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ABSTRACT

This study investigated the influence of strategic management practices on performance of small and medium enterprises in Mombasa County. The target population for the study was the top 100 SMEs in Mombasa CBD. Stratified sampling was adopted. The sample comprised of 50% of the target population. Hence the sample size was 50 SMEs. The study concluded that the external environment played a crucial role on the SMEs decision to adopt various strategies. Issues of critical concern to the SMEs included; the economic situation, social factors, the technological concern and the uncertain competitive environment. The internal environment of the SME also played a crucial role to the SME's adoption of new strategies; these factors include: top managers' ability to develop effective strategies, internal processes, firm's resources, SMEs behavior and characteristics. Strategic management had a positive relationship with competitive advantage of the organizations. It was established that SMEs adopted various strategies in order to achieve competitive advantage. SMEs carried out external analysis and internal analysis to know the strategies to adopt as both internal factors and external factors affect the company's strategic decision making. These strategies include market strategy, products reputation, customers‟ differentiation, product pricing, cost control, technology, quality of the product, product and service innovations and customer service strategies. Lastly, it was concluded that strategic management practices enhance performance of SMEs. The study recommended that SME management needs to have a positive rethink towards the use of strategic management and have the right resources as the success of a business or strategy depends primarily on the value judgment, energy and skill of its top managers and the strategic implementation within the context and parameter of the uncertainty and ambiguity of the environment subjected to volatility. It also recommended that internal factors such as internal processes, top managers' ability to develop effective strategies, firm's resources, organizations behavior, therefore strategic training is recommended to top management and all employees in the SMEs in order to enhance their performance.

***Key terms:** SMEs, strategic planning, strategy implementation, strategy*

INTRODUCTION

The world is experiencing a host of challenges such upsurge of commodity prices, and depletion of the available resources and the level of dependence between states has largely risen. Therefore the management must improvise new techniques of dealing with the prevailing circumstance so as to sustainably meet the market needs. Companies and organizations are today in rapidly changing business environment, which demands for strategic thinking. Increasing dynamicity of economic environment attributed to globalization phenomenon, escalating completion on the product market and variation in investor and customer demands. Companies have to respond to these changes by changing their strategies of dealing with the markets environment. This can be achieved through technological innovation, speedy delivery of products to the market, quality enhancement and reducing operational cost (Fadol, Y., Barhem, B., & Elbanna, S. 2015).

Strategic Management can be defined as the identification of the purpose of the organization and the plans and actions to achieve the purpose. It is that set of managerial decisions and actions that determine the long-term performance of a business enterprise. Strategic management is an on-going process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment., or a new social, financial, or political environment. Strategic Management defines the purpose of the organization and the plans and actions to achieve that purpose. It is that set of managerial decisions and actions that determine the long-term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals. Strategic management provides overall direction to the enterprise. Firms that pursue sustainable strategic management base the formulation, implementation, and evaluation of their strategies on an analysis of the ecological issues they face, the values they hold that support sustainability, and the ecological interests of their stakeholders (Bromiley, P., & Rau, D. 2016). Strategic management is crucial element in keeping SMEs firing on all cylinders and driving forward. However, so far, researches mainly focus on strategic management on large organization. Few studies investigate the role of strategic management practices in Small and Medium-sized enterprise (SMEs). SMEs are important for economic growth and business development due to their contribution to employment & job creation and to the innovativeness & high technology development. Thus, the existence, survival and growth of SMEs are indispensable for business as a whole. According to several strategic management literatures, strategies are essential for building competitive advantages for SMEs (Bloom, N., (2012). Organizational performance is a term used in three time - senses - the past, present, and the future. In other words, performance can refer to something completed, or something happening now, or activities that prepares for new needs. Profitability, for example, is often regarded as the ultimate performance indicator, but it is not the actual performance. Firm's performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization's operations and strategies (Agarwal, R., & Brown, P. J., 2014). Performance measurement systems provide the foundation to develop strategic plans, assess an organization's completion of objectives and goals.

The small and medium-sized enterprise (SME) sector has an important role to play in developing economies not only in economic development, but also in poverty alleviation and job creation. The sector faces a number of constraints especially in accessing finance, markets; training and technology. Although, there are many advantages to use strategic management, there are still many SME organizations that resist using it, since some of them may think this process is only useful for larger organizations and due to this, they do not recognize that it's also very helpful for SMEs as a whole (Hitt, M. A., Xu, K., & Carnes, C. M. 2016). Besides, there is not much research that has been done in Kenya on the influence of strategic management practices on SME. When considering the increasing importance of strategic management in SMEs and their contributions to Kenya's economy, it is obvious that there is a growing need for researches giving understanding on the role of strategic management. One can argue that the need for such information will become more important as the competition is becoming fiercer than before, due to many new SMEs enter into market.

SMEs in any country do contribute to economic growth. However, there are challenges and opportunities that they face. SMEs are majorly defined in terms of their characteristics, which include the size of capital investment, the number of employees, the turnover, the management style, the location and the market share (Kasekende & Opondo, 2003). Small and medium-sized enterprises (SMEs) are non-subsidiary, independent firms which employ less than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union. However, some countries set the limit at 200 employees, while the United States considers SMEs to include firms with fewer than 500 employees (Achanga, Shehab, Roy & Nelder, 2006). The European Union (2011) defines SMEs as any entity engaged in an economic activity, irrespective of its legal form. Enterprises qualify as micro, small and medium-sized enterprises (SMEs) if they fulfil the criteria laid down in the recommendation of the European Union. In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both.

Mombasa is Kenya's second-largest city, after the capital Nairobi. It is a metropolitan region with a population of approximately two million people. It is Kenya's chief port and an important commercial and industrial center. Manufactures include processed food, cement, and glass. Oil is refined and tourism is also a major source of income. According to data from the Local Authority Integrated Financial Operation Management Systems Business activity code summary 2013, Municipal Council of Mombasa, 34,245 Small and Medium Enterprises have been registered by the council. The main activities of business registered are identified by codes. This study will focus on SME‟s operating within Mombasa County. The SMEs' operate within the area cuts across all lines of business including General Trade, wholesale and Retail, Manufacturing, Education, Agriculture, Hospitality, Building and Construction, Clearing and Forwarding among others.

Studies have shown a positive relationship between SMEs and economic growth in developed countries (Harris and Gibson, 2008; Monk, 2000; Sauser, 2005). However, far less research has been conducted on this relationship in developing countries. Studies in small and medium business development and performance are necessary in countries like Kenya because of the dissimilarities in the process between developed and developing countries (Ihua, 2009). Studies that have been conducted on SMEs both locally and internationally include Qiuhong & Tiorini, (2009) who did a study on strategic Management in East Asia SMEs. Wasonga (2008) did a study on challenges influencing small and medium enterprises (SMES) in Kenya: the Fina Bank experience. Muua (2009) researched on the significance of training for skills required to be effective in export marketing by Small and micro enterprises (SMES) exporting locally manufactured products in Kenya and Mulinge (2009) did a survey on marketing practices adopted by SMES dealing with clothing and footwear: a case of Makueni District. George Stonehouse and Pemberton (2002) did a Study on the strategic planning in SMEs in UK. However, the study in UK may not apply in Kenya as the context of study differs. None of the studies carried locally looked that strategic management practices in the SME sector in Kenya. This study therefore, sought to fill that gap by establishing the strategic management practices by small and medium enterprises in Kenya.

Objectives of the Study

- To determine the influence of strategic planning on performance of SMEs in Mombasa County
- To Examine the influence of implementation of strategy on performance of SMEs in Mombasa County
- To establish the influence of monitoring of strategy implementation on performance of SMEs in Mombasa County
- To find out the influence of evaluation of strategy implementation on performance of SMEs in Mombasa County

RELATED LITERATURE

Theoretical Framework

Porter's Theory of Competitive Advantage

Pioneered by Porter (1980), the competitive forces approach views the essence of competitive strategy formulation as 'relating a company to its environment. The key aspect of the firm's environment is the industry or industries in which it competes.' Industry structure strongly influences the competitive rules of the game as well as the strategies potentially available to firms. In the competitive forces model, five industry level forces-entry barriers, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among industry incumbents-determine the inherent profit potential of an industry or sub segment of an industry. The approach can be used to help the firm find a position in an industry from which it can best defend itself against competitive forces or influence them in its favor (Porter, 1980).

This 'five-force' framework provides a systematic way of thinking about how competitive forces work at the industry level and how these forces determine the profitability of different industries and industry segments. The competitive forces framework also contains a number of underlying assumptions about the sources of competition and the nature of the strategy process. Available strategies are described in Porter (1980). Competitive strategies are often aimed at altering the firm's position in the industry vis-àvis competitors and suppliers. Industry structure plays a central role in determining and limiting strategic action. Some industries or subsectors of industries become more 'attractive' because they have structural impediments to competitive forces (e.g., entry barriers) that allow firms better opportunities for creating sustainable competitive advantages. Rents are created largely at the industry or subsector level rather than at the firm level. While there is some recognition given to firm specific assets, differences among firms relate primarily to scale. This approach to strategy reflects its incubation inside the field of industrial organization and in particular the industrial structure school of Mason and Bain (Teece, 1984).

Resource-Based Theory or View (RBV)

This theory was developed by Birge Wenefeldt in 1984. It is a method of analyzing and identifying a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization. The RBV's underlying premise is that a firm differ in fundamental ways because each firm possess a "unique" bundle of resources-tangible and intangible assets and organizational capabilities to make use of those assets. Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's competitive advantage; (Pearce & Robinson, 2007). In the context of this theory, it is evident that the resources that a firm has will play a big role in the strategic implementation process. This is because no matter how good the strategies are, without the necessary resources to enable the implementation, they remain in the planning phase.

The resource-based approach sees firms with superior systems and structures being profitable not because they engage in strategic investments that may deter entry and raise prices above long run costs, but because they have markedly lower costs, or offer markedly higher quality or product performance. This approach focuses on the rents accruing to the owners of scarce firm-specific resources rather than the economic profits from product market positioning. Competitive advantage lies 'upstream' of product markets and rests on the firm's idiosyncratic and difficult-to imitate resources.'

One can find the resources approach suggested by the earlier strategy literature. A leading text of the 1960s (Learned et al., 1969) noted that 'the capability of an organization is its demonstrated and potential ability to accomplish against the opposition of circumstance or competition, whatever it sets out to do. Every organization has actual and potential strengths and weaknesses; it is important to try to determine what they are and to distinguish one from the other.' Thus what a firm can do is not just a function of the opportunities it confronts; it also depends on what resources the organization can master. Learned et al. proposed that the real key to a company's success or even to its future development lies in its ability to find or create 'a competence that is truly distinctive.'' The literature also recognized the constraints on firm behavior and, in particular, noted that one should not assume that management will deliver. These insights do appear to keenly anticipate the resource-based approach that has since emerged, but they did not provide a theory or systematic framework for analyzing business strategies.

New impetus has been given to the resource-based approach by recent theoretical developments in organizational economics and in the theory of strategy, as well as by a growing body of anecdotal and empirical literature that highlights the importance of firms' specific factors in explaining firm performance. Cool and Schendel (1988) have shown that there are systematic and significant performance differences among firms which belong to the same strategic group within the U.S. pharmaceutical industry. Rumelt (1991) has shown that intra industry differences in profits are greater than inter industry differences in profits, strongly suggesting the importance of firm-specific factors and the relative unimportance of industry effects. Jacobsen (1988) and Hansen and Wemerfelt (1989) made similar findings.

The resource-based perspective puts both vertical integration and diversification into a new strategic light. Both can be viewed as ways of capturing rents on scarce, firms' specific assets whose services are difficult to sell in intermediate markets (Teece, 1980).

Empirical work on the relationship between performance and diversification by Wemerfelt and Montgomery (1988) provides evidence for this proposition. It is evident that the resource-based perspective focuses on strategies for exploiting existing firms' specific assets.

However, the resource-based perspective also invites consideration of managerial strategies for developing new capabilities (Wernerfelt, 1984). Indeed, if control over scarce resources is the source of economic profits, then it follows that such issues as skill acquisition, the management of knowledge and know-how (Shuen, 1994), and learning become fundamental strategic issues.

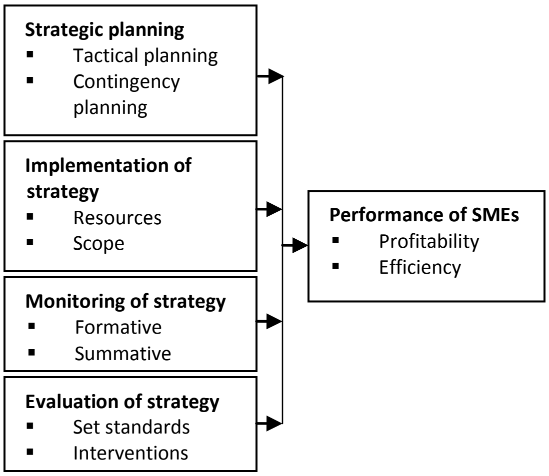
McKinsey 7S Model

McKinney's+ 7S Model was created by the consulting company McKinsey and Company in the early 1980s. Since then it has been widely used by practitioners and academics alike in analyzing hundreds of organizations. The systems are the routine processes and procedures followed within the organization. Staff are described in terms of personnel categories within the organization (e.g. engineers), whereas the skills variable refers to the capabilities of the staff within the organization as a whole. The way in which key managers behave in achieving organizational goals is considered to be the style variable; this variable is thought to encompass the cultural style of the organization. The shared values variable, originally termed super ordinate goals, refers to the significant meanings or guiding concepts that organizational members share (Peters & Waterman, 1982).

The seven components described above are normally categorized as soft and hard components. The hard components are the strategy, structure and systems which are normally feasible and easy to identify in an organization as they are normally well documented and seen in the form of tangible objects or reports such as strategy statements, corporate plans, organizational charts and other documents. The remaining four Ss, however, are more difficult to comprehend. The capabilities, values and elements of corporate culture, for example, are continuously developing and are altered by the people at work in the organization. It is therefore only possible to understand these aspects by studying the organization very closely, normally through observations and/or through conducting interviews. Some linkages, however, can be made between the hard and soft components. For example, it is seen that a rigid, hierarchical organizational structure normally leads to a bureaucratic organizational culture where the power is centralized at the higher management level.

It is also noted that the softer components of the model are difficult to change and are the most challenging elements of any change-management strategy. Changing the culture and overcoming the staff resistance to changes, especially the one that alters the power structure in the organization and the inherent values of the organization, is generally difficult to manage. However, if these factors are altered, they can have a great impact on the structure, strategies and the systems of the organization.

Conceptual Framework



Independent Variables Dependent Variable

Figure 1: Conceptual Framework

Strategic planning

Articulation of the resource-based view of strategy is through recognition and exploitation of the firm's core competences (Prahalad and Hamel, 1990). These competences form the basis of a business strategy. Competitiveness is no longer seen as driven by the industry but by variety created by individual firms (Dyer and Singh 1998). Rangone (1999) demonstrates the value of this approach in SMEs by identifying three core capabilities deemed essential - innovation, delivery and marketing. An SME maintains competitiveness by a combination of these capabilities. Strategies in information systems have also been developed by SMEs primarily to achieve competitive advantage. SMEs focus on the role of information in supporting strategic objectives (Levy and Powell, 2000). Technology plays a key role in providing cutting edge for development with acquisition and technology adaptation to suit the local conditions (Nikaido, 2004). Effective and efficient technology management practices are especially important for small and medium-sized enterprises (SMEs) during all life-stages of an enterprise due to the critical role of technology in entrepreneurial activities (Sahlman K. and Haapasalo H., (2009). In the rapid changing and increasingly competitive global economy technology has become organization’s greatest asset and there is no universal methodology for technology management practices to suit all Enterprises. Enterprises have to evolve their own technology management practices according to their line of activity, nature of Research and Development pursued, culture and funding pattern (Jain &Kiran, 2012).

Implementation of strategy

SMEs operate in a macro, micro and market environment that is affected by numerous internal and external influences which continuously change. These change factors enable SMEs to identify opportunities and threats (Watson, 2004). It is therefore essential that SMEs has the capability to evaluate decisions to determine the enterprise’s future strategy (Watson, 2004). Watson (2004) emphasizes that owner-managers should develop a risk strategy to avoid, reduce or respond to potential risks. It is therefore essential that owner-managers are equipped with the necessary skills to compare risks and to identify appropriate risk strategies in adequately addressing these risks. Depending on the specific circumstances, owner-managers should engage in actions limiting the probability of risk occurrence, or if need be, to plan strategies that maximize the probability of recovery (Watt, 2007). By embedding a strategic risk management strategy in the SMEs processes, significant advantages can be achieved, such as (Watt, 2007): It ensures that the SMEs activities are aligned to its mission and objectives, and not diverted by external influences. It also ensures that organizational activities comply with industry best practices and that regulative compliance is achieved.

Monitoring and evaluation of strategy implementation

Monitoring is the set of activities ensuring that the activities of organization members are leading the organization towards its goals (Stevenson, 2000). It involves setting performance standards and taking corrective action whenever actual performance deviates from expected performance. The controlling function involves the evaluation activities that managers must perform. It is the process of determining if the company's goals and objectives are being met. This process also includes correcting situations in which the goals and objectives are not being met. There are several activities that are a part of the controlling function. Managers must first set standards of performance for workers. These standards are levels of performance that should be met; that must then be communicated to managers who are supervising workers, and to the workers so as to know what is expected of them. After the standards have been set and communicated, it is the manager's responsibility to monitor performance to see that the standards are being met. Once the problems are analyzed and compared to expectations, then something must be done to correct the results. Normally, the managers would take corrective action by working with the employees who are causing the delays. Perhaps it might not be the fault of the workers but instead it might be due to inadequate equipment or an insufficient number of workers. Whatever the problem, corrective action should be taken. Picone, P. M., Dagnino, G. B., & Minà, A. (2014) posit that the 'neat sequencing of these management process elements may erroneously suggest that management process is a complex one' though it is necessary. The different management functions are, in practice, performed simultaneously and not sequentially. In addition, these functions are performed at all levels in a company by managers at these different managerial levels (Prajogo, D., Oke, A., & Olhager, J. 2016). The importance of evaluation cannot be underrated. At least two perspectives on role of control exist: first, top management expects to control everything, making all decisions, while middle and lower managers implement decisions, and production workers operate only as instructed; second, top management does not decide the "right" way to do something, and lower-level staff become involved in decision-making processes and; lastly, some companies use "slopey should syndrome" style management, where people will take credit for when things go right (Rockart, S. F., & Dutt, N. (2015). However, when things go wrong, they will pass the blame and responsibility to people either below or on the same level in the company structure.

Performance of SMEs

Focusing on business strategy items and performance, some studies have identified that there are some relationships between strategy activities and performance. The activities of improving existing products to meet changing customer needs, developing new products and emphasizing product quality are associated with market share increases by attracting new customers and retaining existing ones (Wolf, C., & Floyd, S. W. 2013). In contrast, low performing firms are likely to ignore these innovative and risk-taking activities. High performing firms are implementing new production technologies, emphasizing cost effectiveness and concerned with employee productivity to compete with competitors within the industry more so than the low performing firms (Carney, M., Van Essen, M., Gedajlovic, E. R., & Heugens, P. P. M. A. R. (2015). According to Tang, Y., Li, J. T., & Yang, H. Y. (2015), when firms are advertising more, identifying brand names for products, greater emphasizing customer service and credit, exploring marketing techniques, it leads to an increase in high performance. As far as financial strategic activities are concerned, they also stated that high performing firms use more debt financing and assessment of costs and benefits associated with alternative sources of external funding than the low performing firms. As mentioned in the literature, SMEs are more labor intensive than the large firms. Within their research, it is also found that assessment of employee performance, concern with employees' well-being and job satisfaction, involving employees in decision making are more common in high performing firms than low performing firms. Research shows that owner-managers, who seek the assistance of experts and make networks within the industry, perform better than those who do not (Syverson, C. 2011).

METHODOLOGY

Descriptive cross-sectional research design was adopted for this study. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive research design has been chosen because it will enable the researcher to generalize the findings to a larger population. The sample size comprised of 50 SMEs.

RESEARCH FINDINGS

Effect of Strategic Planning Practices on Performance of SMEs

The study sought to establish whether the SMEs had adopted strategies in the past, the external factors that contributed to the adoption and the influence of the various strategic management practices adopted on performance. The study sought to establish whether the SMEs had adopted any strategies in the last five years. 92.1% of the respondents indicated that their organizations had adopted strategies in the last 5 years, while 7.9% of the respondents revealed that they had not adopted any new strategies. The study also sought to establish the external factors that contributed to the adoption of new strategies. The results are as shown below in Table 1.

Table 1: External Factors Contribution to Business Adoption of New Strategies

	No extend	**Little extend**	**Moderate extend**	**Great extend**	**Very great extend**
			Percentage		
Political factors	42.1	36.8	21.1	0	0
Economic factors	0	0	10.5	47.4	42.1
Social factors	5.3	23.7	34.2	23.7	13.2
Technological factors	0	7.9	13.2	42.1	36.8
Competition	0	0	10.5	36.8	52.6

As indicated in Table 1, external factors contribute to adoption of new strategies. 47.4% of the respondents indicated that economic factors contributed to adoption of new strategies to a great extent while 42.1% to a very great extent. Further, 42.1% of the respondents indicated that technology/ information systems contributed to adoption of new strategies to a great extent while 36.8% reported to a very great extent. On the other hand, majority of the respondents (52.6%) reported that competition influenced adoption of new strategies to a very great extent while 36.8% reported to a great extent. However, 42.1% of the respondents reported that political factors did not influence their SME's adoption of new strategies while 36.8% indicated that political factors contribute to the adoption to a little extent. The respondents further stated that internal factors also influenced their SME's adoption of new strategies. These factors include change of processes, top managers‟ ability to develop effective strategies, firm's resources, SMEs behavior and characteristics and need to remain competitive in the market.

The study also sought to establish the influence of strategic management practices on performance of the SMEs. The results are as shown below in Table2.

Table 2: Influence of strategic management practices on performance of the SMEs

	No extend	**Little extend**	**Moderate extend**	**Great extend**	**Very great extend**
			Percentage		
Internal factors affect the SME's strategic decision making	0	0	7.9	21.1	71.1
External factors affect the SME's strategic decision making	0	0	5.3	36.8	57.9
SME adopts new strategies to achieve competitive advantage	0	0	0	26.3	73.7
The SME does external and internal analysis to know the strategies to adopt	0	0	5.3	28.9	65.8
Strategy management affects SME's performance	0	0	5.3	18.4	76.3

As depicted in Table 2, majority of the respondents (71.1%) strongly agreed while 21.1% agreed that internal factors affected the SME's strategic decision making. Further, 57.9% strongly agreed while 36.8% agreed that external factors affect the SME's strategic decision making. The respondents overwhelmingly agreed that their SMEs adopted new strategies to achieve competitive advantage; this was revealed by 73.7% who strongly agreed while 26.3% also disagreed. Moreover, 65.8% of the respondents strongly agreed while 28.9% agreed that their companies carried out external analysis and internal analysis to know the strategies to adopt. On the relationship between strategy management practices and performance; majority of the respondents (76.3%) strongly agreed while

18.4% agreed that strategy management practices affected SME's performance.

The study also sought to establish the extent to which the Strategies Adopted have Improved the Performance of Business. The results are as shown below in Table 3.

Table 3: Extent to which the Strategies adopted have Improved the Performance of Business

	Percentage
No extend	0
Little extend	5.3
Moderate extend	13.2
Great extend	36.8
Very great extend	44.7

As shown in table 3, 44.7% of the respondents reported that the strategies adopted by their SMEs had improved the performance of the business to a very great extent while 36.8% revealed that it had improved performance to a great extent. 5.3% of the respondents indicated that it had improved performance to a little extent while 13.2% reported that the strategies had improved performance to a moderate extent.

Effect of Implementation of Strategy on Performance

This study also sought to establish the extent to which the SMEs adopted the various strategic management practices in order to achieve competitive advantage. The respondents were asked to indicate to what extent their SMEs adopted various strategic management practices to achieve competitive advantage, the result are shown in Table 4.

Table 4: Effect of Implementation of Strategy on Performance

	No extend	Little extend	Moderate extend	Great extend	Very great extend
			Percentage		
Market strategy	0	0	18.4	39.5	42.1
Products reputation	0	2.6	10.5	36.8	50.0
Customers differentiation	0	7.9	18.4	34.2	39.5
Product pricing	0	0	5.3	26.3	68.4

Cost control	0	5.3	13.2	34.2	47.4
Technology	0	7.9	15.8	31.6	44.7
Quality of the product	0	5.3	13.2	23.7	57.9
Product and service innovations	7.9	18.4	23.7	26.3	23.7
Customer service	2.6	7.9	15.8	44.7	28.9
Extensive Advertising	5.3	10.5	34.2	28.9	21.1

As shown in table 4, 42.1% of the respondents indicated that they had adopted market strategy to a very great extent in order to achieve competitive advantage; 39.5% agreed to a great extent. Fifty percent of the respondents further agreed to a very great extent while 36.8% agreed to a great extent that they had adopted strategies to enhance products reputation in order to achieve competitive advantage. On product pricing, 68.4% of the respondents agreed to a very great extent their organization had adopted this strategy while 57.9% of the respondents also agreed to a very great extent that they had adopted strategies to enhance quality of the products to achieve competitive advantage. Moreover, 44.7% revealed that their organization had adopted customer service strategies to a great extent while 28.9% had adopted this strategy to a very great extent.

CONCLUSIONS

The study concluded that the external environment played a crucial role on the SMEs decision to adopt various strategies. Issues of critical concern that topped the list to the SMEs were; the economic situation, social factors, the technological concern and the uncertain competitive environment. The internal environment of the SME also played a crucial role to the SME's adoption of new strategies; these factors include: top managers' ability to develop effective strategies, internal processes, firm's resources, SMEs behavior and characteristics. Strategic management had a positive relationship with competitive advantage of the organizations. It was established that SMEs adopted various strategies in order to achieve competitive advantage. SMEs carried out external analysis and internal analysis to know the strategies to adopt as both internal factors and external factors affect the company's strategic decision making. These strategies included market strategy, products reputation, customers‟ differentiation, product pricing, cost control, technology, quality of the product, product and service innovations and customer service strategies. Lastly, it was concluded that strategic management practices enhanced performance of SMEs.

RECCOMMENDATIONS

The Study established that external factors contributed to adoption of new strategies, it therefore recommended that appropriate external environment analysis is conducted and continuous review on the environment is conducted. Also strategic planners, strategic situation, strategic analysis and choice are put in place to accomplish the mission and objectives of the SMEs in the light of growth and profitability. The management also needs to have a positive rethink towards the use of strategic management and have the right resources as the success of a business or strategy depends primarily on the value judgment, energy and skill of its top managers and the strategic implementation within the context and parameter of the uncertainty and ambiguity of the environment subjected to volatility.

The study further established that internal factors such as internal processes, top managers' ability to develop effective strategies, firm's resources, organizations behavior, therefore strategic training is recommended to top management and all employees in the SMEs in order to enhance their performance. Also it recommended that top management should undertake a comprehensive study and adoption of strategic management in all and every aspect and areas of its concern so as to synergies, restructure, re-engineer and reposition its operations and thus enhancing competitiveness and performance.

Adoption of strategic management practice is considered indispensable in small scale enterprises and especially in developing economies like Kenya and it should form part of the SMEs method of improving organizational performance to enable them cope with the changes and challenges of the turbulent business environment and the global economy.

SUGGESTION FOR FURTHER RESEARCH

The study recommended that further research be carried out focusing on state corporations.

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