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Abstract

The purpose of this study was to investigate strategic management practices and performance of small and medium enterprises in Kitui County, Kenya. The study used a descriptive research design and targeted 442 SMEs in Kitui town, which have the necessary structures to implement strategic management practices. The sample size was 111 small and medium sized enterprises, 30 per cent of the target population and adopted stratified random sampling. Questionnaires were the main source of primary data and Cronbach's Alpha was used to test the validity and consistency of the research instrument. Data analysis was done using Statistical Package for Social Sciences (SPSS) and descriptive statistical tools were used for presentation. The study found that service delivery, ICT and customer service had a positive and significant effect on performance of small and medium-sized enterprises in Kitui County, Kenya. Based on the findings, it was concluded that small and medium enterprises in Kitui County, Kenya have adopted strategic policies or practices. However, they were being affected by factors such as economic, political, environmental, and technological factors, as well as, competition. The study concluded that performance of SMEs based on financial and non-financial indicators has been largely influenced by adoption of strategic management practices. The study therefore, recommends entrepreneurs to place their focus and emphasis on the services offered to customers. They should endeavour to make their customers satisfied with their services and the products they offer to them. This thus ensures that the SMEs have an assured market/customer for their products which means constant and improved sales and profits. In the highly competitive market and increased globalizations of services, entrepreneurs should maximize on their use of Information Technology in their business operations. It has completely transformed the way businesses are run and is an assurance of improved services and operations for instance in the innovation of the product, market and the supply chain performance. Service delivery, for instance, could be largely boosted by a good online marketing platform where the entrepreneur could advertise, communicate and sell his product to the target customers conveniently.

Keywords: *strategic management practices, performance, small and medium enterprises, Kitui County*

1.0 INTRODUCTION

1.1 Background of the Study

Small and Medium-sized Enterprises' (SMEs) vital role and contribution in creating employment and economic development worldwide has attained an increased attention. According to Zacharakis, Neck, Hygrave and Cox (2002), the SME sector is progressively being acknowledged as the key driver for economic growth in the developing and developed countries. It is a significant source of job creation, technological development, revenue creation, and innovativeness and thus, a key asset in the economy at large. In most nations across the world, the degree of economic dependence on SMEs has risen in recent years (Barney, 2002). Specifically, the need for strategic management practices in SMEs to improve performance has been an area of debate and focus as most policy makers feel that these are important in improving the SMEs sector and the economy in general.

Small and Medium-sized Enterprises play an essential role in the world (Eden & Ackermann, 2013). As market conditions are more dynamic and competition is tighter, many SMEs in Indonesia and other countries establish their efforts to understand how SMEs can maintain and improve their financial and marketing performance. Some policy and strategic experts have encouraged firms to implement strategic management practices in order to be able to compete. There is still, however, an unresolved debate regarding the effect of SMP on the overall corporate execution (Eden & Ackermann, 2013).

There are diverse conceptualizations of performance in the SMEs context. According to Wakaba (2015), performance can be looked at in the context of looking at what identifies, makes and communicates success factors, organisational learning and offers a source for evaluation and rewards. It may also be evaluated in the context of a role of the organisation's capacity to attain its goals and objectives by exploiting of the available resources in an effective and efficient way (Osoro, 2012). Performance can also be conceptualised as the firm's ability to make and serve what the customers need at a specific period and effectiveness, which implies attaining the goals at the most minimal cost with optimal gains (Kirigo, 2008). It is the result of the organisation's strategies and operations. Systems of measuring performance provide the basis to create strategic actions and plans, evaluate a company's completion of goals and objectives (Barney, 2002).

Strategic Management (SM) refers to the recognition of an organization's plans and actions towards attaining its aim. It comprises actions that determine the organization's long-term performance (Srivastava & Verma, 2012). It is an unending process which assesses and controls the business operations and the markets in which the business entity operates, assesses its rivals in the industry and establishes strategies and goals to meet the requirements of all the stakeholders. The core of SM is to attain, as well as, to sustain a competitive advantage. The main issue that surrounds strategic management is why some business entities attain greater performance levels. Strategic management provides varied approaches for accounting the variations in performance between and among firms. A number of the scholars hold that a better performing firm may have a competitive edge and a better market position than its competitors (Witcher & Chau, 2010).

1.2 Statement of the Problem

The business failure rate continues to rise due to numerous hindrances to performance. Such hindrances include poor service delivery, inadequate cash flow, laws and regulations, leadership gap, lack of ICT, general economic conditions, inadequate customer service, poor locations and vital factors such as corruption, poor infrastructure, failure to implement appropriate strategies, poverty, and low demand for goods and services. The performance of SMEs across the world and Kenya in particular has not been impressive. The association between business strategy and organisational performance has been a topic of attention in the strategic management field. Irrespective of this development, there has not been much thought given to the relative evaluation of the association.

Typically, SMP are linked to large corporations. SMEs are generally operated and run by the owners who also act as managers and make strategic decisions mainly based on practical perceptions than academic ones. The business leadership should make effort to address strategic concerns including restructuring, resource mobilization, process changes, technological changes, leadership shifts and cultural alterations. Well-established strategies together with appropriate implementation will lead to the success of the organisation. Whereas the contributions of SMEs to development are usually recognized, players in the sector face myriad challenges which hinder the firms' growth.

Numerous studies have focused on SMEs both globally and locally. Chilala (2014) carried out a research on Ghanaian SMEs and the problems they face in foreign market Chen, Windasari & Pai (2013) carried out a research on SM in SMEs of East Asia. Stonehouse and Pemberton (2002) investigated SMEs strategic planning in the United Kingdom even though such may not apply to the Kitui context. Mulinge (2009) carried out a study on marketing practices that SMEs adopt in dealing with clothing and footwear in Makueni District whereas Muua (2009) studied the importance of acquiring skills to be efficient in marketing by SMEs. Nkondi (2014) carried out a research on the causes of the degree to which the operational and running costs impact the competitive performance of textile SMEs in Kenya.

From the studies, none focused on the influence of strategic management practices on the performance of SMEs. Again, there is a noticeable supposition that SMEs have formal strategies in place, which is not the case. Moreover, there is the issue of location as most of the studies conducted were mainly in concentrated towns such as Nairobi, and in which the case may be different for smaller towns such as Kitui.

1.3 Objectives of the Study

1. To establish how services delivery affects the performance of SMEs in Kitui County, Kenya.
2. To assess how the adoption of ICT affect the performance of SMEs in Kitui County, Kenya.
3. To examine how customer service affects the performance of SMEs Kitui County, Kenya.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 McKinsey's 7'S Model

McKinsey's 7'S Model was developed by McKinsey and Company, a consulting firm in the early 1980s. This model is widely applied by academics and practitioners to analyse hundreds of firms. There are seven variables that surround this theory. Structure refers to the firm's skeleton or the chart while strategy is the course of action or plan in resource allocation to attain goals and objectives (Peters & Waterman, 2004). Systems are the procedures and processes followed in the organisation while staff is the human resource. Skills are the capabilities of the personnel in the organisation whereas style is the manner in which organisational managers behave in attaining organisational goals. Style also encompasses the organisational cultural style.

Shared values are the significant meanings or the concepts that guide people in the organisation. Strategy, systems, and structure (hard elements) are usually feasible and can be identified easily in the organisation since they are well documented (Peters & Waterman, 2004). The rest are, however, difficult to understand as they keep on developing and changing. This means that the four aspects, also referred to as the soft elements, have to be studied very closely, usually through carrying out interviews and observation.

Some relationships can, however, be made between the two classes of 'S'. For instance, it is observed that a rigid structure results in a bureaucratic culture. Overcoming staff resistance to change and changing the organisational culture can at times prove challenging but if it is done effectively, then this can have a significant effect on the hard components (structure, strategy, and system) of the organizations (Peters & Waterman, 2004). The model is important as it has been used by organisations to improve their performance, to examine the possible effects for future organizational changes, to align processes and departments in mergers and acquisitions and to establish how best to implement proposed strategies. This theory is relevant to the study because for strategic management practices to be adopted, the 7 elements need to function interdependently and effectively.

2.1.2 Resource Based Theory

This theory was advanced by Wernerfelt (1984) to stress that the idea of a firm's strategy is a result of the resources that the company holds. It states that a firm will have a high chance of succeeding if it has the most appropriate and the best stock of resources that are relevant for its strategy and business. Thus, strategic management practices will depend on the resources of the firm. This describes a company in relation to the resources the company integrates. Often, the term resource is limited to those features that promote a firm's effectiveness and efficiency (Wernerfelt, 1984).

The theory's implication to this study is that SMPs on different SMEs in Kitui will depend on the resources that the organisations have which more often than not is influenced by the SMEs legal formation, industry, and size. As a result, the performance of the SME will depend on the strategic management policies adopted. The theory, however, tends to leave out the smaller firms that may lack the necessary resources to indulge in strategic management practices.

2.1.3 Ansoff Strategic Success Theory

Ansoff strategic success theory was proposed by Ansoff (1984) and advanced by Ansoff and McDonnell (1990). The theory holds that high performance of a firm is guaranteed when the responsiveness of a firm's strategy matches environmental turbulence and when the firm's capacity matches assertiveness of its strategy. This theory holds that a firm's performance potential is maximum when the above conditions are met. The elements of a firm's capability should be supportive of each other. This approach is used to determine the adjustments that need to be made to a strategy of a firm and its internal capacity in order to guarantee a firm's future success. The implication of this research is that strategic management practices have an impact on a firm's performance, but only when the adoption conditions are adequately met.

2.2 Empirical Review

Service delivery and people refusal or the unwillingness to use cell phones, are largely because of supposed risk (Mwangi & Brown, 2015) or perceived credibility. Through the study of consumer attitudes toward mobile and online banking, Laforet and Li (2005) established that perceived risk was the most critical cause preventing the use of mobile banking. Croucher (2013) distinguished perceived risks and trust from perceived credibility. Valtakoski and Witell (2018) and Mwangi and Brown (2015) supported privacy and security as two significant dimensions under the concept of perceived credibility. In addition, empirical studies by Valtakoski and Witell (2018), as well as, by Mwangi and Brown (2015) show that perceived credibility considerably affected human intention to use mobile banking. In Kitui County, many SMEs have utilized mobile banking and online payment methods as strategies to ease and fasten business dealings. This greatly reduces turnaround time of the customer as processing is done priorly.

Clarke (2009) investigated ICT in Small and Medium-sized Enterprises. He found out that the inclusion of ICT into business operations of SMEs has an important technique to ensure growth, competitive advantage and survival of organizations. He noted that the SMEs that had adopted ICT in their operations have already witnessed its impact in the overall competitive position in whatever industry of operation. Modimogale and Kroeze (2011) investigated the role of ICT within SMEs in Gauteng, which is a Province in South Africa. They established that ICT greatly contributes to the economy and thus, it is important for SMEs to take part in the economy to compete and flourish in the future. They argued that the main problem is that SMEs still use traditional techniques to remain competitive. According to Modimogale and Kroeze (2011), SMEs should take advantage of the ICT power to take on the competition at whatever level. Both the traditional and ICT techniques are extremely vital for the organization's competitiveness. They followed a qualitative research method and used questionnaires in data collection. The reasons why SMEs may fail to implement ICT techniques according to the scholars are insufficient knowledge, insufficient tools, limited funds, and lack of skilled staff.

Albro (2011) recognized trust as an important component in developing and maintaining the association between buyers and sellers. Trust can be created through proactive resolution of conflicts and complaints, effective communication, as well as, ensuring reliability and integrity. Relationship marketing attempts to create and reinforce the relation between a firm and its consumers through developing a long-term bond with them.

The overall goal is to improve long term sales although it also helps service and product repositioning and grasp consumers from rival companies (Gallagher & Rozner, 2008). The supreme aim of relationship marketing is to create, maintain, and develop the relationship with consumers, which are beneficial. Therefore, it is essential for relationship managers to examine the best relation that is worth the time and effort, although how to establish the best relation is the hardest thing.

3.0 RESEARCH METHODOLOGY

The study used a descriptive research design. The study adopted the stratified random sampling and targeted 442 SMEs in Kitui Town, which have the necessary structures to implement strategic management practices. The sample size was 111 small and medium sized enterprises, 30 per cent of the target population. Questionnaires were the main source of primary data and Cronbach’s Alpha was used to test the validity and consistency of the research instrument. The collected data was analyzed using SPSS version 20.0. Descriptive statistics (frequencies, percentages, means and standard deviations) were used to explain the attributes of the research concepts. On the other hand, inferential statistics (Pearson correlation and regression analysis) were used to test the relationship between independent and dependent variables. The findings were presented using tables and figures. In addition, qualitative data was analyzed using thematic analysis that involved grouping the responses into key themes and presented in prose form.

4.0 RESEARCH FINDINGS AND DISCUSSION

4.1 Descriptive Analysis

4.1.1 Service Delivery

Table 1: Service Delivery

Statement	To no degree	Little degree	Moderate degree	To a great degree	To a very great degree	Mean	Std Dev
Employee full Engagement	0.00	0.00	30.39	34.31	35.29	4.05	0.81
Corporate social Responsibility	0.00	12.75	47.06	19.61	20.59	3.48	0.96
Customer Awareness	0.00	0.00	26.47	43.14	30.39	4.04	0.76
In-time Delivery	0.00	0.00	24.51	38.24	37.25	4.13	0.78
Average						3.93	0.83

Based on in Table 1 results, a large part of the respondents (69.6%) indicated that their business entity had adopted employee full engagement to a large degree, 47.6% cited adoption of corporate social responsibility to a moderate degree, 73.53% noted adoption of customer awareness to a great degree while 75.49% noted adoption of in-time delivery to a great degree.

The overall mean of 3.93 imply that most of the participants were in agreement with the statements with a 0.83 variation from the mean. These results agreed with Mwangi and Brown (2015) as well as Laforet and Li (2005) established that perceived risk was the most important factor preventing the use of mobile banking. The results were also in agreement with Valtakoski and Witell (2018) who proved that perceived credibility considerably affected human intention to use mobile banking.

4.1.2 Information and Communication Technology

Table 2: Information and Communication Technology

Statement	To no degree	Little degree	Moderate degree	To a great degree	To a very great degree	Mean	Std Dev
Mobile Phone Use	0.00	0.00	21.57	39.22	39.22	4.18	0.76
Use of Computer and the Internet	0.00	0.00	18.63	37.25	44.12	4.25	0.75
Average						4.22	0.76

Based on results Table 2, majority of the respondents (78.44%) indicated that small businesses have embraced mobile phone use to a great degree. Further, 81.37% of the respondents indicated that their organization had adopted use of computer and the internet to a great degree. A mean of 4.22 showed that most of the participants were in agreement with the statements with responses varied at 0.76 from the mean.

These results resonated with those of Clarke (2009) who found that the inclusion of ICT into business operations of SMEs has an important technique to ensure growth, competitive advantage and survival of organizations. In extension, they correlated with the findings by Modimogale and Kroeze (2011) who encouraged that business should utilize technology for competitiveness.

4.1.3 Customer Service Practices

Table 3: Customer Service Practices

Statement	To no degree	Little degree	Moderate degree	To a great degree	To a very great degree	Mean	Std Dev
Employee engagement	0.00	0.00	23.53	32.35	44.12	4.21	0.8
Customer Satisfaction	0.00	0.00	25.49	32.35	42.16	4.17	0.81
Customer Retention	0.00	0.00	21.57	43.14	35.29	4.14	0.75
Customer Feedback	0.00	0.00	29.41	33.33	37.25	4.08	0.82
Net Promoter Score	0.00	0.00	50	27.45	22.55	3.73	0.81
Average						4.07	0.80

Results in Table 3 indicate that majority of the participants (76.47%) noted that their organization had adopted employee engagement as a customer service practice to a great degree, 74.51% indicated that their organization had adopted customer satisfaction as a customer service practice to a great degree, 78.43% indicated that their organization had adopted customer satisfaction as a customer retention practice to a great degree, 70.58% indicated that they use feedback as a client retention practice to a great degree and 50% noted that their organization had adopted Net Promoter Score as a customer retention practice to a great degree.

The overall mean of 4.07 imply that most of the participants were in agreement with the statements with responses varying from the mean by 0.8. These findings were in agreement with Albro (2011) who recognized that trust is an important component in developing and maintaining the association between buyers and sellers which can be created through proactive resolution of conflicts and complaints, effective communication, as well as, ensuring reliability and integrity.

4.1.4 Performance of SMEs

Table 4: Financial Indicators

Financial Indicators	To no degree	Little degree	Moderate degree	To a great degree	To a very great degree		
					Mea n	Std Dev	
Profitability	0.00	6.86	23.53	33.33	36.27	3.99	0.94
Growth	0.00	5.88	30.39	35.29	28.43	3.86	0.90
Efficiency	0.00	9.8	21.57	33.33	35.29	3.94	0.98
Revenue	0.00	5.88	25.49	33.33	35.29	3.98	0.92
Equity of the Firm	0.00	7.84	27.45	27.45	37.25	3.94	0.98
Average						3.94	0.94

Table 4 present the results of the financial indicators. Majority of the respondents (69.6%) indicated that the use of SMPs has improved profitability to a great degree, 63.72% noted that it has improved growth to a great degree, 68.62% cited it has improved efficiency to a great degree, 68.62% noted that it has improved revenue to a great degree while 64.7% indicated that it has improved equity of the firm to a great degree.

The overall mean of 3.94 indicate that most of the participants were in agreement with the statements with responses varying from the mean as revealed by a standard deviation of 0.94. Further, Table 5 presents the performance scores of the SMEs on the basis of non-financial indicators.

Table 5: Non-Financial Indicators

Non-Financial Indicators	To no degree	Little degree	Moderate degree	To a	To a very	Mean	Std Dev
				great degree	great degree		
Employee Orientation	0.00	0.00	18.63	44.12	37.25	4.19	0.73
Customer Orientation	0.00	0.00	26.47	40.2	33.33	4.07	0.77
Strategic partners Orientation	0.00	9.80	33.33	23.53	33.33	3.80	1.02
Competitive Orientation	0.00	8.82	27.45	28.43	35.29	3.90	0.99
Average						3.99	0.88

The findings in Table 5 reveal that majority of the respondents (81.37%) noted that the adoption of strategic management practices has improved employee orientation to a great degree, 73.53% indicated that the adoption of strategic management practices has improved customer orientation to a great degree, 56.86% indicated that the adoption of strategic management practices has improved strategic partners orientation to a great degree while 63.72% noted that the adoption of strategic management practices has improved competitive orientation to a great degree. An overall mean of 3.99 imply that most of the participants were in agreement with the statements with responses varying from the mean as shown by a standard deviation of 0.88.

4.2 Inferential Analysis

4.2.1 Correlation Analysis

The Pearson correlation coefficient was used. It measures the strength of two variables that in a linear association, with a denotation of r. The denotation of r, is estimated using a threshold of +1 to -1. The association when a value is above 0 means the value of the other variable in linear comparison increase with a positive value, when the value is below 0 this shows that there is a negative association and the linear relation decreases on the same line. Results are presented in Table 6.

Table 6: Correlational Analysis

Variables		Performance	Service Delivery	ICT	Customer Service
Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
Service Delivery	Pearson Correlation	.512**	1		
	Sig. (2-tailed)	0.000			
ICT	Pearson Correlation	.613**	.402**	1	
	Sig. (2-tailed)	0.000	0.000		
Customer Service	Pearson Correlation	.651**	.261**	.436*	1
	Sig. (2-tailed)	0.000	0.008	0.000	

The study revealed a positive and significant association between service delivery and performance of small and medium-sized enterprises ($r = 0.512$, $p = 0.000$). This means that both service delivery and firm performance change in the same direction. These findings were in agreement with those of Karadag (2015) whose findings revealed that, there is a positive relationship between micro credit and the growth of SMEs business capital and stock accumulation. The results were also in agreement with Valtakoski and Witell (2018) who proved that perceived credibility considerably affected human intention to use mobile banking.

Information and Communication Technology was also found to correlate positively and significantly with performance of small and medium-sized enterprises ($r = 0.613$, $p = 0.000$). This means that ICT and firm performance change in the same direction. These results resonated with those of Clarke (2009) who found that the inclusion of ICT into business operations of SMEs has an important technique to ensure growth, competitive advantage and survival of organizations.

Furthermore, customer service and performance of small and medium-sized enterprises were found to positively and performance of small and medium-sized enterprises significantly relate to each other ($r=0.651$, $p=0.000$). This means that customer service and firm performance change in the same direction. These findings were consistent with Gichohi, Onyancha and Dulle (2017) whose findings revealed that in any client service interaction, consumers' perception is essential to one's capacity to ensure that they get satisfaction beyond what they expect. This helps to give consumers unique services and meets numerous consumer needs.

4.2.2 Regression Analysis

Regression presents a model to devise a relationship between two sets of variables. It is expressed as linear regression equation that can be applied to predict the relationship between the dependent variable with the independent variables.

Table 7: Model of Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.787a	0.619	0.607	0.1488

Table 7 presents the model of fitness results. The adjusted R square of 0.607 indicated that service delivery, ICT and customer service explain 61% of the total differences in the dependent variable of the study (performance of SMEs).

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.528	3	1.176	53.085	.000b
	Residual	2.171	98	0.022		
	Total	5.7	101			

The ANOVA results presented in Table 8 indicate that the overall model was significant. The study variables indicated by service delivery, ICT and customer service were good determinants of the dependent variable that is, performance of small and medium-sized enterprises. This was supported by F statistic of 53.085 with a p value of $0.000 < 0.05$.

Table 9: Regression of Coefficients

	β	Std. Error	t	Sig.
(Constant)	1.095	0.238	4.596	0.000
Service Delivery	0.192	0.048	3.966	0.000
ICT	0.191	0.045	4.218	0.000
Customer Service	0.359	0.056	6.395	0.000

Table 9 presented the results of the regression coefficients. Running an overall regression of coefficients establishes the independent contribution of each variable to the dependent variable. It was observed that Service Delivery and performance of small and medium-sized enterprises were positively and significantly related ($\beta=0.192$, $p=0.000$). The p value was measured at 0.05 significance level and thus Service Delivery $p=0.000$ was found to be significant. This means that an increase in 1 unit of service delivery improves performance of small and medium-sized enterprises by 0.192 units.

Optimal Model:

$$Y = 1.095 + 0.192 \text{ Service Delivery} + 0.191 \text{ ICT} + 0.359 \text{ Customer Service}$$

These findings were in agreement with those of Karadag (2015) whose findings revealed that, there is a positive correlation between micro credit and the development of SMEs business capital and stock accumulation. The results were also in agreement with Valtakoski and Witell (2018) who proved that perceived credibility considerably affected human intention to use mobile banking.

Information and Communication Technology was likewise found to relate positively and significantly to performance of small and medium-sized enterprises ($\beta=0.191$, $p=0.000$). The p value was measured at 0.05 significance level and thus ICT $p=0.000$ was found to be significant. This means that an increase in 1 unit of ICT improves performance of small and medium-sized enterprises by 0.191 units.

These findings were in agreement with those of Mamman, Baydoun, Alharbi and Kanu (2015) who revealed that the business entities that use various kinds of ICT rate their impact mostly positive. Computer applications' usage is leading and they have been identified as important tools in improving management efficiency, as well as, competitiveness by 88% and 76 per cent respectively.

The results further indicated that customer service and performance of small and medium-sized enterprises had a positive and significant relation ($\beta=0.359$, $p=0.000$). The p value was measured at 0.05 significance level and thus customer service $p=0.000$ was found to be significant. The findings imply that a unit increased in customer service would increase performance of small and medium-sized enterprises by 0.359 units

These findings are consistent with the argument proposed by Njau and Karugu (2014) that a key reason for the success of businesses is the ability of their managers to focus keenly on the delivery of quality service to customers. In addition, they correlated with the findings by Mageto *et al.* (2018) that many organizations across the globe now place increasing emphasis on excellent customer service as a way of creating customer loyalty and developing a sustainable competitive advantage.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The first objective of the study was to establish how services delivery influences the performance of SMEs in Kitui County, Kenya. The study found a positive and significant association between service delivery and performance of SMEs. Additionally, the findings were also supported by the statements from the questionnaire that most of the respondents agreed. This was, further, supported by the regression results which established that Service Delivery and performance of small and medium-sized enterprises were positively and significantly related.

The second objective of the study was to assess how the adoption of ICT affects the performance of small and medium-sized enterprises in Kitui County, Kenya. Information and Communication Technology was found to correlate positively and significantly with performance of small and medium-sized enterprises. The findings were backed and supported by the statements in the questionnaire which most of the respondents agreed. Regression results also showed that Information and Communication Technology related positively and significantly to performance of small and medium-sized enterprises.

The third objective of the study was to examine how customer service affects the performance of small and medium-sized enterprises in Kitui County, Kenya. The results from the correlation analysis indicated that customer service and performance of small and medium-sized enterprises were found to positively and performance of small and medium-sized enterprises significantly relate to each other. The findings were later backed by the statements in the questionnaire which most of the respondents agreed. In addition, the regression results underscored that Customer Service and performance of small and medium-sized enterprises had a positive and significant relationship.

5.2 Conclusion

Based on the findings above the study concluded that strategic management practices have an effect on the performance of small and medium enterprises in Kitui County, Kenya. The study thus concluded that small and medium enterprises in Kitui County, Kenya have adopted strategic policies or practices however they were being affected by such factors as economic, political, environmental, and technological factors as well as competition. The study likewise concluded that most SMEs in Kitui Town have adopted the various strategic management policies and practices such as Market Strategy, Service Delivery, Product Pricing, Cost Control, Customer Service, Product and Service Innovations, ICT etc. The main goal of this is for them to attain a competitive advantage. It was further concluded that most of the SMEs in Kitui County appreciate the financial and non-financial indicators of performance. The study concluded that the performance of the SMEs based on the financial and non-financial indicators has been largely influenced by the implementation of strategic management practices.

5.3 Recommendations

Based on the findings, the researcher recommended that entrepreneurs to place their focus and emphasis on the services offered to customers. They should endeavor to make their customers satisfied with their services and the products they offer to them.

In business persons need to embrace the value of delivery of services since in conjunction with the offered services, it helps to maintain a strong and reliable customer base. This thus ensures that the SMEs have an assured market/customer for their products which means constant and improved sales and profits.

In the highly competitive market and increased globalizations of services, entrepreneurs should maximize on their use of Information Technology in their business operations. It has completely transformed the way businesses are run and is an assurance of improved services and operations for instance in the innovation of the product, market and the supply chain performance. Service delivery for instance could be largely boosted by a good online marketing platform where the entrepreneur could advertise, communicate and sale his/her product to the target customers conveniently.

5.4 Suggestion for Further Research

Current study sought to look into the effect of strategic management practices and performance of small and medium enterprises in Kitui County, Kenya. The study, therefore, narrowed its findings to Kitui County. An extrapolation could be done on other neighboring Counties for the purposes of comparison. This would expound on the scope of the study and enable the generalization of findings and ultimately be able to fill some knowledge gaps as the contextual gap.

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