on implementation of strategic planning. Similar evidence was adduced by Mulandi, (2013) who saw that high development can be accomplished by firms with an assortment of size, part and age trademark. Such company's capacities are recognized more by the systems and activities of supervisors than by their profile qualities with this SME area in Kenya contributing up to over half openings for work, past measurements demonstrate that three out of each five new companies bomb inside the initial not many months.

The study determined that technological innovation affects strategic planning. The findings are consistent with those of Kiraka, (2013) who noted that the success of many innovations is measured in financial terms which is not always the outcome hence for those who want immediate returns always get disappointed and coming up with innovative ideas involves use of financial and human resources in the business which might not be available.

### **CONCLUSIONS AND RECOMMENDATIONS**

The study found significant effect of resource capacity, strategic leadership, and technological innovation on implementation of strategic planning. The results were in support of the postulations of Resource Based Theory, Contingency Theory, and Social Darwinism Theory. This implied that the theories have strong prediction on the phenomenon under investigation. However, the predictions of other theories ought to be investigated in light of the same research problem. The findings of the study have implications on the

policy direction for SMEs in Machakos County. The Department of Trade in the County Government of Machakos should consider developing new policies to enhance the culture of strategic planning among the SMEs in Machakos County since most of them disagreed with the statements relating to the existence of strategic planning in their organizations.

To achieve the culture of implementation of strategic planning, the policy developers ought to put emphasis on resource capacity development since it was found to be significant. The proprietors of the SMEs should utilize the findings of the study to guide their growth strategies. This is because strategic planning has previously been found to impact organizational growth among firms. Moreover, the current study has determined that resource capacity development, strategic leadership development, and technological innovation since they were each found to be significant.

The findings of the study also implied that the various stakeholders in Machakos County and particularly the public sector have to take seriously the Integrated Strategic Planning activities. This would be through active participation in the processes, including interrogation of the resource allocation criteria, and the parameters used to make key decisions in the County Government of Machakos.

Technological innovation was significant to the study for SMEs to achieve implementation of strategic planning and therefore the county government should ensure the emphasis of technology improvement in the both private and public sectors. The business world today is changing to online services and therefore the need of technological innovation by business owners.

The study recommended that the academics in the field of Organizational Development, should consider using the empirical evidence adduced to further their research interests. Theorists should also consider the findings of this study to find further empirical evidence in light of the

phenomenon investigated in the current study. The study also recommends the findings for the development of policies for growth of the SMEs in Machakos County.

The Ministry of Trade and Industrialization in Kenya should apply the results in decision making since it would assist in developing well-informed policies for the Post COVID-19 economic stimulation, Vision 2030, the Big Four agenda, and the sustainable development goals in Kenya. Finally, the study recommends that the proprietors of the various SMEs in Machakos County should use the findings for develop strategies for growth. This is more so because previous evidence has determined that

they are beacons of economic development in Kenya.

#### **Suggestions for Further Research**

The study recommended use of longitudinal research design since the current study used cross sectional design. The study also recommended that the influence of moderating and mediating variables since that was outside the scope of the current study. Finally, the study suggested that cultural orientation should be investigated since the study determined that more male than female gender were likely to be SMEs in Machakos County. This arouses further intellectual curiosity.

#### **REFERENCES**

- Agan, G. (2015). Innovation and Performance of the Small and Medium Enterprises in Machakos Township, Kenya. *Unpublished MBA Project*.
- Andersen, T. J. and Nielsen, B. B. (2013). Adaptive strategy making: The effects of emergent and intended strategy modes. *European Management Review*, Vol. 6, No. 2, pp. 94106.
- Anyieni, A. G. (2014). Impact of Strategic Planning in the Small Businesses in Kenya. *The International Journal of Business & Management*, 2(7), 253.
- Bryson, J. M. (2018). *Strategic planning for public and nonprofit organizations: A guide to strengthening and sustaining organizational achievement*. John Wiley & Sons.
- Cheng, W. H., Kadir, K. A., & Bohari, A. M. (2014). The strategic planning of SMEs in Malaysia: a view of external environmental scanning. *International Journal of Business and Society*, 15(3), 437.
- Chiou, C. H. (2011). An empirical analysis on the reformation of organization: Governance and relationship perspectives. *Journal of Public Administration and Policy Research*, 3(4), 113
- Dibrell, C., Craig, J. B., & Neubaum, D. O. (2014). Linking the formal strategic planning process, planning flexibility, and innovativeness to firm performance. *Journal of Business Research*, 67(9), 2000-2007
- Elbanna, S (2012). A model of antecedents and consequences of intuition in strategic decision-making: evidence from Egypt. *Long Range Planning*, 46(1-2), 149-176.
- Gakure, R., & Amurle, G. (2013). Strategic planning practices in ICT SMEs in Kenya: What other SMEs can learn. *Prime Journal of Social Sciences*, 2(6), 336-349
- Gatukui, P. K., & Katuse, P. (2014). A review of SMEs strategic planning for growth and sustainability in Kenya: Issues and challenges.
- Giltinane, C, L., (2013) Leadership styles and theories. *Nursing Standard*. 27, 41, 35-39. Date of submission: January 23 2013; date of acceptance: April 11 2013
- Goncalves, M., (2013) Leadership Styles: The Power to Influence Others. *International Journal of Business and Social Science* Vol. 4 No. 4; April 2013



- Government of Kenya Development Report.(2013).Retrieved from, [www.ardhi.go.ke/](http://www.ardhi.go.ke/)
- Johnsen, A. (2005, August). Determinants of non-mandatory performance measurement in Norwegian local government: A comparison of political, economic and sociological explanations. In *EGPA Annual Conference, University of Bern (Switzerland)* (Vol. 31).
- Kiptoo, K. J., & Mwirigi, F. M. Factors That Influence Effective Strategic Planning Process In Organizations.
- Karami, A. (2015). Senior managers and strategic management process, in management school. London, UK: University of Bradford.
- Kraus, S., Reiche, B. S., & Reschke, C. H. (2008). Implications of strategic planning in SMEs for international entrepreneurship research and practice. In *Energizing Management through Innovation and Entrepreneurship* (pp. 128-145). Routledge.
- Kothari, C. R. (2004). *Research methodology: Methods and techniques*. New Age International
- Laforet, S. (2011). A framework of organisational innovation and outcomes in SMEs. *International Journal of Entrepreneurial Behavior & Research*. 17(4), 380-408.
- Machakos Strategic (2020). <http://www.kenyampya.com/userfiles/file/Machakos%20Strategic%20Plan%20Draft.pdf>, accessed January 30, 2020.
- Mahoro, S. F. (2017). *The Effects of Strategic Planning on the Performance of Small and Medium Sized Enterprises in Nairobi* (Doctoral dissertation, United States International University-Africa).
- McLeod, S. A. (2019, August 03). *Likert scale*. Simply Psychology. <https://www.simplypsychology.org/likert-scale.html>
- Mugenda, O. M., & Mugenda, A. G. (2013). *Research Methods: Quantitative and Qualitative Approaches*. Nairobi, KE: Acts Press.
- Ngairah, L.H. (2018), *Factors Affecting Implementation of Strategic Plans in the Public Sector: A Case Study of the Ministry of Lands and Physical Planning in Kenya* (Masters dissertation, United States International University-Africa).
- Noble, C. H. (2010). The eclectic roots of strategy implementation research. *Journal of Business Research*, 4(5), 114-127.
- Njuguna, S. (2016). *Factors Affecting Growth of Small Businesses in Kenya A Case of Kariobangi Area in Nairobi* (Doctoral dissertation, United States International)
- Nyakundi, T., Ombuki, C., Zablun, E., & Jared, A. (2016). Influence of working capital management practices on financial performance of small and medium enterprises in Machakos sub-county, Kenya. *International Journal of Sciences* 30(4): 24
- Ogonge, J. (2013). Relationship between Strategic Planning and Organization's Performance in Non-Governmental Organization (NGOs). A Case of Action Aid, Kenya.
- O'Regan, N., & Ghobadian, A. (2012). Effective strategic planning in small and medium sized firms. *Management decision*.
- Osoimehin, K. O., Jegede, C. A., Akinlabi, B. H., & Olajide, O. T. (2012). An evaluation of the challenges and prospects of micro and small scale enterprises development in Nigeria. *American international journal of contemporary research*, 2(4), 174-185

- Papadakis, V. M., Thanos, I. C. and Barwise, P. (2010). Research on strategic decisions: Taking stock and looking ahead', in P. Nutt, and D. Wilson (Eds.), *Handbook of Decision Making*, pp. 31-69, Chichester: Wiley.
- Rauf,H., Khan, M, S., Khan, I, Qureshi, A, Q., Ismail,H,M., Latif ,A., & Tahir,M.,(2015)The Styles of Leadership: A Critical Review. *Public Policy and Administration Research* www.iiste.org ISSN 2224-5731(Paper) ISSN 2225-0972(Online) Vol.5, No.3, 2015
- Rhodes, M. L., & Keogan, J. E. (2015). Strategic choice in the non-profit sector: modeling the dimensions of strategy. *Irish Journal of Management*, 26(1), 122-135.
- Robinson, R. B., & Pearce, J. A. (2014). Research Thrusts in Small Firm Strategic Planning. *Academy of Management*, 9(1), 128-137.
- Rosa, P., Hamilton, D, Carter, S., & Burns, H. (2014). The Impact of Gender on Small Business Management: Preliminary Findings of a British Study. *International Small Business Journal*, 12 (3), 25-32
- Sathe, V. (2015). Culture and related corporate realities: Text, cases, and readings on organizational entry, establishment, and change. Homewood, IL: Irwin
- Seyal, A. H. (2019). Evaluating Information Technology Strategic Planning Process: Lesson Learnt from Bruneian Small Businesses. *Strategy and Behaviors in the Digital Economy*. Retrieved from <https://doi.org/10.5772/intechopen.84449>
- Sorooshian, S., Norzima, Z., Yusof, I. and Rosna, Y. (2010). Effect Analysis on Strategy Implementation Driver. *World Applied Sciences Journal* 11 (10): 1255- 1261
- Stanworth, C., & Stanworth, J. (2011). Reluctant Entrepreneurs and Their Clients: The Case of Self-Employed Freelance Workers in the British Book Publishing Industry. *International Small Business Journal*, 16(1), 58-73.
- Stewart, K. S. (2012). Formal Business Planning and Small Business Success: A Survey of Small Businesses with an International Focus. *Journal of American Academy of Business*, 2(1), 42-46.
- Stonehouse, G., & Pemberton, J. (2012). Strategic Planning in SMEs - Some Empirical Findings. *Management Decision*, 40(9), 853-861.
- Sushil, S., & Verma, N. (2010). Questionnaire validation made easy. *European Journal of Scientific Research*, 46(2), 172-178.
- Volberda, H. W., Morgan, R. E., Reinmoeller, P., Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2011). Strategic management: Competitiveness and globalization. *South-Western College Publishing*.
- Waihenya, J., & NO, R. (2014). Factors affecting adoption of strategic planning by SMEs: a case of hardware shops in Nakuru town. *Unpublished MBA project. Kenyatta University*.