



**ROLE OF STRATEGIC MANAGEMENT PRACTICES ON GROWTH OF MICRO AND SMALL SCALE AGRIBUSINESS ENTERPRISES IN KENYA: A CASE OF KISII COUNTY**

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**ABSTRACT**

*The purpose of this study was to examine the role of strategic management practices on the growth of micro and small scale agribusiness enterprises in Kenya. The study adopted a descriptive research approach to collect primary data. The study involved the use of questionnaire method to collect data. With the help of the statistical package for social sciences (SPSS) programme version 22 regression analysis was done and the results were used at .05 level of significance, determined the coefficients of the multiple regression model to establish the sample regression model and to evaluate the reliability of the estimated relationship. The coefficient of determination R Square indicated that 77.60% of the variation on growth of micro and small scale agribusiness enterprises can be explained by the set of independent variables, namely; managerial skills, access to finance, access to business information services and entrepreneurial skills. The remaining 22.40% of variation in growth of micro and small scale agribusiness enterprises can be explained by other variables not included in this model. This showed that the model had a good fit since the value was above 60%. In general, the higher the R-squared, the better the model fits the data. The adjusted R square was slightly lower than the R square which implied that the regression model may be over fitted by including too many independent variables. Dropping one independent variable would reduce the R square to the value of the adjusted R square. This indicated that managerial skills, access to finance, access to business information services and entrepreneurial skills are important factors that need to be enhanced to boost growth of micro and small scale agribusiness enterprises in the study area. The study contributed to the body of knowledge by examining the determinants of growth of micro and small scale agribusiness enterprises in Kenya. The study also contributed to the existing literature in the field of entrepreneurship by elaborating exiting theories, models and empirical studies on factors affecting growth of micro and small scale agribusiness enterprises. The current study should therefore be expanded in future in order to determine the effect of legal framework on the growth of micro and small scale agribusiness enterprises. Existing literature indicated that as a future avenue of research, there was need to undertake similar research in other counties in Kenya and other countries in order to establish whether the explored factors can be generalized.*

**Key Words:** Strategic Planning, Strategic Leadership, Strategic Training, Strategic Funding

## INTRODUCTION

Micro and Small Scale Enterprises drive national macroeconomic objective in terms of employment creation and enhancement of apprenticeship training. They are generally thought to play a crucial role in driving economic growth in both developing and developed countries (Ahmad, 2009). There is a high correlation between the degree of poverty, hunger, unemployment, economic wellbeing/standard of living of the citizens of countries and the degree of vibrancy of the respective country's SMEs. Micro and Small Enterprises have been defined differently by various authors. Munoz (2010) defines a micro-enterprise as a type of small business, often registered, having ten or fewer employees and requiring seed capital of not more than \$35,000.

The Micro and Small Enterprises Act of 2012 of Kenya provides clarity by defining an enterprise as any undertaking or business concern whether formal or informal which is engaged in production of goods or the provision of services, and differentiating between micro and small enterprises as follows: 1) a micro enterprise refers to any firm, trade, service, industry or a business activity: (a) whose annual turnover does not exceed KES 500,000; (b) which employs less than ten people; and (c) whose total assets and financial investment shall be as determined by the Cabinet Secretary from time to time, and includes: (i) the manufacturing sector, where the investment in plant and machinery or the registered capital of the enterprise does not exceed KES 10 million; (ii) the service sector and farming enterprises where the investment in equipment or registered capital of the enterprise does not exceed KES 5 million (ADB, 2013).

Micro and Small Scale agribusinesses are considered one of the main driving forces of the economy due to their numeral contributions in terms of technological innovations, employment generation, export promotion (market diversification) to list but

a few (Subrahmanya et al, 2010). This view is supported by KER (2013) who suggests that the ability of an economy to adapt to change and to continue economic progress would seem to be weakened if there is not a continuing infusion into the total economic system, at a numerically high level, of new products developed, new markets and new jobs generated by small firms.

Agribusiness is basically commercialization of agricultural activities. According to FAO files, agribusiness is a term that is used to mean commercial farming. It incorporates all the other industries and services that constitute the supply chain from farm to consumer. This process of incorporation is facilitated through production, processing, distribution and marketing where a farm to fork program is highly emphasized in case of food products for traceability issues. To be competitive enough great emphasis was placed on application of science and technology in order to increase productivity of agricultural sectors such as agribusiness enterprises (Munoz, 2010).

Globally, agribusiness MSEs make up over ninety per cent of businesses and account for between fifty to sixty per cent of employment. It is observed that although agribusiness MSEs are extremely important as they financially empower many people thus raising their living standards they are characterized by high mortalities due to the uncertain socio-economic and policy environments that they operate in such as inability to access financial services and insurance (CMA, 2010).

According to the ILO/JASPA "African employment report" (ILO/JASPA, 2008), the agribusiness MSEs makes a significant contribution to the gross domestic product (GDP) as evidenced by Liberia (34.6%), Nigeria (24.5%), Kenya (19.5%) and Benin (17.7%). In Kenya the sector is expected to play a key role in employment creation, employment projection for 2015 indicated that 75% of urban jobs are to be from this sub-sector along with 50% of rural employment (ILO, 2010).The sector

currently employs 40-60% of the rural labor force and contributes to total urban incomes. Recent studies from Sub-Saharan Africa confirm the importance of the informal agribusiness MSEs sector as a contributor to the creation of productive employment and poverty alleviation. In the South African Development Community (SADC) region, the SMEs in the informal sector alone account for an estimated sixty percent of Gross National Product. Micro and Small Scale agribusiness enterprises fall under entrepreneurship, which is an economic phenomenon that greatly gained attractiveness in the recent past. Agribusiness entrepreneurship has existed since time immemorial and has played a key role in providing employment opportunities to the East African people (Kiiru, 2010).

The micro and small enterprises agribusiness play an important role in the Kenyan Economy. Economic survey (2010) indicates that the sector contributed over 50% of new jobs in 2005. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation Kenya National Bureau of statistics (2009). According to Koech (2011) the factors affecting growth were capital markets, cost of operations, access to capital, collateral requirements, information access, capital management and cost of registration. He observed that cost and access to capital had the highest contribution in constraining micro and small enterprises growth into large businesses. The small scale enterprises play a key role in the Kenyan economy. Although Economic Survey 2006 pointed out that the sector contributes over 50% of new jobs, it has potential to contribute much more and thus create a vibrant economic growth and development.

The Kenyan governments through the Ministry of Agriculture and development partners have initiated agribusiness enterprises to spur economic growth in the country. To date, many of agribusiness enterprises funded in all the counties

in the country are established with the objective of employment creation and self-reliance among the beneficiaries (NYP, 2013). However, statistics reveals that since the year 2013 of the agribusiness enterprises initiated, only 25% of the agribusiness enterprises are running while 75% are non-operational (YEDF, 2012).

### **Statement of the Problem**

Globally, agribusiness industry represent a substantial share of the economic growth accounting for about 14 per cent of total GDP in many countries and 27 per cent in emerging markets (UNIDO, 2014). According to GoK (2015), agricultural MSEs have high mortality rates due to vulnerability to hazards, capital and skill constraints and most of them do not survive for over 3 years making it difficult for them to graduate into medium and large scale enterprises. GoK (2015) observes that lack of strategic management practices such as managerial skills, entrepreneurial skills, access to financial services together with lack of access to business information could be a major constraint to growth of MSEs in Kenya however these constraints have not been fully addressed.

Onyango (2009) noted that only 26 per cent of the agribusiness MSEs do make to second year of their establishment. Further, the Kenya Ministry of Finance puts the proportion of agribusiness MSEs survival at only 29.3% (GoK, 2014). Additionally, according to Mwangi (2006), 18.8% of the agribusiness MSEs in the agricultural potential areas fail within the first 6 months of their establishment. Nevertheless, the determinants of growth of agribusiness MSEs in Kenya is not yet well documented; a gap that this study sought to fill. Could lack of strategic management practices such as strategic planning, strategic leadership, strategic training and strategic funding hinder growth of agribusiness MSEs in Kisii County? The study sought to explore more.

## **Objectives of the Study**

The purpose of this study was to examine the role of strategic management practices on the growth of micro and small scale agribusiness enterprises in Kenya. The specific objectives were:-

- To determine how strategic planning influence the growth of micro and small scale agribusiness enterprises in Kenya.
- To establish how strategic leadership influence growth of micro and small scale agribusiness enterprises in Kenya.
- To assess how strategic training influence growth of micro and small scale agribusiness enterprises in Kenya.
- To examine how strategic funding influence growth of micro and small scale agribusiness enterprises in Kenya.

## **LITERATURE REVIEW**

### **2.1 Introduction**

#### **Theoretical Review**

#### **Contingency Theory**

Wren (2005) observes that the contingency theory is a class of behavioural theory that claims that there is no best way to organize a corporation, to lead a company or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. Several contingency approaches were developed concurrently in the late 1960s. The authors of these theories argued that Marx Weber's bureaucracy and Fredrick Taylor's scientific management theories had failed as they neglected environmental influences and that there is not one best way to manage an enterprise (Azjen, 2005). These influences shape the individual behaviour in a certain situation while managing SMEs.

Contingency theory is about the need to achieve fit between what the enterprise is and wants to become (its strategy, culture, goals, technology, staff and external environment) and what it does;

how it is structured and the processes, procedures and practices it puts into effect (Purcell, Kinnie, Hutchinson, Rayton & Swart, 2007). Rue & Byars (2004) argue that the contingency theory is an extension of humanistic theories where classical theories assumed universal view in managing enterprises; that is, whatever worked for one enterprise could work for another. The contingency theory states that there is no universal principle to be found in the management of enterprises but one learns about management by experiencing a large number of case problem situations and determines what will work for every situation (Wren, 2005). Mentoring and inducting managers of agribusiness enterprises help them acquire the necessary skills in this regard. Managers of enterprises can use the contingency theory to effectively plan for future success and growth of their enterprises. They can align their strategies with the environment to achieve strategic fits for the enterprises (Peters, 2012).

#### **Need for Achievement Theory**

McClelland (1961) propounded that the characteristics of entrepreneur has two features – first doing things in a new and better way and second decision making under uncertainty. McClelland emphasizes achievement orientation as most important factor for entrepreneurs. Individuals with high achievement orientation are not influenced by considerations of money or any other external incentives. People with high achievement (N-Arch) are not influenced by money rewards as compared to people with low achievement. McClelland propounded a theory based on his research that entrepreneurship ultimately depends on motivation. It is need for achievement (N-Ach), the sense of doing and getting things done, that promote entrepreneurship. According to him, N-Ach is a relative stable personality characteristic rooted in experiences in middle childhood through family socialization and child learning practices which

stress standards of excellence, material warmth, self-reliance training and low father dominance. According to McClelland a person acquires three types of needs as a result of one's life experience. These three needs are: need for achievement: a drive to excel, advance and grow; need for power: a drive to dominate or influence others and situations; need for affiliation: a drive for friendly and close inter personal relationships.

### **Economic Theory of Entrepreneurship**

Mark Casson and other economists revealed that entrepreneurship and economic growth will take place in those circumstances where particular economic conditions are in favor of the business environment. According to them, economic incentives are the main forces for entrepreneurial activities in any country. There a lot of economic factors which promote or demote entrepreneurship in a country. These factors are: the availability of bank credit, high capital formation with a good flow of savings and investments, supply for loanable funds with a lower rate of interest, increased demand for consumer goods and services, availability of productive resources, efficient economic policies like fiscal and monetary policies and communication and transport facilities.

According to Kirzener (2013), entrepreneurship and economic growth will take place in situation where particular economic conditions are most favorable. Entrepreneurship is therefore viewed as the fourth factor of production alongside land, labor, and capital. Kirzener 2013, posit that economic incentives are viewed as the main motivators for entrepreneurial activities and they include taxation policy, industrial policy, sources of finance and raw material, infrastructure availability, investment and marketing opportunities.

### **Resource Based Theory**

Penrose (1959) provided initial insights of the resource perspective of the firm. However, the resource-based view of the firm (RBV) was put forward by Wenerfelt (1984) and subsequently

popularized by Barney's (1991) work. Many authors for example Nelson & Winter (1982); Dierick & Cool (1989); Mohoney & Pandian (1992); Eisenhardt & Martin (2000); Zollo & Winter (2002); Zahra & George (2002) and Winter (20103) made significant contribution to its conceptual development. The theory emphasized the importance of organization resources and their influence on performance and competitive advantage in the market. According to RBV, every organization has its own unique resources that enable it to remain competitive in the market, by addressing the rapidly changing environment (Helfat, 2007). These resources may be financial, human, physical, technological and information. These may be valuable, rare and non-substitutable (Crook, Ketchen, Combs & Todd, 2008). Critiques of the RBV have pointed out that some resources contribute to competitive advantage while others do not; hence, not all resources of an organization have the ability to contribute to competitive advantage. Secondly, the mere availability of resources are coordinated and integrated (Lopez, 2005).

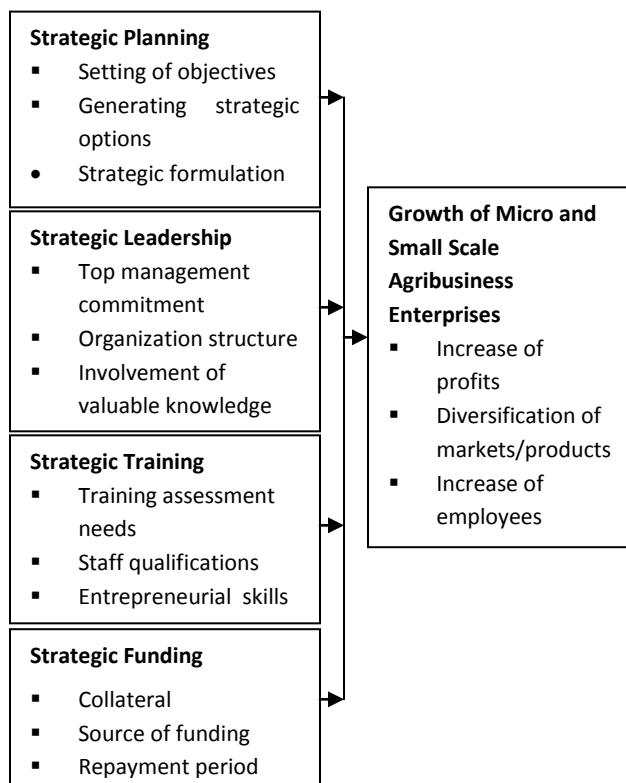
### **Endogenous Growth Theory**

In neo-classical growth models, the long-run rate of growth is exogenously determined by either assuming a savings rate or a rate of technical progress. However, the savings rate and rate of technological progress remain unexplained. Endogenous growth theory tries to overcome this shortcoming by building macroeconomic models out of microeconomic foundations. Households are assumed to maximize utility subject to budget constraints while firms maximize profits. Crucial importance is usually given to the production of new technologies and human capital. The engine for growth can be as simple as a constant return to scale production function or more complicated set ups with spillover effects, increasing numbers of goods and increasing qualities.

Often endogenous growth theory assumes constant marginal product of capital at the aggregate level,

or at least that the limit of the marginal product of capital does not tend towards zero. This does not imply that larger firms will be more productive than small ones, because at the firm level the marginal product of capital is still diminishing. Therefore, it is possible to construct endogenous growth models with perfect competition. However, in many endogenous growth models the assumption of perfect competition is relaxed, and some degree of monopoly power is thought to exist. Generally monopoly power in these models comes from the holding of patents. These are models with two sectors, producers of final output and research and development (R&D) sector. The R&D sector develops ideas that they are granted a monopoly power. R&D firms are assumed to be able to make monopoly profits selling ideas to production firms, but the free entry condition means that these profits are dissipated on R&D spending.

### Conceptual Framework



**Figure 1: Conceptual Framework**

### Strategic Planning

Strategic planning practices is a formal process designed to help a firms identify and maintain an optimal alignment with the most important elements, the environment within which the organization resides (Pearce & Robinson, 2008). An organization practicing strategic planning involves, defining the organizational vision and mission, environmental scanning, setting of objectives, generating strategic options, evaluating and deciding on the strategic methods to monitor progress. For organization to achieve its desired goals and maximize profits it needs to follow the step of corporate strategic planning (Byars, 2011)

Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice (Pearce & Robinson, 2008). Strategic decision determines the organizational relations to its external environment, encompass the entire organization, depends on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization (Shirley, 2012).

### Strategic Leadership

Strategic management is not a top-down-approach. Consequently, the success of any implementation effort depends on the level of involvement of top managers. To generate the required acceptance for the implementation as a whole, the affected middle managers' knowledge (which is often underestimated) must already be accounted for in the formulation of the strategy. Then, by making sure that these managers are a part of the strategy process, their motivation towards the project will increase and they will see themselves as an important part in the process (Rapa & Kauffman, 2005).

To involve employees is an important milestone to make strategy everyone's everyday job. That is why the involvement of middle managers is essential to increase the general awareness of the strategy. Moreover, involvement of middle managers helps build consensus for implantation of strategic plans. A lack in strategic consensus can limit a company's ability to concentrate its efforts on achieving a unified set of goals (Werlin, 2010). A strategic planning system cannot achieve its full potential until it is integrated with other control systems like budgets, information and reward systems. The balanced scorecard provides a framework to integrate the strategic planning and meets the requirements that the strategic planning system itself can display (Kotha & Swamidass, 2010).

### **Strategic Training**

According to Andrew (2008), new training ideas are developed because trends are towards making training more practical, realistic and pertaining to employees' jobs. Training must give employees broader knowledge to enable them to effectively use new technology and integrate it into the workplace. Lower costs, better quality, faster return on investment, increased productivity and long-term growth are all achieved once employees adapt to changes and are trained accordingly. In the past, training was very classroom/instructor-oriented; this has recently proved ineffective compared to modern developments. More recent trends show training going beyond "job specific" to "continuous learning", in which the focus is on other areas of expertise within the company. In continuous learning, employees are encouraged to learn and understand the jobs and skills needed of those around them and more often perform them on a regular basis. Semi-autonomous work teams are most conducive in the continuous learning environment because each employee trains others in their group. This way, employees know one

another's jobs and can perform them in case of an employee absence (Christianne, 2008).

### **Strategic Funding**

Most MSEs are likely to have less access to financial capital from inheritances or more typically from capital accumulated in house ownership or from personal savings. Due to their limited savings, entrepreneurs face notably greater challenges to obtain credit resulting in them missing business opportunities. It is important therefore that MSEs need to be aware of the full range of finance options available in Kenya and how to access them; and identify suppliers of finance to meet the identified needs (Chelule & Ngugi, 2015).

Agricultural credit has long been identified as a major input in the development of the agricultural sector. Credit is viewed as more than just another resource such as labor, land, equipment and raw materials (Rahji, 2010). One of the reasons for the decline in the contribution of agriculture to the economy is lack of a formal national credit policy and paucity of credit institutions, which can assist farmers. Credit access helps to expand farmland size and production. (Olagunju, 2010) affirmed that credit facilities as well as the use of agricultural capital and labor resources accelerate the adoption process and expand the scale of production. The availability of credit occupies a central place of development strategies (Jia, 2006). Credit is important in fostering agricultural development. Government and donors spend billions of shillings supporting credit activities in low income countries. Most of these activities are justified by the impact that loans have on ultimate borrowers: credit demand filled, additional crops produced, changes in modern inputs use and borrowers' increased income. This is because in case of nil or poor return from agriculture, farmers can use credit to restart. In Kenya, there are both formal and informal credit sectors, but there is a large interest rate difference.



### **Growth of Agribusiness MSEs**

Earlier studies have shown that several factors affect growth of agribusiness SMEs. The major factor has been shown as lack of capital and financial resources. However, Dia (2006) found that additional capital and finance can be overcome through innovation and creativity. Kallon (2010) also found out that access to commercial credit did not contribute to entrepreneurial success in any significant way. Some researchers argue that small businesses are undercapitalized. Business owners in Africa tend to depend upon their own family savings and access to capital remains a challenge. Most of them cannot meet the requirements for commercial loans, and those who do find such loans expensive.

### **Empirical Review**

An empirical review in research methodology is when the writer reviews the information and theories currently available concerning the topic and the historical background of the topic. The point is to do two things. First, it is to demonstrate thorough understanding of the field or topic in which he or she is conducting research. Second, it is to show that the problem being studied has not been done before or has not been done before in the way proposed by the researcher (Fink, 2015). Different researchers have discussed factors affecting growth of SMEs. Scholar and researchers have identified and expounded on how the variables above affect growth of micro and small scale agribusiness enterprises.

Kanini and Ogutu (2012) did a study on the Strategic planning practices and performance of state corporations in Kenya. The main aim of the project report was to investigate on strategic planning practices and performance of state corporations in Kenya. The research design that was used in this study was descriptive cross sectional survey method, aimed at establishing the strategic planning practices and performance of State

Corporation in Kenya. The target population of this study consisted of all the 125 state corporations. The study used stratified random sampling technique to select a sample of 50 corporations from a population of 125 State Corporation in Kenya. The study concluded that, majority of State Corporation, was actively involved in strategic planning and had a documented vision and mission statements. The study established that state corporations adopted a number of strategic planning practices that had a positive relationship with the performance of corporations; hence the implication of this study is that Strategic planning practices enhances better organizational performance, which in the long run has impact on its service delivery and survival.

Kibachia, Iravo and Luvanda(2014) did a study on the Survey of risk factors in the strategic planning process of parastatls in Kenya. This study sought to determine the challenges faced by the Kenya Bureau of Standard in its efforts to implement its strategic plans. Specifically, the study tried to find out how organization structure, leadership style, top management, staff involvement and organizational change affect implementation of strategic plans in the Organization. It also tried to identify the role of funds in strategic plan implementation. The study was explanatory in nature since its main purpose was to explain the factors that affect implementation of strategic plans in the public sector and especially in the Kenya Bureau of Standard. From the findings strategic planning process has been faced with various risk factors including inadequacy of funds and less involvement of staff in the whole process of strategic planning. The researcher would recommend that the Kenya Bureau of Standard should address the factors that affect strategic planning process because the strategic plan is the key route to improved business performance and has an important role in every organizational

setting. To mitigate or even avoid severe effects on the performance of the organization by the government, the organization should adhere to its regulations concerning attainment of funds.

Mpofu (2010) conducted a study that investigated the strategic leadership challenges in the management of projects in the Parastatals in South Africa which was a regression analysis and found out that the biggest challenges to implementation of strategies was the resistance to change, poor financing, poor strategic planning and poor evaluation of strategic implementation. The study was a regression analysis which used a cross section of parastatals. Another study was conducted by Mashavira & Nyanga (2013) in Zimbabwe to determine the factors mitigating effective performance management in Parastatals operating in Masvingo urban District of Zimbabwe this was an ANOVA study which determined that poor financing, poor attitude, poor strategic planning and poor implementation and evaluation were the biggest hindrances of performance management as a strategy.

#### **METHODOLOGY**

A descriptive design was employed to collect data from the target population. This design was used because it helped the researcher obtain information concerning the current status of the phenomena. Descriptive research portrayed an accurate profile of persons, events or situations (Robson, 2012). The target population comprised of 766 registered agribusiness MSEs in Kisii County. The unit of analysis was the agribusiness MSEs in Kisii County. A multiple regression model that was then fitted to determine the combined effect that the independent variables will have on the dependent variable when acting jointly will be expressed as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon, \text{ Where;}$$

Y= Growth of Agribusiness MSEs;

$\beta_0$ = constant (coefficient of intercept),

$X_1$ = Strategic Planning;

$X_2$ = Strategic Leadership;

$X_3$ = Strategic Training

$X_4$ = Strategic Funding;

$\epsilon$  = Error term;

$\beta_1 \dots \beta_5$ = Regression coefficient of five variables.

#### **FINDINGS AND DISCUSSION**

##### **Strategic Planning**

The study sought to assess the influence of strategic planning on the growth of agribusiness enterprises in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point likert scale (where 5 = Very Great Extent; 4 = Great Extent; 3 = Moderate Extent; 2 = Small Extent; 1= Very Small Extent). Table 4.5 presents the findings. The scores of 'Very Great Extent' and 'Great Extent' have been taken to represent a statement equivalent to mean score of 3.5 to 5.0. The score of 'Moderate Extent' has been taken to represent equivalent to a mean score of 2.6 to 3.4. The score of 'Small Extent' and 'Very Small Extent' have been taken to represent a statement equivalent to a mean score of 1.0 to 2.5. The study findings in Table 1 with a grand mean of 3.542 the strategic planning influence the growth of agribusiness enterprises in Kenya. The respondents indicated to a great extent that the organization identifies and maintains an optimal alignment to improve profits (3.271); The organization does specifying and achievable objectives to ensure there is reduction of costs (3.872); The organization has ensured that our orders have zero mistakes (3.190);

The organization does set up policy guidelines that help in strategy formulation to improve diversification of markets (3.226); The organization does develop strategies annually in strategy evaluation to improve profits (3.212); Environmental scanning carried out by the organization helps to specify and achieve objectives that help shorter lead time ( 3.653). The study findings corroborates with literature review by

Pearce & Robinson (2008) who stated that the strategic planning practices is a formal process designed to help a firms identify and maintain an optimal alignment with the most important elements, the environment within which the organization resides. For organization to achieve its desired goals and enhance procurement performance it needs to follow the step of corporate strategic planning.

**Table 1: Strategic Planning**

Statement	Mean	Std
The organization identifies and maintains an optimal alignment to improve profits.	3.271	.432
The organization does specifying and achievable objectives to ensure there is reduction of costs	3.872	.613
The organization does set up policy guidelines that help in strategy formulation to improve diversification of markets	3.190	.556
The organization does develop strategies annually in strategy evaluation to improve diversification of markets	3.226	.902
Environmental scanning carried out by the organization helps to specify and achieve objectives that help increase of profits	3.212	.218
<b>Composite Mean</b>	<b>3.333</b>	

**Strategic Leadership**

The study sought to assess the influence of strategic leadership on the growth of agribusiness enterprises in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point likert scale (where 5 = Very Great Extent; 4 = Great Extent; 3 = Moderate Extent; 2 = Small Extent; 1= Very Small Extent). Table 4.5 presents the findings. The scores of ‘Very Great Extent’ and ‘Great Extent’ have been taken to represent a statement equivalent to mean score of 3.5 to 5.0. The score of ‘Moderate Extent’ has been taken to represent equivalent to a mean score of 2.6 to 3.4. The score of ‘Small Extent’ and ‘Very Small Extent’ have been taken to represent a statement equivalent to a mean score of 1.0 to 2.5.

The study findings in Table 2 with a grand mean of 3.128 the strategic leadership influence growth of agribusiness enterprises in Kenya. The respondents indicated to a moderate extent that basic top management commitment is very relevant to my assignments (3.246); The purpose of my involvement of valuable knowledge is fully met (3.218); The organization structure is very appropriate to enhance reduction of costs (3.221); There is professional ethics emphasis during learning to enhance quality of goods and services procured (3.289); Top management commitment is set for enhancing transparency and accountability is adequate (4.321); The organization structure is appropriate to enhance top management commitment to improve transparency and accountability (3.427). The study findings

corroborates with literature review by Rapa & Kauffman (2005) who stated that the success of any implementation effort depends on the level of involvement of top managers. To generate the required acceptance for the implementation as a whole, the affected middle managers' knowledge (which is often underestimated) must already be accounted for in the formulation of the strategy. Then, by making sure that these managers are a part of the strategy process, their motivation towards the project will increase and they will see themselves as an important part in the process

The challenge for any manager is how to coordinate the efforts of talented employees within a limited time frame and to ensure that the aims and mission of the intended marketing strategy is clearly understood. Firms can aid this process through rules, directives and routines (Grant, 2002). Coordination deals with only the technical problem of integrating the actions of mid-level marketing managers within firms. Cooperation, however, concerns the building mechanisms that link individuals in ways that permit them to perform given tasks, such as implement the marketing strategy effectively.

**Table 2: Strategic Leadership**

Statement	Mean	Std
Basic top management commitment is very relevant to my assignments.	3.246	1.246
The purpose of my involvement of valuable knowledge is fully met.	3.218	1.890
The organization structure is very appropriate to enhance reduction of costs	3.221	1.328
There is professional ethics emphasis during learning to enhance diversification of markets	3.289	1.324
Top management commitment is set for enhancing transparency and accountability is adequate.	4.321	1.222
The organization structure is appropriate to enhance top management commitment to improve transparency and accountability	3.427	1.280
<b>Composite Mean</b>	<b>3.128</b>	

**Strategic Funding**

The study sought to establish the influence of strategic funding on the growth of agribusiness enterprises in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point Likert scale (where 5 = Very Great Extent; 4 = Great Extent; 3 = Moderate Extent; 2 = Small Extent; 1= Very Small Extent). Table 4.5 presents the findings. The scores of 'Very Great Extent' and 'Great Extent' have been taken to represent to a great extent, equivalent to mean score of 3.5 to 5.0. The score of 'Moderate Extent' has been taken to represent to a moderate extent,

equivalent to a mean score of 2.6 to 3.4. The score of 'Small Extent' and 'Very Small Extent' have been taken to represent to a small extent equivalent to a mean score of 1.0 to 2.5.

The study findings in Table 3 depict the respondents indicated to a great extent that the firm does not meet all the collateral requirement to access the finances for the establishment of new branches (3.234); The collateral requirement from the financier has affected opening of the business new branches (3.541); The repayment period from the financier affects the annual increase of the profits in the business (3.563); The startup capital is a barrier to the establishment of the new branches of the

business (3.876); Lack of information about alternative sources of finance and inability of the business to evaluate financing option affects establishment of new branches (3.113); the collateral requirements limit the business to obtain credit results in missing business opportunities to increase annual profits (3.225). The study findings corroborates with literature review by Chelule and Ngugi (2015) concluded that infant businesses need

support in their early years when their motivation is high and innovation is low and that collateral requirements There should be made a bit flexible and repayment period should be increased to at least a year because SMEs only manage to access a The cumbersome process, documentation, the turnaround time, working capital, the amounts advanced and having difficulties in meeting their repayments on time. Affect growth of the MSEs.

**Table 3: Strategic Funding**

Statement	%	Mean	Std
The firm does not meet all the collateral requirement to access the finances for the establishment of new branches	35	3.234	.086
The collateral requirement from the financier has affected opening of the business new branches	45	3.541	.123
The repayment period from the financier affects the annual increase of the profits in the business	31	3.563	.309
The startup capital is a barrier to the establishment of the new branches of the business	28	3.876	.762
Lack of information about alternative sources of finance and inability of the business to evaluate financing option affects establishment of new branches	36	3.113	.009
The collateral requirements limit the business to obtain credit results in missing business opportunities to increase annual profits	38	3.225	.116
<b>Composite Mean</b>		<b>3.222</b>	

**Strategic Training**

The study sought to assess the influence of strategic training on the growth of agribusiness enterprises in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point likert scale (where 5 = Very Great Extent; 4 = Great Extent; 3 = Moderate Extent; 2 = Small Extent; 1= Very Small Extent). Table 4 presented the findings. The scores of ‘Very Great Extent’ and ‘Great Extent’ have been taken to represent a statement equivalent to mean score of 3.5 to 5.0. The score of ‘Moderate Extent’ has been taken to represent equivalent to a mean score of 2.6 to 4. The score of ‘Small Extent’ and ‘Very Small Extent’ have been taken to represent a statement equivalent to a mean score of 1.0 to 2.5. The study

findings in Table 4.6 with a grand mean of 3.001 the strategic training influence procurement performance in the organization. The respondents indicated to a moderate extent that frequent refresher training enables me to offer services better (3.221); they do not rely on professional training to do their work (3.421); The organization comprehensively and adequately train staff on shorter lead time (3.211); The organization has the capacity to enhance further training (regular update of skills) on procurement requirements (3.001); the education level at joining the service and constant feedback enhances their reliability at work (3.125); Education at entry has no role in leadership training and their performance (3.612). Education at entry has no role in leadership training and my performance (3.652); Basic leadership training is

very relevant to my assignments (3.127); The purpose of their leadership training is fully met (3.330).

The study findings corroborates with literature review by Compton (2007) suggests that effective execution of organization procurement procedures greatly depends on the level of employees' training

since lack of professional trained staff on procurement functions limits the ability of the organizations to embrace procurement best practices through benchmarking. Charles (2007) contends that lack of professional training is a key impediment to maintenance of high level of professionalism in the execution of entrepreneurial activities in the enterprises.

**Table 4: Strategic Training**

Statement	Mean	Std
Frequent refresher training enables me to offer services better.	3.221	.320
I do not rely on professional training to do my work.	3.110	.339
There is need for additional skills and competencies of reduction of costs	3.421	.319
The organization comprehensively and adequately train staff on shorter lead time	3.211	.318
The organization has the capacity to enhance further training (regular update of skills) on entrepreneurial requirements	3.001	.325
My education level at joining the service and constant feedback enhances my reliability at work.	3.125	.325
Education at entry has no role in leadership training and my performance.	3.612	.318
Basic leadership training is very relevant to my assignments.	3.217	.324
The purpose of my leadership training is fully met.	3.330	.315
<b>Composite Mean</b>	<b>3.001</b>	

**Growth of MSEs in Agribusiness**

The study went further to establish the extent to which the growth of agribusiness MSEs in the study area in terms of increase of annual sales, increase of annual profits, diversification of markets and number of new employees added. The data was collected from the different indicators of the variable growth of MSEs in agribusiness which was ordinal categorical. The data was therefore presented in frequency tables with the mode being used as the appropriate measure of central tendency. The results were presented in Table 5. The first indicator for the dependent variable required to know what the growth of MSEs in agribusiness in terms of increase of annual sales was, 5% of the respondents had 0% , 35% had less than 10%, 20% stated 20-30% , 15% indicated 30-

40% , 15% posited 31-40%, 10% indicated over 40% The mode was found to be 2 which imply that on average the most of the growth of MSEs in agribusiness is between 1% to 10%.The next indicator required the respondents to state level of growth of MSEs in agribusiness in terms of increase of profits, 25% of the respondents had 0% , 45% had 1%- 10%, 10% stated 20-30% , 0% indicated 30-40% , 5% posited 31-40%, 15% indicated over 40% The mode was found to be 2 which imply that on average the growth of MSEs in agribusiness in terms of increase of profits is between 1%-10%. When the respondents were asked what the level of growth of MSEs in agribusiness in terms of market diversification was, 30% of the respondents had 0%, 55% had between 1%-10%, 10%, 15% stated 20-30% , 5% indicated 30-40% , 5% posited 31-40%, 0 %

indicated over 40%. The mode was found to be 2 which imply that on average the growth of MSEs in agribusiness was between 1%-10%. Finally, when the respondents were asked what the level of growth of MSEs in agribusiness in terms of number of new employees added was, 30% of the

respondents had 0%, 55% had between 1%-10%, 10%, 15% stated 20-30% , 5% indicated 30-40% , 5% posited 31-40%, 0 % indicated over 40%. The mode was found to be 2 which imply that on average the growth of MSEs in agribusiness was between 1%-10%.

**Table 5: Growth of MSEs in Agribusiness**

	0%	1%- 10%	10%-20%	21%-30%	31%-40%	Above 40%	Mode
Increase of annual sales	5%	35%	20%	15%	15%	10%	2
Increase of profits	25%	45%	10%	0%	5%	15%	2
Diversification of markets	25%	15%	20%	10%	5%	10%	2
Number of new employees added	30%	55%	15%	5%	5%	0%	2

### Multiple Regression Analysis

**Table 6: Model Summary, Multiple Regression**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.881	.776	.748	.005

**Table 7: Analysis of Variance (ANOVA), Multiple Regression**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.234	4	11.058	32.	.004
	Residual	22.345	65	.3438	164	
	Total	79.221	69			

NB: Critical value = 11.234

**Table 8: Regression Model (Overall)**

### Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	10.864	6.874		5.309	.000
Strategic Planning	.832	.087	.752	4.455	.000
Strategic Leadership	.798	.156	.645	3.266	.001
Strategic Training	.765	.200	.555	3.011	.002
Strategic Funding	.732	.276	.509	2.969	.009

## CONCLUSION AND RECOMMENDATIONS

From the results, the study established that the strategic planning influence growth of business. The respondents indicated to a moderate extent that the organization identifies and maintains an optimal alignment to improve profits. The organization does specifying and achievable objectives to ensure there is reduction of costs. The organization has ensured that our orders have zero mistakes. The organization does set up policy guidelines that help in strategy formulation to improve diversification of markets. The organization does develop strategies annually in strategy evaluation to improve profits. Environmental scanning carried out by the organization helps to specify and achieve objectives that help increase of profits.

From the results, the study established that the strategic leadership influence growth of agribusiness. The respondents indicated to a moderate extent that basic top management commitment is very relevant to my assignment. The purpose of my involvement of valuable knowledge is fully met. The organization structure is very appropriate to enhance reduction of costs. There is professional ethics emphasis during learning to enhance increase of profits. Top management commitment is set for enhancing transparency and accountability is adequate. The organization structure is appropriate to enhance top management commitment to improve increase of profits.

The study established that the respondents indicated to a great extent that the form meets the entire collateral requirement to access the finances for the establishment of new branches. The collateral requirement from the financier has affected opening of the business new branches. The repayment period from the financier affects the annual increase of the profits in the business. The startup capital is a barrier to the establishment of

the new branches of the business. Lack of information about alternative sources of finance and inability of the business to evaluate financing option affects establishment of new branches.

From the results strategic training influence growth of agribusiness in Kenya. The respondents indicated to a moderate extent that frequent refresher training enables them to offer services better. They do not rely on professional training to do their work. The organizations comprehensively and adequately train staff on diversification of markets. The organization has the capacity to enhance further training (regular update of skills) on diversification of markets. The education level at joining the service and constant feedback enhances their reliability at work. Education at entry has no role in leadership training and their performance. To a moderate extent the basic leadership training is very relevant to my assignments and purpose of their leadership training is fully met.

The study sought to determine growth of agribusiness MSEs, attributed to the influence of managerial skills, access to finance, market accessibility and entrepreneurial skills. The increase of annual sales, increase of annual profits, diversification of markets and number of new employees added recorded low positive achievements in the agribusiness MSEs in the study area. From inferential statistics, a positive correlation is seen between each determinant variables and growth of MSEs. The strongest correlation was established between managerial skills and growth of agribusiness MSEs. All the independent variables were found to have a statistically significant association with the dependent variable at ninety-five level of confidence. Analysis of variance was further done and it was established that there was a significant mean. This is since the p values of their coefficients were all less than 0.05.



## Conclusions of the Study

Based on the study findings, the study concludes that growth of agribusiness MSEs in Kenya is affected by strategic planning, strategic leadership, strategic training and strategic funding as the major factors that mostly affect growth of agribusiness MSEs in Kenya. The study concludes that managerial skills is the first most important factor that affects growth of agribusiness MSEs in Kenya. The regression coefficients of the study show that strategic planning has a significant influence on growth of agribusiness MSEs in Kenya. This shows that strategic planning have a positive influence on growth of agribusiness MSEs in Kenya.

The study established that the respondents indicated to a great extent that the firm is unable to meet the entire collateral requirement to access the finances for the establishment of new branches. The collateral requirement from the financier has affected opening of the business new branches. The repayment period from the financier affects the annual increase of the profits in the business. The startup capital is a barrier to the establishment of the new branches of the business. Lack of information about alternative sources of finance and inability of the business to evaluate financing option affects establishment of new branches.

Further, access to business strategic leadership is the third important factor that affects growth of agribusiness MSEs in Kenya. The regression coefficients of the study show that strategic leadership has a significant influence on growth of agribusiness MSEs in Kenya. This implies that increasing strategic leadership would positively influence the levels of growth of agribusiness MSEs in Kenya.

Strategic funding is the fourth important factor that affects growth of agribusiness MSEs in Kenya. The regression coefficients of the study show that strategic funding has a significant influence on growth of agribusiness MSEs in Kenya. This shows

that strategic funding has a positive influence on growth of agribusiness MSEs in Kenya. This implies that enhanced strategic funding would enable growth of agribusiness MSEs in Kenya.

## Recommendations of the Study

The study recommends that procurement managers to coordinate the efforts of talented employees within a limited time frame and to ensure that the aims and mission of the intended marketing strategy is clearly understood to enhance procurement performance. The coordination should deal the technical problem of integrating the actions of mid-level marketing managers within organizations. Cooperation also concerning procurement activities in the building mechanisms that link individuals in ways that permit them to perform given tasks, such as implement the procurement strategy effectively should be encouraged.

There is need to have effective execution of entrepreneurial skills greatly depends on the level of employees' training since lack of professional trained staff on procurement functions limits the ability of the organizations to embrace strategic management best practices through benchmarking. The lack of professional training is a key impediment to maintenance of high level of professionalism in the execution of procurement procedures in the SMEs.

Further, the study established that the MSEs require financial support especially at formative years when the motivation is high and innovation is low. Thus entrepreneurs should be well versed on various financing options available. The collateral requirement and repayment period should also not be stringent so as to increase vibrancy of MSEs. The startup capital is a barrier to the establishment of the new branches of the business.

Finally, the entrepreneurs should have adequate risk taking skills for uncertainty bearing and

coordination for establishment of new branches for the business. The entrepreneur should have adequate risk taking skills for innovativeness and decision making to enhance increase of annual profits. The entrepreneur is recommended to have adequate budgeting skills, business skills. The entrepreneur is should be willing to take risks associated with uncertainty and innovative ideas in seizing new profit opportunities. The businesses should have adequate business plans, marketing plans and budgets as part of strategic planning to enhance the growth of the MSEs.

### Areas for Further Research

The study contributes the body of knowledge by examining the determinants of growth of agribusiness MSEs in Kenya. The growth of agribusiness MSEs in Kenya is greatly affected by

strategy planning, leadership, training and funding. The study contributes to the existing literature in the field of entrepreneurship by elaborating exiting theories, models and empirical studies on factors affecting growth of agribusiness MSEs. The remaining 22.40% of variation in growth of Agribusiness MSEs can be explained by other variables not included in this model such as market accessibility, physical infrastructure and legal framework. The current study should therefore be expanded in future in order to determine the effect of other factors on growth of agribusiness MSEs. Existing literature indicates that as a future avenue of research, there is need to undertake similar research in other counties in Kenya and other countries in order to establish whether the explored factors can be generalized to affect growth of agribusiness MSEs.

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