ASSESSMENT OF FACTORS AFFECTING IMPLEMENTATION OF STRATEGIC PLANNING AMONG SMALL AND MEDIUM ENTERPRISES IN MACHAKOS COUNTY

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2020

DECLARATION

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DEDICATION

I dedicate this dissertation to my husband Kilonzo Kananda for financial support and enhancing my academic growth. To my children Kananda and Rose for their pleasant questions which were more motivating.

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ABBREVIATIONS AND ACRONYMS

GDP Gross Domestic Product

HR Human Resource

ILO International Labor Organizations

SMEs Small and Medium Enterprises

SPSS Statistical Package for the Social Sciences

USA United States of America

OPERATIONAL DEFINITION OF TERMS

Leadership: Rauf ,Khan, Qureshi, Ismail, Latif and Tahir(2015) defines leadership as a personal relationship in which one person coordinates, directs, and supervises other in the performance of a common task.

Strategic planning: Strategic planning involves creating fundamental actions and decisions that will guide and shape an enterprise, its clients and its business activities. A suitable definition of strategic planning can be the devising and formulation of organizational level plans which set the broad and flexible objectives, strategies and policies of a business, driving the organization towards its vision of the future (Stonehouse & Pemberton, 2012).

Strategy: It has been described as the process of determining the long-term goals and objectives of an organization, by adopting a specific course of action and by allocating sufficient resources (Holmes, 2011).

SMEs: SMEs can be defined as the small and medium business enterprises or units that engage in small scale business ventures of which their turnover rate is small. SMEs can be owned by an individual, family or a group of individuals who have come together, pooled their resources to start the business venture (Sathe, 2015).

Strategy Formulation: This is the analytical procedure of preparing a plan that is a set of goals, the intended actions required to achieve the goals, and forecasts of the consequences of those actions over a long period of time (Storey, 2014).

Strategy implementation: This is the procedure of designing systems to ensure that the plans are carried out in the intended manner and periodically adjusted to keep the organization on track to achieve its goals (Lewis, 2014).

ABSTRACT

The study sought to assess the factors effecting implementation of strategic planning among SMEs in Machakos County. The effect of resource capacity, strategic leadership, and technological innovation on implementation of strategic planning was, therefore, assessed. This study used descriptive research design. The target population comprised of 39,953 SMEs in Machakos County. In this study the sample frame used was 400SMEs and questionnaires were used to collect data required for the analysis. The research instrument was administered by hand delivery and analyzed using SPSS. The data was presented by use of frequency tables, pie charts, histograms and bar graphs. The findings of the study will help in policy direction for SMEs in Machakos County. The Department of Trade in the County Government of Machakos should consider developing new policies to enhance the culture of implementation of strategic planning among the SMEs in Machakos County since most of them disagreed with the statements relating to the existence of strategic planning in their organizations. To achieve this, the policy developers ought to put emphasis on resource capacity development, strategic leadership development, and technological innovation since they were each found to be significant. The proprietors of the SMEs should utilize the findings of the study to guide their growth strategies. This is because strategic planning has previously been found to impact organizational growth among firms. Moreover, the current study has determined that resource capacity development, strategic leadership development, and technological innovation they were each found to be significant. The findings of the study also imply that the various stakeholders in Machakos County and particularly the public have to take seriously the Integrated Strategic Planning activities. This would be through active participation in the processes, including interrogation of the resource allocation criteria, and the parameters used to make key decisions in the County Government of Machakos. The study recommends that the academics in the field of Organizational Development, should consider using the empirical evidence adduced to further their research interests. The study also recommends the findings for the development of policies for growth of the SMEs in Machakos County. The Ministry of Trade and Industrialization in Kenya should apply the results in decision making since it would assist in developing well-informed policies for the Post COVID-19 economic stimulation, Vision 2030, the Big Four agenda, and the sustainable development goals in Kenya. Finally, the study recommends that the proprietors of the various SMEs in Machakos County should use the findings for develop strategies for growth. This is more so because previous evidence has determined that they are beacons of economic development in Kenya. The study recommends use of longitudinal research design since the current study used cross sectional design. The study also recommends that the influence of moderating and mediating variables since that was outside the scope of the current study. Finally, the study suggests that cultural orientation should be investigated since the study determined that more male than female gender were likely to be SMEs in Machakos County.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Research indicates that most Small and Medium Sized Enterprises (SMEs) all around do not participate in key arranging (O'Regan &Ghobadian, 2012). This is inconsistent with a great part of the system writing that shows endeavors should effectively get ready for the future to contend successfully and endure (Noble, 2010). Likewise, SMEs proprietor/directors have been blamed for being deliberately nearsighted and coming up short on the long haul vision with respect to where their organization is going (Robson, 2014). The worry is that by ignoring vital arranging, SMEs may not accomplish their full execution and development possibilities, and their endurance could be put in danger (Rhodes, 2015).

Consequently, considerable research effort has been expended on identifying 'barriers" that hinders planning so as to overcome or else mitigate and to encourage strategic planning in SMEs. SMEs can be defined as the small and medium enterprises or units that engage in small scale business ventures of which their turnover rate is small. SMEs can be owned by an individual, family or a group of individuals who have come together, pooled their resources to start the business venture (Sathe, 2015). SMEs play a crucial part for the economic growth of a country.

1.1.1 Global Perspective

According to Hashim, (2011), SMEs in Malaysia speak to larger part of the business undertakings and they make up over 90% of the complete number of organizations as they can be found in different ventures. As announced in the SME Annual report 2009/2010, SMEs represented about 99% of absolute business foundations, 56% of complete work and 19% of the all-out fares of the nation (Cheng, Kadir, &Bohari, 2014.) Perhaps, no other improvement system

has delighted in as a lot of noticeable quality in Nigeria's advancement designs as the Small and Medium Scale Enterprises (SMEs) improvement methodology.

Aside from their potential for guaranteeing an independent industrialization, regarding capacity to depend generally on neighborhood crude materials, little scope undertakings are additionally in a superior situation to help utilize crude materials, little and medium endeavor, are likewise in a superior situation to support work, ensure an all the more even appropriation of mechanical advancement in the nation, including the country regions, and encourage the development of non-oil sends out (Osotimehin, 2012)

1.1.2 Regional Scenario

Osotimehi, Jegede, Akinlabi and Olajide (2012) analyzed the determinants of ICT reception for improved SME execution in Anambra state, Nigeria. They found that there was a critical distinction in the degrees of mindfulness and appropriation examples of ICT offices among SMEs. Capital base, turnovers and the benefit estimations of the organizations explored impacted ICT selection. Concerning SMEs' yield execution, SME proprietors' capital information sources, conjugal status and business experience had a positive and noteworthy relationship with their yield execution. Kabanda and Brown (2017) did an auxiliary examination of SMEs in Tanzania and found that the SMEs utilized sites in a restricted manner as they drew upon their comprehension of sites as being incongruent with the Tanzanian social dealing framework, which is portrayed with money exchanges and up close and personal to haggling.

Sites were seen fundamentally as a stage from which SMEs could depict a refined picture and promote/showcase their items. SMEs utilized versatile innovation broadly, as they drew on the innovation's capacity to offer transitive abilities, portability and correspondence. Their discoveries additionally point to innovative difficulties which SMEs face from nature, essentially

from absence of supporting industry institutional help. SMEs henceforth settled associations with global associations that could bolster them in defeating mechanical difficulties.

Associations with enormous ICT associations required stringent conditions, for example, SMEs requiring confirmations to be partnered. The examination gives professionals a superior comprehension of how SMEs see de-trade in Tanzania in the midst of hierarchical and ecological chances and limitations, and in this way causes experts to more readily configuration proper online business setting explicit strategies and intercessions that address SMEs' issues. This will guarantee that accessible assets are utilized in a progressively powerful way without negative outcomes (Anyieni, 2014)

1.1.3 Kenyan scenario

SMEs is defined by the government of **Kenya** (GOK, 2010) as business that engage between 1-99 employees, cover a range of establishments in almost all sectors of the economy; they operate formally or informally, seasonally or year round and are located in a number of areas SMEs contribute to outputs and employment and also affect the competitive ability of the large organizations (Rosa, Carter & Burns, 2014). SMEs can influence the competitiveness of large organizations by providing high quality inputs (Hogarth-Scott & Riding, 2010). SMEs are viewed as the rule main impetus monetary improvement in practically all economies in Kenya, SMEs is indispensable. Gakure and Amurle (2013) observed that he SMEs segment utilizes 74% of the work power and contributes over18% of the nation's Gross Domestic Product (GDP).

Regardless of its extraordinary commitment to Kenyan the various approach remedies, SMEs area experience arrangement of difficulties and requirements that repress its development. The impact is less development, low seriousness, high disappointment rate, and a normal life

expectancy of five years. Then again for quite a while vital arranging is known to be a basic movement that creates positive results for firms everything being equal. Anyway little is known about key arranging rehearses among SMEs in Africa specifically Kenya (Gakure & Amurle, 2013).

The importance of SMEs sector in Kenya was first recognized in the international labour Organization report (ILO) in 1972. The report underscored the sectors crucial role in promoting growth in incomes and employment (Africa economic outlook, 2016). According to African economic outlook 2016 report, the SMEs sub sector plays a significant role in Kenyas economic structure, where the sector has employed close to 80% of Kenyans total work force., 20% of the county's growth domestic product (GDP). This implies dismal subsector performance despite its potential contribution to employment, income and equity as was asserted in ILO report in 2007. The paltry performance of SMEs in Kenya is linked to several constrains among which the regulatory and institutional framework is alleged to be one of the factors (Karami, 2015).

1.1.4 Strategic Planning

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

approach model, one of the vital arranging strategies for firms (Mahmood, Taleghani & Sharifi, 2011).

According to Stanworth and Stanworth (2011), strategic arranging includes making principal activities and choices that will guide and shape a venture, its customers and its business exercises. Key arranging is the way toward recording and building up a course of your private venture by surveying both where you are and where you're going. The vital arrangement gives you a spot to record your main goal, vision, and qualities, just as your long haul objectives and the activity plans you'll use to contact them. An elegantly composed key arrangement can assume an essential job in your private company's development and achievement since it lets you know and your workers how best to react to circumstances and difficulties.

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

Dibrell, Craig and Neuban (2014) stated that there is a need to explore the link between financial performance and the formal strategic planning process, planning flexibility, and innovativeness. They suggested for a future research to examine firms' formal strategic planning process and

search for new mediators like risk taking and also investigate the interplay of strategic planning and planning flexibility in relationships to the other concepts like learning orientations.

Strategy is a term that is broadly utilized by senior and center supervisors. Be that as it may, the term appears to have numerous of implications. There is no normally acknowledged and general importance of technique (Quinn, 2011). Because of this reality, the meaning of system has been the subject of broad research since the 1960s. It has been portrayed as the way toward deciding the long haul objectives and targets of an association, by receiving a particular strategy and by assigning adequate assets (Holmes, 2011).

This customary and balanced definition that was later tested by Mintzberg dispute that procedure was progressively a 3 example of activity coming about because of planned or unintended systems. Mintzberg asserted that procedure could be something in excess of an express game plan. He observed that five systems measurements that he perceived were: technique as plan, procedure as example, methodology as ploy, technique as viewpoint and technique as position. These have been the reason for opening up the meaning of procedure to a more extensive setting of utilization (Mintzberg, 2014).

Mason, Pinch and Storey (2011) noticed that further work was expected to empower business to comprehend key arranging by contending that while there has been significant advancement in creating systems that clarify varying serious achievement. At some random point in time, our comprehension of the dynamic procedure by which firms see and at last accomplish prevalent market positions is far less developed (Faith, 2017). Constrained research can likewise be seen on the use of data from SMEs when deliberately arranging.

Canberra, (2013) recommended for more research that investigates in a lot more noteworthy profundity how administrators utilize money related and non-monetary data. Research has indicated that most SMEs can't use vital arranging methods. Faith, 2017). Consequently, the point of this examination is to build up the elements that influence vital arranging by the SMEs in Machakos County and guarantee its long haul maintainability utilizing key arranging method.

In keeping with the decision that Kenya Vision 2030 be implemented through five year Medium Terms the Government successfully launched the Second Medium Term Plan (Second MTP 2013-2017) in October 2013. The Ministry of Devolution and Planning then embarked on the process of preparing the second round of Kenya Vision 2030 Sector Plans detailing policies, programmes and projects to be implemented in each sector. A total of twenty one Sector Plans have therefore been produced based on the work of nineteen medium term plan sector working groups and three thematic working groups formed to prepare detailed plans as background documents for the Second MTP. The Sector Plans outline in greater detail specific plans for implementation in each sector during the 20132017 period.

The Plans have been prepared through a participatory and inclusive process involving representatives from the government, development partners, private sector, NGOs, civil society, faith based organizations, professional associations, research institutions, and organizations representing women and youths, among others. Apart from the technical inputs, the Sector Plan priorities have been aligned and taken into account the priorities and inputs from nationwide Second MTP county consultation forums which captured views and priorities of Kenyans at the grass root and local level. Additionally, the Sector Plans have taken on board the key issues and priorities outlined in the Manifesto of the Jubilee Government in line with Second MTP. The Sector Plans implementation matrices outline the broad goals and strategic objectives, the

specific objective of each programme and project, the expected output and outcomes, the indicators for monitoring progress, the entity responsible for implementation, the implementation timelines, the source and mode of funding for each planned programme and activity starting financial year 2013/14 to 2017/18 (GOK, 2017)

1.5 Overview of Machakos County

Machakos County is an administrative county in the eastern part of of Kenya. The County has 8 constituencies which are; Machakos Town, Masinga, Yatta, Kangundo, Matungulu, Kathiani, Mavokoand Mwala. The County covers 6,208 square kms and has a population of 1,098,584 as per 2009 census of which only 17% accessing electricity. Its capital town Machakos is cosmopolitan and is located 64 kilometres southeast of Nairobi. The predominant nearby atmosphere is semi-arid and the scene is bumpy, ascending from a height of 1,000 to 1,600 meters above ocean level. Get a reasonable guide for the voting demographics and furthermore with all the 8 The County encounters flighty and unusual downpours of under 500mm every year, with short rains in October through to December and the long rains in late March to May. The districts Road Network of Bitumen Surface cover just 88.5 Km, and Gravel Surface 440.4Km.

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

ventures to spike development and switch the circumstance.(Machakos Strategic Plan Draft, 2019)

1.2 Statement of the Problem

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

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

In any case, little is known about the vital arranging rehearses among SMEs in Africa and specifically Kenya (Gakure & Amurle, 2013). As the world economy continues to move towards increased integration, some of the greatest opportunities for Small-to-Medium Sized Enterprises (SMEs) will derive from their ability to participate in the global marketplace while sustainably

increasing their competitiveness. It is generally accepted that SMEs are becoming increasingly important in terms of employment, wealth creation, and the development of innovation (Gatukui & Katuse, 2014).

In Machakos County, Kenya, data available from the County Registrar of Business Office, Ministry of Industrialization and Enterprise Development, indicates that more than 96% of registered companies in 2019 are Small and Medium Enterprises. This target group is identified as the catalyst for the economic development in the county. However, this data also shows that more than three out of five newly registered SMEs yearly, close business operations within the first three years of business operation, this is because this sector has continued to face challenges; among them lack of proper financial management practices (Nyakundi *et al*., 2016). Faith, (2017) observed that there is little recent research that has shown that most SMEs are unable to utilize strategic planning techniques. Little research has been led to evaluate the elements which influence key arranging by SMEs working in Machakos County. These deficiencies bring up the need to analyze the estimation of vital arranging of SMEs in more detail since it will enhance survival of SMEs for longer period hence increase the economy Machakos County and Kenya at large.

1.3 Research Objectives

The specific objectives of the study were:

i) To establish the influence of resource capacity on implementation of strategic planning among SMEs in Machakos County.

ii) To determine the influence of strategic leadership on implementation of strategic planning among SMEs in Machakos county.

iii) To establish the influence of technological innovation on implementation of strategic planning among SMEs in Machakos County.

1.4 Research Questions

The study was guided by the following research questions:

i) To what extent does resource capacity influence implementation of strategic planning among SMES in Machakos County?

ii) How does strategic leadership influence the implementation of strategic planning among SMES in Machakos County?

iii) To what extent does technological innovation influence implementation of strategic planning among SMES in Machakos County?

1.5 Scope of the Study

The study was done during the months of September 2019 – February 2020 and covered small and medium enterprises in Machakos County. The target population of the study entailed proprietors of the SMEs. The study focused on three variables, namely: resource capacity; strategic leadership; and technological innovation.

1.6 Significance of the Study

This study findings would be of benefit to many including; the national government of Kenya through its policy making organs by knowing where more effort is needed to embrace strategic planning since SMEs control a significant part of Kenya's economy hence the economy will be improved as well as the living standards of Kenyans. To the county government of Machakos, because there is a high increase in labor force which has led to increase in unemployment and this could lead to escalation of crimes as a result of non-absorption of this active population in

services of gainful employment. Therefore the findings would enable them to come up with strategies to empower up growing entrepreneurs and hence creation of employment. It will help the Government in developing policies that will ensure smooth implementation of strategic planning in SMEs in Kenya. The findings of this study will provide valuable insight to all those interested in entering and investing in SMEs.

To the entrepreneurs, the findings of this study will be of substantial significance to them as they will be enlightened on the influence of resources, strategic leadership and technology on implementation of strategic planning. This would assist them understand the factors affecting implementation of strategic planning would inform the means to address the problem. This would result into enhanced use of implementation of strategic planning practices that will see more entrepreneurs gather in satisfaction hence achieving their long term goals . Entrepreneurs and SME managers would also benefit significantly from this study which they can use as a tool to improve on their practices and make it possible for them to excel in their small and medium business ventures (Wee & Chua, 2013).

Also findings will form a basis for further reference in the SMEs sector. The researchers may need reference to information on various challenges of implementation of strategic planning in order to revise their research on implementation of strategic planning practices. In addition they will be able to spot flaws in the logic, errors in assumptions or even management questions that are not adequately addressed by the objectives and designs.

1.7 Limitations of the Study

The study was narrowed only to SMEs in Machakos County, Kenya. The study focused exclusively on the SMEs registered by September 2019, and the list was obtained from the

Machakos County Registrar of Businesses. The study focused on resource capacity; strategic leadership; and technological innovation. The study used multiple regression model, with test of significance undertaken at 0.05 level of significance.

A few respondents were uncooperative in filling the questionnaires, and this is the reason why questionnaire return rate was below 100%. However, the researcher made frantic effort to meet and exceed the threshold to proceed to data analysis. The study also tested the predictions of three theories, yet there are many other theories that would give implications that would have been examined, save for limited scope of the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section entails review of relevant literature and explores what is known about implementation of strategic planning of SMEs The second part is empirical literature review of the study based on the research key variables and then finally the conceptual framework.

2.2 Theoretical Foundations

According to Grant and Osanloo, (2014), a theoretical framework is the 'outline' or guide for a research. It is a system dependent on a current hypothesis in a field of request that is connected or potentially mirrors the theory of an investigation. As indicated by Imenda (2014), unmistakably places that an examination without the hypothetical system needs exact heading to the pursuit of proper writing and insightful conversations of the discoveries from the exploration.

For different researchers in the field of request, the hypothetical structure gives a typical perspective or focal point from which to help one's considering the issue and examination of information (Grant & Osanloo, 2014). The hypothetical system offers a few advantages to an examination work. It gives the structure in demonstrating system and logically (Grant & Osanloo, 2014). Ravitch and Carl (2016) agree that the hypothetical system help scientists in arranging and contextualizing formal speculations their examinations as a guide.

2.2.1 Resource-Based Theory

The main researcher to propose an asset based hypothesis was Edith Penrose (1959), despite the fact that investigation of the assets was planned for understanding the yield of the firm instead of the meaning of its conduct. This methodology has attracted interest among scholars worldwide. The fundamental investigation on the topic was that of Wermerfelt (1984). Infact, for Wernerfelt, "assets and items are two of a kind. "Where the assets are comprehended as "the

benefit unmistakable or not which are semi for all time connected to the firm by and by mechanical association would deal with amplifying benefits relegating the assets asset base view would rather focus on limiting the cost assets given a specific degree of benefit. Wernerfelt (1984) at that point applied Porters Five serious powers model to the assets specifically he calls attention to the presence of "assets position obstructions with a job like that of the passage in an industry. Successive works definitively move away from the Porterian hypothesis and make determinant commitment to the meaning of asset based view Grant , above all else recognize assets and abilities. The assets are the contribution of the gainful procedure, the essential unit of examination which needs aggregation and coordination.

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

2.2.2 Contingency Theory

The contingency theory of leadership was proposed by the Austrian therapist Fred Edward Fiedler in his milestone 1964 article, "A Contingency Model of Leadership Effectiveness". The possibility hypothesis underscores the significance of both the pioneer's character and the circumstance where that pioneer works. Possibility hypothesis is a class of conduct hypothesis

that there is no most ideal approach to sort out a firm to lead an organization, or to decide, the ideal game-plan is unexpected (subordinate) upon the inner and outside circumstances. (Johnsen, 2005) states that mind boggling associations use execution estimation to diminish vulnerability and for authenticity.

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

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

2.2.3 Survival Based Theory

The concept of survival-based theory or some might call it as “survival of the fittest” theory was initially evolved by Herbert Spencer (Miesing & Preble, 1985). It was him who combined Darwin's hypothesis of advancement and common choice with Adam Smith's undetectable hands

to think of the possibility of social Darwinism. This hypothesis which was very well known during late nineteenth and mid twentieth century accentuated on the thought that by following the standard of nature simply the best and the fittest of contenders will win which at last would prompt the improvement of the social network in general.

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

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

This view put the few – based hypothesis into the typology of eminent speculations of key administration. The use of this hypothesis in the field of corporate turnaround was additionally very straight forward. A sickly organization generally faces bunch of issues all the while, for example, monetary challenges, bombing items, losing key faculty and numerous others. These

were in reality just signs that the organization was not running productively. Turning round organization typically described with failing to meet expectations deals and under-limit as far as processing plant yield and overpowering size in the size in human asset division (Stillman, 2003).

These attributes of effective association could clarify why such pivoting organizations as a rule cutback its laborers, repositioning their items and auctioning off its under-limit resources so as to fortifying their condition. It is really the essential target of such pivoting organization to make the association run proficiently so as to more readily adjust to the earth, improving its productivity and to accomplish a definitive objective of enduring the serious market in which it works. As endurance based hypothesis contended, on the off chance that it isn't adjusting to the consistently changing condition and become effective in it, it basically will not endure (Khairuddin, 2005).

Accordingly the one that that actually effectively turned around is the one that works productively and adjusting effectively to its condition (Miesing & Preble, 1985). This hypothesis is significant to the free factor selection of vital arranging as it stresses on the presumptions that so as to endure, association needs to convey procedures that ought to be centered around running proficient activities and can react quickly to the changing of serious condition and furthermore innovation so as to adapt to the changing condition influencing key arranging by SMEs.

2.3 Empirical Literature Review

A few relevant studies have previously been done and their findings have implications on the thrust of the current study. However, there are still conceptual, contextual, and methodological gaps that necessitated the current study.

2.3.1 Resource Capacity and implementation of Strategic Planning

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

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

In any case, there were no measurably huge contrasts among India and the other six nations. There is a developing assortment of writing concentrating on privately-owned company progression, as scientists endeavor to all the more likely comprehend the issues of section that can exist in family firms. Therefore, a significant research question is: the reason is some

privately-run companies ready to effectively oversee progression while others are most certainly not? Further research is expected to answer this question and the gap to be identified in this study since many SMEs are family business that needs strategic planning. Finance may be regarded as one of the most critical inputs for a business enterprise be it large, medium minor or micro (Robert & Sonfield, 2012).

Lack of finance is identified as one of the major problem that can lead to business not adopting strategic planning and its limitations continue to be underlined as a principal barrier to growth of small and medium businesses. Finances are no doubt important and imperative to any business as the fuel in any car is. In comparing the engine in a car, business devoid of cash, will definitely come to a grinding, disastrous, terrible cessation (Robert, Matthew & Sonfield, 2012). Financing of any business comes from fundamentally internal and external sources. Initially, the firm attempts or utilizes internal financing such as use of positive cash flows. If this becomes inadequate, the business then goes for external sources such as equity infusions, loans, subsidies and government grants.

This then suggests that businesses follow a kind of hierarchy of financial sources and will prefer internal funding when available and then going for external financing becomes inevitable when the firm falls short of internal financing (Robert & Sonfield, 2012). Success in business finances is guided by the popular pecking order theory by Myers and Majluf in the year 1984. The theory requires firms at any given time to maintain a debt less than thirty percent of its entire capital structure.

According to the pecking order theory, if an enterprise borrows above thirty percent of its total capital structure it will suffer financial distress and its survival, profitability and growth will be in jeopardy. Small businesses seldom raise capital in security exchanges owing to stringent laws

and regulations prescribed by the capital market Authority. In practical application of pecking order theory, small and medium firms have only binary levels applicable, which are, internal fund and borrowing from, friends and relatives, financial institutions or venture capital. Majority of failure to adopt strategic planning in small firm's operating performance are as a result of factors associated with finance like short term liquidity hitches, under capitalization, deficient working capital in general and deprived financial resources management (Abor & Quarley, 2010).

The ability to access finance is one of the reasons as to why there exists robust correlation between small ventures prevalence and economic growth (Copenharger, 2011). Financial challenges affects small firms ability to operate particularly during the launch or startup and has a lot of impact on business survival, profitability and growth. Deficiency of a well-functioning financial market structure and immature legal system makes it very difficult for firms to realize optimal size growth. Beck and Asil (2012), contend that finance is quite significant for small and medium firm's strategies. Whereas the overall credit condition has been averagely accommodative, growth of credit borrowing has stagnated especially for small enterprises.

The small firm's level data and sectorial corporate financial statement depicts that many have encountered structural impediments of high leverage, inefficiencies and low levels of profitability (Nabintu, 2013). According to Gert (2013), small and medium business ventures around and within Nairobi city have experienced little growth in size. Close to half of the businesses fail after operating for a short while. This kind of failure unfortunately does not only affect new players; it also affects old and already established businesses.

Such an alarming proportion of failure in businesses springs the Kenyan economy reason for some concern. Therefore this springs out some urgent need for continued research on the factors

which are likely responsible for influencing the growth of small business ventures in the country (Samson , 2016). The area of strategic planning presents extraordinary difficulties just as open doors for HR experts; the fast pace of progress in business, globalization, and innovation has expanded these difficulties for the calling. About all HR heads in the biggest worldwide associations are engaged with key dynamic and take an interest on the association's technique group, and a lion's share of HR experts report that vital arranging is a piece of their capacity.

Conversely, HR experts in numerous medium and little associations regularly are not engaged with hierarchical or utilitarian vital arranging. Therefore, to accomplish long haul key HR destinations and to be a key player in the association's vital arranging process, some HR offices may need to beat cliché negative perspectives on the HR function (Engaging in Strategic Planning, 2015) technique and execute HR exercises in a vital way. In particular, HR experts can assume a critical job in vital arranging on the off chance that they have the abilities and chances to do as such.

To be a vital accomplice, HR pioneers need to comprehend must: Understand how the different hierarchical parts communicate and what the long haul ramifications of HR choices are. The effect of HR choices must be completely examined and dissected before changes are actualized. Comprehend the five significant non-HR segments of any business: money, showcasing, deals, activities and bookkeeping. The individuals who are engaged with vital arranging are most importantly specialists.

2.3.2 Strategic Leadership and implementation of Strategic Planning

Strategic leadership refers to an authority capacity to foresee, imagine, and keep up adaptability and enable others to make key change in the association (Hitt *et al*., 2010) Vital authority is multipurpose, includes overseeing through others and aids the procedure needed to guarantee

that the associations adapt to the change that appear to increment in the present globalization business condition. Vital administration activities incorporate deciding the key heading of the association, building up ecological controls, and successful administration of association's assets, supporting a powerful hierarchical culture and underlining moral practice. These activities are critical in execution of their technique which brings about improved execution.

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

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

Goncalves, (2013) the leadership process itself can become a monologue when divorced from the mission of the organization, its people and the culture it permeates. Leadership within organizations is only attainable through the combination and use of power and authority. Power is the ability to influence others to get things done, while authority is the formal rights that come to a person who occupies a particular position, since power does not necessarily accompany a position. According to Goncalves, (2013) while we often find powerful people who do not hold genuine power positions of authority, we frequently find people in positions of authority who are powerless to influence the behavior of others.

Leadership can be learned, and power can be developed, but in order to be an effective leader, one must be able to distinguish from the various forms of power and select the one most in line with his or her character traits, leadership style and working environment. There are many ways to lead and every leader has own style. Some of the more common styles include autocratic, bureaucratic, democratic and laissez-faire (Rauf *et at 2*015).Transactional leadership involves offering rewards to others in return for compliance. Transactional leaders focuses on management tasks and do not identify shared values of a team. Despite these the rewards can have a positive effect on followers' satisfaction and performance. Autocratic leadership is an example of transactional leadership (Giltinane, 2013) Autocratic Style of Leadership, manager retains as much power and decision-making authority as possible. The manager does not consult employees, nor are they allowed to give any input.

Ogonge, (2013) management manager (or business leaders) are the basic and scarcest resources of any enterprise. In developed economies, type of management tends to be oriented towards a participative philosophy rather than an authoritarian or paternalistic one, which is common in the LDC's organizations. Ogonge, (2013) noted that companies which highly involved management

were significantly more successful in strategic implementation decisions than those which had low involvement. More participation of people in the implementation process enhances the level of commitment resulting in a unified understanding of joint tasks, which in turn results in employees forming an environment of collective effort and facilitating a smooth implementation process. Moreover, lack of participation of other workers other than strategic consultants or leaders in the strategy plan creates implementation problems and might lead to open sabotage.

2.3.3 Technological Innovation and implementation of Strategic Planning

Technological factors are evaluated as the state of technological progress, new technology adoption, etc. affecting the promotion of company's products (Harrison, 2013) Innovation has helped in the growth of several businesses, however it also back fires on some if the feasibility study is not properly done. Kiraka, (2013) notes that the success of many innovations is measured in financial terms which is not always the outcome hence for those who want immediate returns always get disappointed and coming up with innovative ideas involves use of financial and human resources in the business which might not be available. Studies have also various benefits that come with innovation, Hafeez, (2013) for example mentioned product diversification, creating new markets, customer loyalty, brand awareness, business survival for a long time and meeting the customer expectations as some of the few benefits that come when a business embraces innovation (Agan, 2015).

A study to inspect advancement in little and medium-sized undertakings (SMEs) and build up a complete hypothetical structure of how development happens, the final product, and effect on business money related execution, concentrating on three kinds of developments. The investigation utilizes a grounded technique. Meetings with business visionaries from across enterprises educate the advancement regarding the exploration suggestions. The discoveries were

other than showcase condition, business and quality perspectives, for SMEs advancement is driven by a longing to be fruitful, and improve working conditions. Positive results of advancement incorporate an improvement of SMEs' notoriety and picture, an expansion in operational productivity and money saving advantages, bringing about a superior business budgetary execution, enlistment of an increasingly gifted workforce, and more noteworthy in-house ability prompting further development.

The negative results of advancement identify with the board, operational issues, and budgetary dangers; including costs, wild business development, organizations' picture and notoriety misfortune, representatives and clients' issues just as wellbeing, security, and natural effects. Further speculations rise up out of administrators' meetings, in regards to explicit results of new item improvement, process advancement, and better approaches for working. Future research is required to analyze how negative results can be overseen generally speaking, and explicit to sorts of development, just as deciding the monetary expense and advantage of having a company-wide advancement.

According to Laforet (2011) innovation for SMEs innovation is driven by a vision to be successful, and improve on working conditions for a particular organization. Innovation creates positive outcomes for SME’s of such as an improved reputation, a credible image, increased operational efficiency , lower costs upon growth benefits, better business financial performance, attracting a more skilled workforce and further openings for innovation. Innovation in an SME however need to be approached systematically by the management of a company to manage the possibility of incurring operational issues, having financial on costs, uncontrollable business growth, loss of a good image and reputation due to poor innovations, employee and clientele issues, as well as negative impacts in health, safety, and environmental impacts (Laforet, 2011).

2.3.4 Implementation of Strategic Planning

Successful plan implementation needs a mixture of a range of aspects and not a linear and prescriptive type of implementation model because the plan execution is too complex to be analyzed by such a model. According to Okumus (2013), some of the most commonly used frameworks such as industry structure analysis, SWOT analysis, and generic strategies for practicing managers and researchers in strategic formulation and analysis in with regard to strategic management. However, there is no dominant or agreed-upon framework in strategic implementation (Ngairah, 2018).

The strategic planning process implies that planning should focus on defining, conducting and evaluating applied strategy. Strategic planning is classified into two distinct categories, namely, "process" and "content" research (Elbanna, 2012). While content focuses on strategic position of a firm, process is concerned with the decision making. Strategic decision making process focuses exclusively on the formulation period of a decision (Papadakis, Thanos, & Barwise, 2010). Participation in strategic decision enhances quality of decision implementation through building commitment and consensus hence leading to better decision outcomes. According to Papadakis (2014) the participation of many players in tactical decision-making, amplifies the degree of consensus on approach among the managers, creates a common understanding of the joint task, creates an atmosphere of shared collective and makes it easy to achieve a smooth implementation. Involving middle level managers in decision making ensures their views are taken into consideration before any resource allocation is done to ensure better decisions in creation of new ways and ideas of implementing (Andersen & Nielsen, 2013).

A study by Kiptoo and Mwirigi (2014) on the components that impact viable vital arranging process in associations confirmed that leadership in an association is the foundation of accomplishment whereby the authority ought to have the option to graph the ordained of the association by utilizing the vision, strategic the objectives of the association for the set goals.

On the off chance that initiative comes up short, at that point key arranging won't succeed henceforth influencing the vital arranging of the association. This implies the accomplishment of

any vital arrangement is pegged on the initiative of the association and particularly the lead group that is driving the exercises that are connected in the execution. HR in an association contribute the greatest rate in the accomplishment of any key arranging since they are the key drivers. As a matter of fact the human asset is the main thrust in any firm consequently all workers and the board must have an incorporation procedure for guaranteeing that vital arranging isn't disappointed by a person for the accomplishment of the procedure. (kiptoo & Mwarigi , 2014

By and large, all vital arranging that have neglected to take off is because of absence of duty and commitment of human asset or human capital inside the association. The exploration procedure utilized right now work area study which alludes to looking for realities, general data on a subject, recorded foundation, study results, and so forth that has been distributed or exists out in the open archives. The objectives were answered as they were important factors in planning and the gap is using desktop study as methodology and therefore this study will use descriptive design as it give clear details on the variables under study.

A study by Dibrell, Craig and Neubaum (2014) sought to explore the linkage between money related execution and the formal vital arranging process, arranging adaptability, and imaginativeness. Conventional arranging procedure and arranging adaptability are emphatically related, proposed that creativity intercedes the connection between formal key arranging procedure and firm execution and the connection between arranging adaptability and firm execution, intercession was tried. The examination addressed three hypotheses and did not reply if imaginativeness affects the formal key arranging procedure and this investigation will find out the effect of technology as a strategic factor on strategic planning.

Study that seek to identify the characteristics of strategic planning systems by Obeng and Ogboro (2008) concluded that strategic planning is an important strategic management tool that allows public transit agencies to meet customer demands primarily in terms of mobility and accessibility, and federal legislative requirements. The study used 150 SMEs as samples of geographically dispersed transit agencies and suggested for a future research to use a larger sample and considers other legislative requirements would certainly add to our results. Therefore, the urge to study factors affecting implementation of strategic planning in the context of SMEs in Machakos County.

2.4 Critique of Literature

Most of the studies were more concerned about the effects of strategic planning on the firms' performance and growth without considering that there might be factors that may be affecting implementation of strategic planning. Studies in other countries like Tanzania and Nigeria emphasize on the technology embracement unlike studies in our country Kenya and therefore considering the changes in the current world into digital it's essential for the SMEs to embrace technology.

2.5 Summary of Empirical Studies

Table 2.1 below entails summary of empirical studies and knowledge gap. It entails the name of author(s), the focus of their studies, their major findings, methodology used, research gap, and the approach of the current study.

Table 2.1 Summary of Empirical Studies and Knowledge Gap

Author(s)	Focus of the Study	Key Findings	Methodology	Research Gap	Focus of Current Study
Kiptoo and Mwirigi,	To identify the influence of strategic	Strategic planning has significant	The research methodology used in this	This was a conceptual study	The study used descriptive design as gives

(2014).	planning process in organizations	influence on organizational performance	paper is desktop study which refers to seeking facts, general information on a topic, historical background, study results, etc. that has been published or exists in public documents.	hence there was no empirical evidence to support the findings	detailed data under study
Dibrell, Craig and Neubaum, (2014)	Explored the link between financial performance and the formal strategic planning process, planning flexibility, and innovativeness	posits that formal strategic planning h1processes and planning flexibility are positively associated	The study used descriptive research design	Tested three hypotheses. However, it did not test the hypothesis that "The formal strategic planning process has a direct and positive effect on innovativeness".	The study sought to determine the effect of technology on the strategic planning
Obeng and Ugboro (2008)	to identify the characteristics of strategic planning systems	From the results, we conclude that strategic planning is an important strategic management tool that allows public transit agencies to meet customer demands primarily in	Sample 150 geographically dispersed transit agencies	Future research that uses a larger sample and considers other legislative requirements would certainly add to our results.	The study used a larger sample

		terms of mobility and accessibility, and federal legislative requirements			
Ngairah Laurine Masava(2018)	Factors affecting implementation of strategic plans in the public sector: a case study of the ministry of lands and physical planning in Kenya.	From the findings Ministry of lands and physical planning in Kenya was found to be faced by various challenges in the strategic plans implementation at the different levels	This research study adopted a descriptive survey approach on a targets population of 365 management staff in the ministry of lands headquarters in Nairobi	Most of the previous studies were too broad and did not address the problem of this study which was to determine the challenges facing strategy implementation in the ministry of lands, housing and urban development in Kenya	The study recommends further study on other factors that influence strategic plans implementation. The sample size of the study should also be increased in order to realize the most important factors at more generalized level. Study should also be carried out in other areas especially in public offices in an attempt to compare the various influencers of strategic plans implementation.

Source: Author (2020)

From Table 2.1 above, it is evident that whereas attempts have been made by other scholars to investigate strategic planning, knowledge gap still abounds. However, it can be inferred from the

empirical studies that resource capability, strategic planning, and technological innovation could have strong influence on strategic planning among organizations.

2.6 Research Gaps

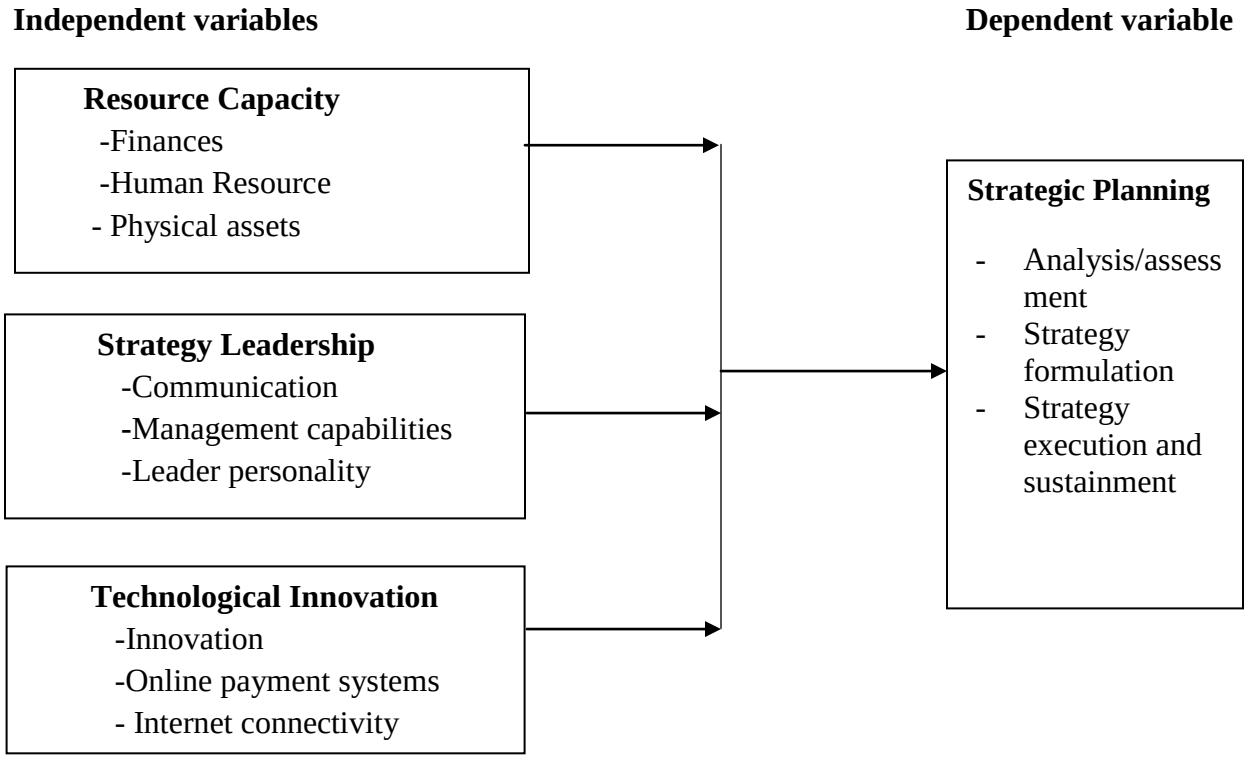
Dibrell, Craig and Neuban (2014) stated that there is a need to explore the link between financial performance and the formal strategic planning process, planning flexibility and innovativeness. They suggested for a future research to examine firms' formal strategic planning process and search for new mediators like risk taking and also investigate the interplay of strategic planning and planning flexibility in relationships to the other concepts like learning orientations. Obeng and Ugboro (2008) observed that future research that uses a larger sample and considers other legislative requirements would certainly add to our results. Answered three hypotheses but did not answer one that is the formal strategic planning process has a direct and positive effect on innovative (Dibrell & Craig, 2014).

Faith, (2017) observed that little recent research that has shown that most SMEs are unable to utilize strategic planning techniques. There is little research that has been conducted to assess the factors that affect strategic planning of SMEs that operate in Machakos County. Therefore these shortcomings pointed out the importance of examining the value of strategic planning of the SMEs in detail. Hence the reason for this research to fill the identified gap by studies carried out by other researchers by assesses the factors that affect strategic planning of SMEs in Machakos County.

2.7 Conceptual Framework

The conceptual framework in Figure 2.1 comprises independent variables which influence the reliant (dependent) variable (vital arranging). The free factors are assets, vital administration and

innovation with regards to vital arranging which the reliant variable is. In a measurable point of view, the theoretical system portrays the connection between the primary ideas of an investigation. It is organized in a sensible structure to help give an image or visual presentation of how thoughts in an investigation identify with each other (Grant & Osanloo, 2014). The reasonable structure offers numerous benefits to an examination for example, it helps the analyst in distinguishing and building his/her perspective on the marvel to be researched (Grant & Osanloo, 2014).



Source: Author (2020)

Figure 2. 1 Conceptual Framework

Figure 2.1 presents hypothetical relationship among each of the independent variables with the dependent variable. The conceptual framework has been developed based on literature review.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the strategies and techniques used utilized right now to accomplish the set destination. They incorporate the exploration configuration, target populace, examining strategy, test size, and inquire about instruments, information assortment techniques, information investigation and introduction. The chapter further discusses the data collection procedures and data analysis methods to be used by the researcher. The chapter also presents the architectural execution of the study to address the research problem earlier identified.

3.2 Research Design

According to Bougie and Sekaran (2013), a research design is a blueprint for the collection, measurement and analysis of date based on the research questions of the study. In totality, the research design looks at the purpose of the study, the research strategy (for instance, experiments, surveys, interviews, case studies), its location (the setting), the extent of to which the study is manipulated and controlled by the researcher, its temporal aspects (time horizon) and the level which the data will be analyzed which are all integral to research design (Bougie & Sekaran, 2013).

Descriptive research design was used for this research. It involves the use of relative variables and scientific methods to describe and analyze behavior. The researcher purely to observe and describe the subject being studied without exerting any form of influence on the subjects A descriptive research design helps to ascertain and describe the characteristics of the variables of interest in a situation, portrays the characteristics of a particular situation and it has the advantages of accuracy and flexibility. The descriptive research design enables the researcher to

summarize the findings in a way that would provide information on the factors that affect strategic planning among SMEs in Machakos County.

3.3 Population of the Study

According to Cooper and Schindler (2011), population in any research consists of the study objects, which are individuals, groups or organizations. In this study the population consisted of 39,953 SMEs distributed as shown in Table 3.1. The respondents used business owners and the employees of the SMEs.

Table 3.1 Population Distribution of SMEs in Machakos

Category(SMEs years)	Population	Percentage
1-50	31,962	80
50 and above	7991	20
Total	**39953**	**100**

Source: Author (2020)

3.4 Sample Frame

Sampling is the process of choosing adequate number of the correct components from the populace with the goal that an investigation of the example and a comprehension of its properties or qualities make feasible for the analyst to sum up such properties or attributes to the populace elements (Bougie & Sekaran, 2013). The major steps in sampling include defining the population, determining the sample frame, determining the sampling design and the appropriate sample size then executing the sampling process.

The sample size used was based on a fraction of 39,953 SMEs calculated bellow obtained using Yamane (1967) formula with 95% confidence level of and P=0.05 giving us a sample size of 400 respondents. The total number of respondents used as sample is believed to be large enough for the study given the purpose and goals of the research. The population details also appear in table 3.2 below.

n=N/1+N (e) 2
Where n = sample size
N = Population Size
e = the level of precision
n = 39953 /1 + 39953(0.05)2
This gives n = 399.98 => Therefore 400

Table 3.2 Sample Size

Category	Population	Sample size 1%	Percentage
1-50	31,962	320	80
50 and above	7991	80	20
Total	**39,953**	**400**	**100**

Source: Author (2020)

3.5 Sampling Technique

To determine sample size for respondents, the study generally adopted probability sampling in the course of its research. With more emphasis on stratified random sampling. Stratified random sampling involves a process of stratification or segregation followed by random selection of the subjects in each stratum. The population is first separated into fundamentally unrelated

gatherings that are important, fitting and significant with regards to the examination (McBurney & White, 2010).

This is because the study intended to collect facts as opposed to perception. This presented a sample size that was necessary for given combinations of precision, confidence levels, and variability. The intent of this study was to obtain information from managers or proprietors and hence lead the researcher to employ all professional means in pursuit of this.

3.6 Research Instruments

The study used questionnaires as the research instrument. A research instrument is what you use to collect information (data) to answer your research question. It applies to both qualitative and quantitative approaches and it can produce quantitative and qualitative data (Mugenda & Mugenda, 2013). A questionnaire is a form, encompassing an assembly of carefully, communicated enquiries designed for information gathering (Wong, 2014).

The questionnaire had two sections: part one comprised demographic information of respondent while the second part sought information on the assessment of the factors that affect implementation of strategic planning among the SMEs in Machakos County. The questionnaires consisted of closed ended and open ended questions. According to Mclead (2019) , he observed that likert scale is a five (or seven) point scale which is used to allow the individual to express how much they agree or disagree with a particular statement. In addition to measuring statements of agreement, Likert scales can measure other variations such as frequency, quality, importance, and likelihood, etc.

3.7 Pilot Study

A pilot study was undertaken; structured questionnaires with relevant questions on the prioritized themes was identified and used for the pilot study for this study.

3.7.1 Reliability of the Research Instruments

According to Sekaran and Bougie (2013), Reliability is concerned with the level of consistency in an instrument in measuring the concepts it set out to measure over and over if the conditions are held constant .To measure reliability, five SMEs from each constituency in Machakos County were requested to tick if the item in the questionnaire addressed factors that affect implementation of strategic planning in Machakos County, Kenya. The responses were ascertained by use of the Cronbachs‟ alpha Reliability coefficient (α) of the data gathered from the pilot study. Field (2014) contended that Cronbach's alpha value that is at least 0.70 is for a reliable research instrument. In this study a threshold of 0.70 was used to establish the reliability of the data collection instrument. This was computed with the assistance of Statistical Package for Social Sciences (SPSS). A coefficient of above 0.70 was obtained and this indicated questionnaires were reliable instruments in gathering data on the topic under study.

3.7.2 Validity of the Research Instruments

Sekaran and Bougie (2013), observed that validity relates to the ability of an instrument to measure what it set out to. To test the validity of the research instrument a pilot study was carried out to identify the research instrument that is ambiguous. This involved distributing samples of the research instrument to five respondents from each constituency; hence the response and understanding of the questions was analyzed. Ambiguity and irrelevant information that was noted in the questionnaire was modified for validity purpose.

3.8 Data Collection and Analysis

The questionnaire was administered through drop-and-pick method. As indicated by Bougie and Sekaran (2013), a survey is a pre-planned put down arrangement of inquiries to which respondents account their answers, typically inside rather firmly characterized other options.

Data was checked completeness, entered into SPSS version 21. Data was analyzed using descriptive methods with the relationship among the variables analyzed using the multiple regression model below and the findings were presented in Tables.

Multiple regression Model was as follows

$Y=\beta 0+\beta 1X1+\beta 2X2+\beta 3X3+ \varepsilon$

Where

Y=Implementation of strategic planning

X1 = Resources Capacity

X2 =strategic leadership

X3 = Technological Innovation

ε =the error term

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

$\beta 1$= Regression Coefficient (slope) of the variable X1 (Resources capability)

$\beta 2$= Regression Coefficient (slope) of the variable X2 (strategic leadership)

$\beta 3$= Regression Coefficient (slope) of the variable X3 (technological innovation)

3.9 Ethical Considerations

The study was carried out under strict adherence to ethical considerations. This means that the population of study was given full protection from possible harm during the period of study. The researcher secured authority from NACOSTI to carry out the research. At the same time the researcher also gave the participants the choice of answering the questionnaires without harassing them and gave maximum guarantee that the research data collected was only be used for research purposes only.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter comprises data analysis, presentation, interpretation and discussion of the results. Data analysis includes questionnaire return rate, background information of respondents, tests for linear regression assumptions, descriptive, correlation, and regression analyses. Interpretation of findings includes explanations about the analytical output. Discussion of the findings entails linkage of the findings of the current study to theoretical and previous empirical studies.

4.2 Response Rate

The research questionnaire was administered to 400 respondents. Out of these, 339 were filled and returned, representing questionnaire return rate of 84.75%. Saunders, Lewis, and Thornhill (2012) argue that 50% questionnaire return rate is reasonable to would facilitate meaningful inferential analysis.

According to Mugenda and Mugenda (2010), response rate of 70% and above is considered excellent for purposes of inferential analysis. Thus, the response rate of 84.75% in the current study met the criteria set by both Saunders *et al* (2009) and Mugenda *et al* (2003). Having met the recommended questionnaire return rate, the researcher preceded to data analyses.

4.3 Background Information of Respondents

Background information about the respondents is an important part in social research since it informs the nature of responses obtained. Age distribution is an important parameter since it may have implications on variability of the data. Gender is also a major consideration in understanding the dynamics since construction of reality may be interpreted from gender lens.

The level of education of the respondents also plays a critical role in determining the nature of responses obtained from a study since it determines the manner in which the educationally diverse respondents express opinions about a research problem. Level of experience is equally deemed important since it determines the quality of responses, in terms of the validity of the responses obtained. Number of full time employees is an important parameter since it is widely used as a proxy for size of an organization.

4.3.1 Age of Respondents

The study sought to know the age composition of the respondents. The results were as shown in Table 4.1 below.

Table 4.1 Age Composition of Respondents

Age (in years)	Frequency	Percent	Valid Percent	Cumulative Percent
18-25	46	13.6	13.6	13.6
26-30	50	14.7	14.7	28.3
31-40	102	30.1	30.1	58.4
Above 40	141	41.6	41.6	100
Total	**339**	**100.0**	**100.0**	

Source: Research Findings

Table 4.1 shows that 46(13.6%) of the respondents had between 18 and 25 years; 50(14.7%) had between 26 and 30 years; 102(30.1%) had between 31 and 40 years; while 141(41.6%) were above 40 years old. This demonstrates that majority of the respondents were above 40 years. It is apparent from Table 4.1 that the older the respondent, the more likely he/she would own an SME.

4.3.2 Gender of Respondents

The study sought to know the gender composition of the respondents. The results were as shown in Table 4.2 below.

Table 4.2 Gender Composition of Respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Female	93	27.4	27.4	27.4
Male	246	72.6	72.6	100.0
Total	**339**	**100.0**	**100.0**	

Source: Research Findings

Table 4.2 reveals that 93(27.4%) of the respondents were female, while 246(72.6%) were male. This demonstrates that majority of the respondents were male. This gender composition among the respondents could be attributed to the gender biases in the society that encourage more male participation in economic activities.

4.3.3 Experience in Business by Respondents

The study sought to know the length of experience in business by the respondents. The results were as shown in Table 4.3 below.

Table 4.3 Composition of Respondents by Length of Experience

Length of Experience (in years)	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1	53	15.6	15.6	15.6
1-2	65	19.2	19.2	34.8
3-5	36	10.6	10.6	45.4
6-10	103	30.3	30.3	75.7
Above 10	82	24.3	24.3	100
Total	**339**	**100.0**	**100.0**	

Source: Research Findings

Table 4.3 shows that 53(15.6%) of the respondents had been in business for less than one year; 65(19.2%) had been in business for between one and two years; 36(10.6%) had been in business for between three and five years; 103(30.3%) had been in business for between six and 10 years; while 82(24.3%) had been in business for more than 10 years.

4.3.4 Number of Employees in Business

The study sought to know the number of full time employees in the respondents' businesses. The results were as shown in Table 4.4 below.

Table 4.4 Number of Full Time Employees in Business

Number of Full Time Employees	Frequency	Percent	Valid Percent	Cumulative Percent
1-5	257	75.8	75.8	75.8
6-10	48	14.2	14.2	90.0
11-20	20	6.0	6.0	96.0
More than 20	14	4.0	4.0	100.0
Total	**339**	**100.0**	**100.0**	

Source: Research Findings

Table 4.4 shows that 257(75.8%) of the respondents had between one and five full time employees; 48(14.2%) had between six and 10 full time employees; 20(6.0%) had between 11 and 20 full time employees; while 14(4.0%) had more than 20 full time employees. These shows that majority of the SMEs had between one and five employees. This implies that an SME in Machakos County was more likely to have between one and five full time employees.

4.3.5 Level of Education of Respondents

The study sought to know the level of education of the respondents. The results were as shown in Table 4.5 below.

Table 4.5 Composition of Respondents by Level of Education

Level of Education of Respondents	Frequency	Percent	Valid Percent	Cumulative Percent
Primary	37	10.9	10.9	10.9
Secondary	116	34.2	34.2	45.1
Diploma	44	13.0	13.0	58.1
Bachelor's degree & above	142	41.9	41.9	100.0
Total	**339**	**100.0**	**100.0**	

Source: Research Findings

Table 4.5 shows that 37(10.9%) of the respondents had upto primary education; 116(34.2%) had upto secondary education; 44(13.0%) had upto diploma education; while 142(41.9%) had upto bachelors education and above. This shows that majority of the proprietors of SMEs in Machakos County had upto bachelors education and above. This implies that a proprietor of an SME in Machakos County was more likely to have bachelor's education and above.

4.4 Analysis of Likert-Type Data

The general objective of the study was to assess the factors that affect implementation of strategic planning among SMEs in Machakos County. The independent variables were: resource capacity; strategic leadership; and technological innovation. The dependent variable was implementation of strategic planning. Data was collected using likert-type scale (1-5), where 1-strongly disagree, 2-disgaree, 3-neutral, 4-agree, and 5-strongly agree.

4.4.1 Resource Capacity

The study sought to know the state of resource capacity among the SMEs in Machakos County. The respondents were, therefore, asked to in a scale of 1-5; score various statements relating to resource capacity in their businesses. The scale ranged from: 1-Strongly disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly agree. The results were as shown in Table 4.5 below.

Table 4.5 Perception of Respondents on Resource Capacity

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

Source: Research Findings

From Table 4.5, the respondents were asked whether their businesses had strong financial bases. Majority of the respondents disagreed that their businesses had strong financial bases (31.0%); followed by those who strongly disagreed (21.8%). The Mean Score for this statement was 2.433, with Standard Deviation of 0.321. The respondents were also asked whether their businesses had sufficient human resources. Majority of the respondents were neutral (37.5%), followed by those who disagreed (22.1%). The Mean Score for this statement was 2.832, with Standard Deviation of 0.283.

The respondents further asked whether their businesses had sufficient physical resources. Majority of the respondents disagreed that their businesses had sufficient physical resources (32.4%), followed by those who agreed (22.7%). The Mean Score for this statement was 2.546, with Standard Deviation of 0.347. The Composite Score for Resource Capacity was 2.770, with Standard Deviation of 0.347. The Composite Score implies that the overall rating for Stakeholder Participation was between "Strongly Disagree" and "Disagree". However, the small Standard Deviation implies that the dispersion of the respondents' opinion on the state of Resource Capacity in the strategic planning process was small.

4.4.2 Strategic Leadership

The study sought to know the state of strategic leadership among the SMEs in Machakos County. The respondents were, therefore, asked to in a scale of 1-5; score various statements relating to strategic leadership in their businesses. The scale ranged from: 1-Strongly disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly agree. The results were as shown in Table 4.6 below.

Table 4.6 Perception of Respondents on Strategic Leadership

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

Source: Research Findings

Table 4.6 above reveals that 30(8.8%) of the respondents strongly disagreed that their businesses had good management practices; 33(9.7%) disgreed that their businesses had good management practices; 77(22.7%) were neutral on this sentiment; 94(27.7%) agreed that their businesses had good management practices; while 105(31.0%) strongly agreed that their businesses had good management practices. This implies that majority of the proprietors strongly agreed that their businesses had good management practices. The mean for this indicator was 4.322, with standard deviation of 0.505.

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

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

4.4.3 Technological Innovation

The study sought to know the state of technological innovation among the SMEs in Machakos County. The respondents were, therefore, asked to in a scale of 1-5; score various statements relating to technological innovation in their businesses. The scale ranged from: 1-Strongly disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly agree. The results were as shown in Table 4.7 .

Table 4.7 Perception of Respondents on Technological Innovation

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

Source: Research Findings

Table 4.7 shows that 41(12.1%) of the respondents strongly disagreed that their businesses innovate new products and services; 83(24.5%) disagreed that their businesses innovate new

products and services; 110(32.4%) held neutral opinion; 38(11.2%) agreed that their businesses innovate new products and services; while 67(19.8%) strongly agreed that innovate new products and services. The mean for this indicator was 2.989, with standard deviation of 0.687.

The Table further shows that 32(9.4%) strongly disagreed that their businesses actively used on-line payment platforms. 103(30.4%) disagreed that their businesses actively used on-line payment platforms; 120(35.4%) were neutral on this sentiment; 62(18.3%) agreed that their businesses actively used on-line payment platforms; while 22(6.5%) strongly agreed that their businesses actively used on-line payment platforms. The mean score for this indicator was 2.675, with standard deviation of 0.601. The composite mean score for technological innovation was 2.832, with standard deviation of 0.644.

4.4.4 Implementation of Strategic Planning

The study sought to know the state of implementation of strategic planning among the SMEs in Machakos County. The respondents were, therefore, asked to in a scale of 1-5; score various statements relating to implementation of strategic planning in their businesses. The scale ranged from: 1-Strongly disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly agree. The results were as shown in Table 4.8 below.

Table 4.8 Perception of Respondents on implementation of Strategic Planning

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

	Composite Score	**2.467**	**0.613**

Source: Research Findings

Table 4.8 above shows that 89(26.3%) of the respondents strongly disagreed that their businesses often conduct environmental analysis; 104(30.7%) disagreed that their businesses often conduct environmental analysis; 79(23.3%) held neutral opinion in this respect; 35(10.3%) agreed that their businesses often conduct environmental analysis; while 32(9.4%) strongly agreed that their businesses often conduct environmental analysis. The mean for this indicator was 2.631, with standard deviation of 0.611.

Table 4.8 further reveals that 25(7.4%) strongly disagreed that their businesses often select strategies based on environmental analysis. 97(28.9%) disagreed that their businesses often select strategies based on environmental analysis. 110(32.4%) held neutral opinion in this regard; 82(24.2%) agreed that their businesses often select strategies based on environmental analysis; while 25(7.4%) strongly agreed that their businesses often select strategies based on environmental analysis. The mean score for this indicator was 2.474, with standard deviation of 0.655.

Table 4.8 also shows that 99(29.2%) of the respondents strongly disagreed that their businesses often develop clear strategy execution outline. 100(29.5%) disagreed that their businesses often develop clear strategy execution outline; 75(22.1%) were neutral on this sentiment; 31(9.1%) agreed that their businesses often develop clear strategy execution outline; while 34(10.0%) strongly agreed that their businesses often develop clear strategy execution outline. The mean score for this indicator was 2.297, with standard deviation of 0.572. The composite mean score for strategic planning was 2.467, with standard deviation of 0.613.

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

The general objective of the study was to assess the factors that affect implementation of strategic planning among SMEs in Machakos County. Data was collected using a five-point rating scale.

Relationship between each of the independent variables with implementation of strategic planning was assessed using multiple regression model. From the analytical output, R^2 was used to measure the proportion of implementation of strategic planning explained by resource capacity, strategic leadership, and technological innovation. The beta factors were used to measure the correlation between each of the independent variables with strategic planning. The significance of the beta factors was interpreted at 0.05 level of significance. The results were as shown in table 4.9.

Table 4.9 Regression Model Summary

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

Source: Research Findings

Table 4.9 shows that the adjusted R-square was 0.584. This demonstrates that, at 95% confidence interval, upto 58.4% of the perception of respondents on implementation of strategic planning was explained by their perception on resource capacity, strategic leadership, and technological innovation in Machakos County. This implies that upto 41.6% of of the perception of respondents on implementation of strategic planning was explained by other factors outside the model. Table 4.10 below presents the Analysis of Variance.

Table 4.10 Analysis of Variance

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

Source: Research Findings

From the analysis of variance in Table 4.10 above, the data had significance of 1.8%, an indication that the data was suitable for inference on the parameters of the study population (p=1.8%<5%). The F-critical at 5% level of significance was 2.0196. Since the F calculated (2.045) was above the F critical, the overall model was found to be significant. This is an indication that the three independent variables jointly had effect on strategic planning. Table 4.11 shows the Regression Model Coefficients.

Table 4.11 Regression Model Coefficients

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

p<0.05, dependent variable; strategic leadership

Source: Research Findings

The below regression equation was established from Table 4.11 above.

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

Where:
P represents Strategic Planning

R represents Resource Capacity
T represents Technological Innovation

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

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

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

4.6 Discussion of Findings

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

4.6.1 Relationship with Theory

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

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

4.6.2 Relationship with Previous Studies

The study established that resource capacity affects implementation of strategic planning. Similar conclusion was arrived at by Barney and Hesterly (2006) who found that an association's inner assets incorporate money related asset (monetary capital that associations use to define and actualize methodology), physical resources, human asset, and authoritative asset that incorporate the reputation and informal relationships among groups in the organization. Others such as Robert and Sonfield (2012) on an article to gauge and look at contrasts in levels of privately-owned company making arrangements for progression in seven nations: Croatia, Egypt, France, India, Kosovo, Kuwait, and the USA, found a relationship between resource capacity and strategic planning.

The study also found a significant effect of strategic leadership on implementation of strategic planning. Mulandi, (2013) observed that development can be accomplished by firms with an assortment of size, part and age trademark. Such company's capacities are recognized more by the systems and activities of supervisors than by their profile qualities with this SME area in

Kenya contributing up to over half openings for work, past measurements demonstrate that three out of each five new companies bomb inside the initial not many months.

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

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter comprises a presentation on summary of the study findings, conclusion and recommendations based on the findings. The summary, conclusion and recommendations have been made in accordance with the objectives, methodological approach, findings, and limitations of the study.

5.2 Summary of Findings

The study sought to assess the factors effecting implementation of strategic planning among SMEs in Machakos County. The effect of resource capacity, strategic leadership, and technological innovation on implementation of strategic planning was, therefore, assessed. Data was collected using a structured questionnaire and analyzed using descriptive method. Data was analyzed using multiple regression model. The adjusted R-square in the regression model was 0.584. This demonstrates that, at 95% confidence interval, upto 58.4% of the perception of respondents on implementation of strategic planning was explained by their perception on resource capacity, strategic leadership, and technological innovation in Machakos County.

This implies that upto 41.6% of of the perception of respondents on implementation of strategic planning was explained by other factors outside the model. The data had significance of 1.8%, an indication that the data was suitable for inference on the parameters of the study population ($p=1.8\%<5\%$). The F-critical at 5% level of significance was 2.0196. Since the F-calculated (2.045) was above the F critical, the overall model was found to be significant. This is an indication that the three independent variables jointly had effect on implementation of strategic planning. The study further determined that if the respondents were indifferent to each of the

indepndent variables; their perception of implementation of strategic planning, in a scale of 1-5, would be 1.997.

5.2.1 Effects of Resource Capacity on Implementation of Strategic Planning among SMEs in Machakos County

The Composite Score for Resource Capacity was 2.770, with Standard Deviation of 0.347. The Composite Score implies that the overall rating for Stakeholder Participation was between "Strongly Disagree" and "Disagree". However, the small Standard Deviation implies that the dispersion of the respondents' opinion on the state of Resource Capacity in the strategic planning process was small**.** However, a unit change in resource capacity perception would lead to 36.1% change in perception on implementation of strategic planning.

5.2.2 Effects of strategic leadership on Implementation of Strategic Planning among SMEs in Machakos County

The findings on effects of strategic leadership on implementation of strategic leadership showed that the mean for this indicator was 4.243, with standard deviation of 0.565. The overall mean score strategic leadership was 4.359, with overall standard deviation of 0.581. Similarly, unit change in strategic leadership perception would lead to 30.5% change in perception on implementation of strategic planning.

5.2.3 Effects of Technological Innovation on Implementation of Strategic Planning among Smses in Machakos County

The findings on the effect of technological innovation on implementation of strategic planning indicated that the mean score for this indicator was 2.675, with standard deviation of 0.601. The composite mean score for technological innovation was 2.832, with standard deviation of

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

5.3 Conclusions

The study found significant effect of resource capacity, strategic leadership, and technological innovation on implementation of strategic planning. The results are in support of the postulations of Resource Based Theory, Contingency Theory, and Social Darwinism Theory. This implies that the theories have strong prediction on the phenomenon under investigation. However, the predictions of other theories ought to be investigated in light of the same research problem. The findings of the study have implications on the policy direction for SMEs in Machakos County. The Department of Trade in the County Government of Machakos should consider developing new policies to enhance the culture of strategic planning among the SMEs in Machakos County since most of them disagreed with the statements relating to the existence of strategic planning in their organizations.

5.3.1 Significant of Resource Capacity

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

5.3.2 Significant of Strategic Leadership

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

5.3.3 Significant of Technological Innovation

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

5.4 Recommendations

The study recommends that the academics in the field of Organizational Development, should consider using the empirical evidence adduced to further their research interests for to fill any gap. Theorists should also consider the findings of this study to find further empirical evidence in light of the phenomenon investigated in the current study. The study also recommends the findings for the development of policies for growth of the SMEs in Machakos County by ensuring that they practice implementation of strategic planning.

The Ministry of Trade and Industrialization in Kenya should apply the results in decision making since it would assist in developing well-informed policies for the Post COVID-19 economic stimulation, Vision 2030, the Big Four agenda, and the sustainable development goals in Kenya.

Finally, the study recommends that the proprietors of the various SMEs in Machakos County should use the findings for develop strategies for growth. This is more so because previous evidence has determined that they are beacons of economic development in Kenya.

5.5 Suggestions for Further Research

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

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APPENDICES

Appendix I: Introduction Letter

Anastacia Wambua February 15, 2020

P.O. Box 1503

Machakos, Kenya

Dear Sir/Madam,

RE: REQUESTING FOR ASSISTANCE IN RESEARCH STUDY

I am a Postgraduate student in St. Paul's University, pursuing Master's degree of Business Administration, specializing in Strategic Management. I am undertaking a research project in partial fulfillment of the Master's Degree. The topic of the study is as follows: *Assessing the Factors that Affect implementation of Strategic Planning among SMEs in Machakos County.*

I am, kindly, requesting you to help in this research study by participating in answering the questions attached in questionnaire as briefly and accurately as possible. The data collected will strictly be used for the purposes of this study and the information collected will remain confidential.

Yours sincerely,

Anastacia Wambua

Researcher

Appendix II: Research Questionnaire

This questionnaire seeks to collect data on the *Factors that Affect Implementation of Strategic Planning among SMEs in Machakos County.* Your honest response to the questions will be highly appreciated. All responses will be treated confidentially and will only be used for the purpose of this research.

Section A: General /Demographic data

1. Kindly indicate your Age bracket.
    a) 18-25 Years ☐
    b) 26-30 Years ☐
    c) 31-40 Years ☐
    d) Above 40 Years ☐
2. Kindly indicate your Gender.
    a) Male ☐
    b) Female ☐
3. For how long has your business been in operation?
    a) Less than 1 year ☐
    b) 1-2 years ☐
    c) 3-5 years ☐
    d) 6-10 years ☐
    e) Above 10 years ☐
4. How many full time employees have your business?
    a) 1-5 ☐
    b) 6-10 ☐
    c) 11-20 ☐
    d) More than 20 ☐
5. How many employees does your enterprise have?
    a) Primary Level ☐
    b) Secondary Level ☐
    c) Diploma ☐
    d) Bachelor's Degree and above ☐

Section B: Resource Capacity

This section aims at collecting data on Resource Capacity. Use a scale of 1-5, where (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5- Strongly agree) and tick your choice.

No	**Statement**	**1**	**2**	**3**	**4**	**5**
6	My business has strong financial base					
7	My business has sufficient human resources					
8	My business has sufficient physical resources					

Section C: Strategic Leadership

This section aims at collecting data on Strategic Leadership. Use a scale of 1-5, where (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5- Strongly agree) and tick your choice.

No	**Statement**	**1**	**2**	**3**	**4**	**5**
9	My business has good management practices					
10	My business has good has good leadership practices					
11	My business has clear communication framework					

Section D: Technological Innovation

This section seeks to collect data on Technological Innovation. Use a scale of 1-5, where (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5- Strongly agree) and tick your choice.

No	**Statement**	**1**	**2**	**3**	**4**	**5**
12	My business innovates new products and services often					
13	My business actively uses on-line payment platforms					

Section E: Strategic Planning

This section seeks to collect data on Strategic Planning. Use a scale of 1-5, where (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5- Strongly agree) and tick your choice.

No	Statement	1	2	3	4	5
14	My business often conducts environmental analysis					
15	My business often selects strategies based on environmental analysis					
16	My business often develops clear strategy execution outline					

THANK YOU.

Appendix III: Work Plan

Activities	**Timeline (3 Months)**											
Topic Identification and objectives												
Close checking whether both independent and dependent variables will fill the research gap												
Preparation of tools & pre-testing												
Acquire relevant permissions												
Establish Networks with prospective respondents (proprietors)												
Collect the needed information for compiling and analysis												
Data collection and Analysis												
Report writing, proof reading and submission of final document												

Appendix IV: Budget for the Study

CODE	ITEMS	QUANTITY	COST	TOTAL
1	Pencils	4	60	120
2	Erasers	2	20	40
3	Ball pens	3	30	90
4	Type and print proposal	6	1000	6,000
5	Transport		10,000	10,000
6	Type and print report	6	1500	9,000
7	Type, Printing, photocopying of questionnaires	400	50	20,000
8	Data collection	400	100	40,000
9	Data analysis	1	20,000	20,000
10	Review and Publishing	1	10,000	10,000
		TOTAL		106,210

Appendix V: Recommendation letter

ST. PAUL'S UNIVERSITY

Private Bag 00217 LIMURU, KENYA
Email: postgraduatestudies@spu.ac.ke
Website: www.spu.ac.ke

Tel Office: +254 (0) 20-2020505/10
Mobile: +254 (0) 728-669000
(0) 728-062420
(0) 736-424440

BOARD OF POSTGRADUATE STUDIES

11th January 2019

Wambua M. Anastacia

Student number: MBAMKS682618

Dear Anastacia,

RE: **DISSERTATION SUPERVISION, 2018/2019 ACADEMIC YEAR**

Congratulations for completing the first year of coursework in your postgraduate studies. The Board of Postgraduate studies has approved your dissertation concept which is entitled: *'Factors affecting adoption of strategic planning in SMEs'*. **Dr. John Muhoho** has been appointed as the lead supervisor, and **Margaret Musyoka** as the co-supervisor for your research and they shall guide you as you write your dissertation. The supervision is to commence on **11th January 2019.** Kindly note the following as you carry out your research:

(i) You will first contact the lead supervisor who will then forward the work to the co-supervisor for additional input/ advice.
(ii) The role of the supervisors is to guide you in writing the proposal, doing the research, and writing the whole dissertation in accordance with the terms laid down in the dissertation handbook
(iii) You should agree with your supervisors on the most appropriate supervision schedule and process
(iv) Ensure that your supervisors fill in the supervisor's form and submit a copy to the postgraduate office
(v) You are expected to follow the procedures laid down in the dissertation handbook if you are dissatisfied with the supervision process.
(vi) Supervision meetings should not take place in private premises.
(vii) It is your responsibility to ensure that you defend your research proposal in your department. Consult the HOD for the appropriate date to do so.
(viii) Constantly refer to the dissertation handbook in all matters pertaining to the dissertation.
(ix) Your proposal and final dissertation must be processed through turn it in. Open an account with the help of the ICT department in your campus then get log in details from your supervisor.
(x) The deadline for submitting your proposals for 2018 graduation elapsed on **28th February 2018**. The deadline for submitting for 2019 graduation will be **28th February 2019.**

The complete dissertation should be handed in on or before **31st May 2019**. the postgraduate studies office will send you a softcopy of the dissertation handbook for use. (update the office of your current email and telephone address).

We wish you all the best as you do your research.

Regards,

Dr. Sammy Githuku
Director, Postgraduate Studies
copy: DVC- Academics
Supervisor
Dean, FOBCS
Head of Department

Appendix VI: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **240549**

Date of Issue: **21/April/2020**

RESEARCH LICENSE



This is to Certify that Miss.. Anastacia Mutave Wambua of Saint Paul University, has been licensed to conduct research in Machakos on the topic: ASSESSMENT OF FACTORS AFFECTING STRATEGIC PLANNING OF SMALL AND MEDIUM ENTERPRISES IN MACHAKOS COUNTY for the period ending : 21/April/2021.

License No: **NACOSTI/P/20/4825**

240549

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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