

**EFFECTS OF STRATEGIC MANAGEMENT PRACTICES ON FINANCIAL
PERFORMANCE OF MICRO AND SMALL ENTERPRISES AUTHORITY IN
KENYA**

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DECLARATION OF APPROVAL


Declaration by Candidate

This research project is my original work and has not been presented for the degree in any university or for any other award.

Sign..........Date3/11/2024.....

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Approval by Supervisor

Sign..........

I confirm that the work reported in this study was carried out under my own supervision

Date.....3/11/2024.....

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and belief have been the bedrock and guiding light of this research.

DEDICATION

Dedicated to my family, Cecilia Kathomi and Pascal Ryan Njeru Muchunku: your support and belief have been the bedrock and guiding light of this research.

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ABSTRACT

Many state corporations in Kenya face significant challenges due to the absence of formalized planning and strategic approaches, contributing to their high failure rates. This study aims to explore whether the integration of strategic management practices can enhance organizational effectiveness and stimulate growth within these corporations. Specifically, it focuses on evaluating the potential influence of strategic management practices on the financial performance of the micro and small enterprises authority (MSEA) in Kenya. This research explored key components of strategic management, namely environmental scanning, strategy formulation, strategy implementation, and strategy evaluation and control, to determine their influence on the financial outcomes of the MSEA. Balanced Scorecard, Resource Based View, Dynamic Capability and Strategic Fit Theories guided the study. The study adopted descriptive survey design where quantitative data was collected. Data collection instruments included; Questionnaire for all the management cadres. The study population was 96 participants where census techniques was used to get the sample size of 96 respondents. The pilot study was carried out and face and content validity of the research instruments were assessed by experts' opinion to ascertain their relevance, meaningfulness and appropriateness to the respondents. Reliability of the instruments was resolved through the internal consistency where Cronbach's Alpha Coefficient of 0.7 and above was considered acceptable. Analysis of variance indicated that model was significant at a confidence level of 95% since the P Value was 0.000b and hence >0.05 . The R - Squared of the study model was able to explain 75.9% of changes in financial performance of MSEA in Kenya. Data were descriptively analyzed using means and standard deviations, and inferentially by Pearson's correlation and regression analysis to measure strength and direction. Inferential analysis study findings established that the four variables; environmental scanning ($\beta= 0.654, p<0.05$), strategy formulation ($\beta= 0.443, p<0.05$), strategy implementation ($\beta= 0.568, p<0.05$) and ($\beta= 0.358, p<0.05$) were found to be statistically significant in influencing the financial performance of MSEA in Kenya. The study concludes that since the model of the study was significant at a confidence level of 95% with a P – Value of 0.000b, the study therefore recommends that environmental scanning, strategy formulation, strategy implementation and strategy evaluation practices which were found to be statistically significant should be addressed so as to create a safer and more supportive environment that would enable improved financial performance of MSEA in Kenya.

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LIST OF ABBREVIATIONS AND ACRONYMS

BSC	Balanced Scorecard
DC	Dynamic Capabilities
MSEA	Micro and Small Enterprises Authority
PESTEL	Political, Economic, Social, Technology, Environmental and Legal aspects
GDP	Gross Domestic Product
RBV	Resource-Based View
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small and Medium Enterprises
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
SWOT	Strengths, Weaknesses, Opportunities and Threats
SMPs	Strategic Management Practices
SM	Strategic Management



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic Management, as described by Ginter, Duncan, and Swayne (2018), involves both the creation and execution of plans within an organization. It requires developing detailed strategies that consider market dynamics, competition, and future developments to achieve desired outcomes. Organizational leadership is responsible for overseeing this process, ensuring alignment with institutional goals and the efficient use of resources. Effective Strategic Management can therefore act as a catalyst for organizational efficiency and competitive advantage.

Micro and Small Enterprises (MSEs) form a significant part of the economy, consisting of small-scale businesses and startups that are essential for job creation and economic diversification. In Kenya, state corporations such as the Micro and Small Enterprises Authority (MSEA) play a crucial role in supporting and regulating MSEs. Established in accordance with the Micro and Small Enterprises Act of 2012, MSEA operates within the Ministry of Cooperatives and Micro, Small, and Medium Enterprises (MSMEs) Development. Its mandate is to promote, develop, and regulate MSEs in Kenya, aiming to create a supportive environment for their growth and sustainability.

Despite their economic importance, MSEs often encounter significant challenges that impede their performance, such as limited access to financing, inadequate infrastructure, regulatory constraints, and a lack of strategic management practices (Ansoff et al., 2018). These obstacles prevent MSEs from fully realizing their potential, thereby hindering their competitiveness and growth prospects. Addressing these challenges through robust strategic frameworks is crucial for enhancing the viability and contribution of MSEs to the economy. To potentially enhance the financial performance of the Micro and Small Enterprises Authority (MSEA), Strategic Management practices (SMPs) such as Environmental Scanning, Strategy Formulation, Implementation, and Evaluation and Control could be employed. Environmental Scanning involves systematically compiling and analyzing details about external and internal environments that could impact the organization. Strategy Formulation involves creating long-term plans to address identified opportunities and threats, while Strategy Implementation focuses on effectively executing these plans. Strategy Evaluation and Control are essential for assessing performance and making necessary adjustments to remain on course.

As MSEs continue to play a crucial part in economic expansion, it is crucial to enhance the performance of the Micro and Small Enterprises Authority (MSEA) in effectively promoting, developing, and regulating MSEs in Kenya. This study aims to investigate the potential impact of SMPs on improving MSEA's performance and the support provided to MSEs. By examining current practices and identifying opportunities for improvement within MSEA, the research seeks to explore how Strategic Management can be effectively applied to optimize its role in supporting MSEs. The study intends to provide insights into strategic frameworks that could potentially enhance MSEA's effectiveness, thereby contributing to the overall development and sustainability of MSEs in Kenya.

1.1.1 The Concept of Strategic Management Practices

In the context of Strategic Management, 'Strategy' refers to a detailed plan of action designed to achieve organizational objectives, integrating internal strengths and weaknesses alongside external opportunities and threats (Maleka, 2014). This approach not only guides decision-making processes but also serves as a roadmap for organizational success. According to Jerab and Mabrouk (2023), a strategy represents an organization's overarching plan, encompassing its understanding of market competition, effective responses, and market dynamics. It involves a series of initiatives aimed at addressing anticipated developments to achieve desired outcomes or resolve challenges. Strategic Management, as described by Ginter, Duncan, and Swayne (2018), encompasses the entire process of formulating, implementing, and evaluating decisions across organizational departments to achieve institutional goals. This process involves both the creation and execution of strategic plans.

Strategic Management practices encompass ongoing processes of coordination, oversight, and evaluation by companies to achieve their goals (Ansoff et al., 2018). In a rapidly evolving landscape characterized by innovation, new platforms, and increasing customer demands, firms must adapt and develop plans to sustain competitiveness and success (Thompson et al., 2015). Effective leadership is essential in evaluating interconnected investment choices before execution, enabling firms to use resources efficiently and strengthen their core competencies, thereby gaining a competitive edge in the market.

To assess the impact of Strategic Management on MSEA's effectiveness, the study will examine the following areas: Environmental Scanning, Strategy Formulation, Strategy Implementation, and Strategy Evaluation and Control. Environmental Scanning entails systematically examining internal and external factors to pinpoint potential opportunities

and risks affecting the organization (Aggarwal, 2024). This practice is expected to enable MSEA remain updated on market trends, regulatory shifts, technological progress, and competitor actions, thereby facilitating proactive decision-making and Strategic Planning. Strategy Formulation entails the development of long-term plans and objectives aimed at achieving organizational goals. This process includes evaluating the organization's core purpose, guiding principles, and beliefs, analyzing internal strengths and resources, and examining external conditions to determine strategic priorities and competitive benefits. By formulating clear and actionable strategies, MSEA may align its efforts with its mission and effectively allocate resources to achieve desired outcomes (Zhao, 2015). Implementing strategy entails converting strategic plans into practical initiatives and operational tasks across the organization. This practice requires effective leadership, communication, and coordination to ensure that goals are communicated throughout all levels of the organization and that necessary resources are allocated appropriately. By effectively implementing strategies, MSEA may drive organizational change, foster a culture of accountability, and achieve desired performance outcomes (Ambiyo, 2015). Evaluation and control of strategy involve tracking performance against set goals, identifying discrepancies, and taking corrective measures as needed. This practice ensures that strategic initiatives remain on track and that adjustments can be made in response to changing circumstances or unexpected challenges. Through routine performance evaluations and strategic assessments, MSEA may assess advancement, pinpoint areas needing enhancement, and make well-informed choices to enhance results. Strategic management, encompassing both the formulation and execution of organizational plans, is vital for navigating the complexities of today's business environment (Di Vaio et al., 2020). Globally, organizations adopt Strategic Management Practices to achieve long-term objectives and maintain competitiveness. According to Hitt, Ireland, and Hoskisson (2018), effective Strategic Management involves developing strategies that respond to market dynamics, competition, and future developments.

For instance, Apple Inc. has successfully implemented Strategic Management Practices by continuously innovating and maintaining a competitive advantage through its focus on research and development, product differentiation, and a robust supply chain network. Apple's strategic emphasis on establishing an array of products and services has greatly bolstered its leadership in the market and financial performance (Hitt, Ireland, & Hoskisson, 2018).

Additionally, Toyota Motor Corporation employs lean manufacturing and continuous improvement (Kaizen) principles to enhance operational efficiency and product quality, ensuring its market leadership in the automotive industry. Toyota's commitment to quality, efficiency, and innovation has allowed it to consistently produce high-quality vehicles and maintain a competitive edge globally (Hitt, Ireland, & Hoskisson, 2018).

Google uses Strategic Management to diversify its business portfolio through acquisitions and investments in various technological innovations. Google's strategy includes acquiring companies like YouTube, Android, and Nest to expand its product offerings and enter new markets, thereby ensuring sustained growth and innovation (Porter & Heppelmann, 2015). Nestlé leverages Strategic Planning to adapt to local markets and enhance its global presence through strategic product development and marketing. By tailoring its products to meet local tastes and preferences, Nestlé has successfully penetrated various markets around the world, enhancing its global footprint and profitability (Prahalad & Doz, 2017). A report by McKinsey & Company (2018) highlights how African companies can achieve growth by adopting digital technologies and strategic partnerships. The report emphasizes the importance of leveraging digital solutions to improve operational efficiency, customer engagement, and market reach, which are crucial for achieving competitive advantage in the dynamic African business environment (McKinsey & Company, 2018). KPMG's (2019) analysis on Strategic Management in Africa emphasizes the role of governance and sustainable practices in achieving long-term success. The report outlines how robust governance frameworks and sustainable business practices can help African companies navigate challenges and capitalize on growth opportunities in the region (KPMG, 2019). In Sub-Saharan Africa, Strategic Management practices are crucial for addressing challenges such as political instability, economic volatility, and limited infrastructure. Organizations in this region have recognized the importance of Strategic Planning to enhance operational efficiency and market positioning.

For instance, Safaricom, a prominent telecommunications firm in Kenya, has successfully utilized Strategic Management by launching mobile banking services (M-Pesa), leading to substantial improvements in financial inclusion and transformed the financial landscape in Kenya. This strategic move not only enhanced Safaricom's market position but also contributed to broader economic development in the region (African Development Bank, 2020).

Additionally, Dangote Group in Nigeria has employed strategic management practices to diversify its operations across multiple industries, including cement, food processing, and oil refining. By strategically investing in infrastructure and leveraging local market knowledge,

Dangote Group has become one of the largest conglomerates in Africa, contributing significantly to regional economic growth (Journal of African Business, 2019). A report by McKinsey & Company (2018) also underscores how African companies can achieve growth by adopting digital technologies and strategic partnerships. The report highlights the importance of leveraging digital solutions to improve operational efficiency, customer engagement, and market reach, which are crucial for achieving competitive advantage in the dynamic African business environment (McKinsey & Company, 2018). KPMG's (2019) analysis on Strategic Management in Africa emphasizes the role of governance and sustainable practices in achieving long-term success. The report outlines how robust governance frameworks and sustainable business practices can help African companies navigate challenges and capitalize on growth opportunities in the region (KPMG, 2019).

1.1.2 Strategic Management and performance of Kenyan State Corporations

The Strategic Management and performance of Kenyan State Corporations are crucial to the country's public service delivery and economic growth. Governed by the State Corporations Act, Chapter 446, these entities, comprising both commercial and noncommercial organizations, operate with a level of autonomy while remaining under government oversight. As of recent data (Nyansimora & Deya, 2022), Kenya boasts 247 state corporations, with 46 being commercial entities and the remaining 201 categorized as non-commercial.

Organizational performance within these state corporations is assessed based on tangible outcomes achieved in comparison to predetermined objectives and goals. This assessment includes Financial Results, Performance in the Product Market, and Returns to Shareholders (Heydari et al., 2020). Despite their significance, state corporations encounter challenges such as fiscal risk exposure and performance inefficiencies. To address these challenges, various restructuring initiatives have been implemented, driven by public demand for improved service delivery and enhanced performance (Maina, 2020). For instance, Kenya Airways, a prominent state-owned enterprise, has undertaken strategic restructuring and alliances to bolster operational efficiency and expand its market reach (KIPPRA, 2020).

Similarly, Kenya Power has focused on enhancing operational efficiency and service delivery through infrastructure upgrades and technological adoption (KIPPRA, 2019), crucial for ensuring reliable electricity supply that supports economic growth. Moreover, the National Hospital Insurance Fund (NHIF) has pursued strategic reforms to widen coverage and enhance healthcare service delivery, significantly improving public health outcomes (KIPPRA, 2019). In addition, the Kenya Revenue Authority (KRA) has adopted strategic management practices such as digital tax administration systems and taxpayer education programs to enhance tax collection efficiency and broaden the tax base. These efforts have led to improved compliance and increased revenue collection, essential for national development (KIPPRA, 2019).

The Kenya Ports Authority (KPA) has also embarked on strategic expansion and modernization projects to enhance cargo handling capacity and efficiency, thereby facilitating trade and fostering economic growth (Deloitte, 2019). Furthermore, the Kenya National Highways Authority (KeNHA) has prioritized strategic infrastructure development and maintenance to improve road networks, facilitating better transportation and boosting economic activities (KIPPRA, 2019). Reports by reputable institutions such as PwC (2018) and the World Bank (2017) provide valuable insights into necessary reforms to enhance efficiency and accountability in Kenyan state corporations. PwC's report emphasizes governance enhancement, risk reduction, and service delivery improvement (PwC, 2018), while the World Bank's analysis highlights challenges faced by state-owned enterprises and recommends reforms to improve their performance and sustainability (World Bank, 2017).

1.1.3 Micro and Small Enterprises Authority (MSEA) in Kenya

MSEA is a crucial statutory body formed under Kenya's Micro and Small Enterprises Act of 2012, operating within the Ministry of Cooperatives, Micro, Small, and Medium Enterprises (MSMEs) Development. MSEA's core mandate is to promote, develop, and regulate the MSE sector in Kenya, recognizing MSEs as a pivotal segment of the economy essential for job creation, fostering innovation, and driving economic growth (MSEA, 2018).

MSEs in Kenya indeed play a vital role across these dimensions. As per information from the Kenya National Bureau of Statistics (KNBS), MSEs significantly contribute to employment, with more than 80% of Kenya's workforce employed in the informal sector, where MSEs dominate (KNBS, 2020). These enterprises also stimulate innovation by adapting to local market demands and introducing new products and services tailored to

Kenya's diverse consumer base. Economically, MSEs account for approximately one-third of Kenya's Gross Domestic Product (GDP), highlighting their substantial impact on the country's economic output (KNBS, 2020).

Despite their significance, MSEs encounter various challenges such as constrained access to finance, insufficient infrastructure, regulatory limitations, and a lack of Strategic Management Practices (MSEA, 2018). To address these challenges hindering MSE performance and explore avenues for improvement, this study proposes to investigate the implementation of SMPs by MSEA. Specifically, the research will examine how practices like Environmental Scanning, Strategy Formulation, Implementation, and Evaluation and Control could potentially impact the Financial Performance of MSEA. These practices are hypothesized to equip MSEA with the capabilities to develop customized strategies for MSEs, optimize resource allocation, and provide effective regulatory guidance. This, in turn, aims to create an enabling environment for MSE growth and sustainability in dynamic market conditions. Through this investigation, valuable insights were gained into the effective integration of these Strategic Management practices within MSEA to better support MSEs.

Furthermore, insights from the International Labour Organization (ILO) underscore the necessity of supporting MSEs to bolster their competitiveness and contribution to Kenya's economic development (ILO, 2017). Research from the Kenya Association of Manufacturers (KAM) emphasizes strategic measures within the manufacturing sector to enhance MSE performance, thereby promoting broader economic growth (KAM, 2018). The United Nations Development Programme (UNDP) contributes through initiatives aimed at improving access to finance, enhancing business skills, and promoting sustainable practices among MSMEs, aligning with national development goals (UNDP, 2019).

1.2 Statement of the Problem

In Kenya, state corporations are expected to uphold efficiency, transparency, and accountability through structured strategic planning and strong leadership (Maina, 2019). However, empirical observations reveal significant deficiencies in strategic management practices among these entities, resulting in inefficiencies and high failure rates (Maina, 2019). Despite extensive research highlighting the pivotal role of governance principles such as accountability and transparency in bolstering organizational effectiveness (Laimaru, 2018), there remains a conspicuous gap.

This gap is underscored by the lack of specific investigations into how Strategic Management practices directly influence the Financial Performance of key entities like the Micro and Small Enterprises Authority (MSEA) in Kenya. While general studies acknowledge the need for robust Strategic Management to navigate the dynamic operational environment of state corporations, none have adequately delved into the unique financial impacts within the context of entities like MSEA.

The motivation for this study stems from recognizing this critical research gap. The existing literature provides a foundation by emphasizing Strategic Management's broader importance but fails to address its specific implications for financial outcomes in organizations like MSEA. Therefore, this research endeavors to fill this void by exploring how Strategic Management practices can enhance Financial Performance in state corporations, particularly focusing on MSEA. By doing so, it aims to bridge the divide between theoretical insights and practical applications, thereby enabling state corporations to more effectively contribute to economic growth and societal welfare in Kenya.

1.3 Purpose of the study

The aim of this study is to assess how Strategic Management practices impact the Financial Performance of the MSEA in Kenya.

1.4 Objectives of the Study

This study will proceed with the following specific objectives;

- i. To examine the effect of Environmental Scanning on the Financial Performance of Micro and Small Enterprises Authority in Kenya.
- ii. To investigate how Strategy Formulation affects the Financial Performance of the Micro and Small Enterprises Authority in Kenya.
- iii. To assess the effect of Strategy Implementation on the Financial Performance of Micro and Small Enterprises Authority in Kenya.
- iv. To examine the effect of Strategy Evaluation and Control on the Financial Performance of Micro and Small Enterprises Authority in Kenya.

1.5 Research questions

This study strives to give responses to the following research inquiries:

- a. What is the effect of Environmental Scanning on the Financial Performance of Micro and Small Enterprises Authority in Kenya?

- b. To what extent does Strategy Formulation affect the Financial Performance of Micro and Small Enterprises Authority in Kenya?
- c. What is the effect of Strategy Implementation on the Financial Performance of Micro and Small Enterprises Authority in Kenya?
- d. To what extent does Strategy Evaluation and Control affect the Financial Performance of Micro and Small Enterprises Authority in Kenya?

1.6 Significance of the Study

According to Hiebert et al. (2022), the importance of a study resides in its capacity to positively influence professional communities. This is achieved by formulating clear hypotheses and selecting appropriate methods to test them effectively, ensuring that the study addresses relevant issues. The authors emphasize the importance of clarifying terms such as significance, contributions, and implications, as these concepts demonstrate the importance of the research. The ability to convincingly argue for the study's importance, with relevance established before data collection begins, is crucial. This involves ensuring that hypotheses are pertinent to professional concerns, precisely formulated, and supported by compelling rationales, ultimately answering the "So what?" question.

Jusuf (2023) further underscores the significance, or rationale, of a study in conveying its importance to various stakeholders, including academic reviewers, thesis examiners, funders, and other research groups. The explanation of the study's significance is crucial for elucidating its importance, contributions, and benefits. The impacts of SMPs on the Financial Performance of the Micro and Small Enterprises Authority in Kenya reach stakeholders across both public and private domains. The government of Kenya and policymakers have a vested interest in understanding these influences to inform policy decisions related to governance, regulation, and oversight, which can enhance the efficiency, effectiveness, and accountability of state-owned enterprises.

For state corporations, this study offers valuable perspectives on the efficiency of their existing Strategic Management methodologies. It can aid in pinpointing areas needing improvement and directing decision-making regarding resource allocation, organizational structure, goal-setting, and performance evaluation. Implementing study recommendations can lead to better performance outcomes and increased competitiveness. Civil society organizations, advocacy groups, and the general public also demonstrate keen interest in the Financial Performance, Service Delivery, Transparency, and Accountability of state corporations. The findings can contribute to public discourse on public sector efficiency and

the role of state-owned enterprises in national development, empowering citizens to demand better governance practices and outcomes.

This analysis aims to identify additional research areas to expand knowledge on Strategic Management practices and related domains, aiding future scholars in their studies. Academics can use the findings to promote effective SMPs. The insights may assist policymakers in formulating policies to improve these practices. This study will lay the groundwork for further research on leveraging Strategic Management to boost effectiveness in various institutional contexts. In addition to its impact on professional communities, this study holds significant potential to foster innovation and promote best practices within Kenya's public sector. By examining how Strategic Management Practices influence the Financial Performance of MSEA, this research aims to uncover insights that can enhance operational efficiencies and service delivery. Such outcomes are critical not only for improving organizational effectiveness but also for fostering economic growth and stability at the national level.

Moreover, this research aims to add significant insights to the discipline of Strategic Management in state-owned enterprises, especially within developing economies such as Kenya. By concentrating on the micro and small enterprises sector, pivotal in fostering job creation and economic empowerment, the study aims to foster broader socioeconomic advantages, encompassing poverty alleviation and inclusive growth. Furthermore, the implications of this study resonate globally with ongoing discussions on governance and public sector reform. Effective SMPs identified in this study can serve as a model for other state-owned enterprises worldwide facing similar challenges. By demonstrating concrete improvements in Financial Performance through practices such as environmental scanning, strategy formulation, implementation, and evaluation, this research contributes to international discourse on organizational governance and management.

1.7 Scope of the study

According to Bhosale (2024), the scope of a study encompasses the range of the research project and the limitations established to delineate its boundaries. It defines the breadth of the study, specifying the topics, areas, and issues to be covered, ensuring alignment with the research objectives. Chetty (2020) expands on this by emphasizing that the scope sets the parameters observed within the study, aiding in clarifying research goals and avoiding ambiguity. Additionally, it facilitates the delineation of what the study will encompass, contributing to the development of research and writing capabilities. Furthermore, George

(2023) highlights that the breadth of a research paper sets the structure and foundation for the study, outlining the extent, variables, or dimensions under investigation, and detailing the parameters within which the study was conducted. The scope of this research outlines the boundaries within which the study operates, specifying what aspects it encompasses. This study will explore the effects of SMPs on the Financial Performance of the MSEA in Kenya.

The specific SMPs to be examined include Environmental Scanning, Strategy Formulation, Strategy Implementation, and Strategy Evaluation and Control. The research will delve into how these practices impact the Financial Performance of MSEA, guided by theoretical frameworks such as the Balanced Scorecard theory, the Resource-Based theory, the Dynamic Capability theory, and the Strategic Fit Theory. Data collection was conducted through a questionnaire targeting the respondents.

Geographically, the study was confined to the head offices of the MSEA located in Nairobi County, Kenya. This location has been chosen to provide a focused environment for examining the SMPs within MSEA. The concentration on a single location ensures a detailed and contextual analysis of the SMPs and their impacts. The study was conducted within a specific time frame, beginning from 15th July 2024 and concluding on 30th August 2024. This timeframe will encompass all phases of the research, from planning through data collection, analysis, and reporting. This structured timeline ensures thorough coverage of the research objectives. In addition to the theoretical frameworks mentioned, the study will also draw upon existing empirical research and case studies related to SMPs in governmental entities and their impact on Financial Performance. By integrating these sources, the study aims to contribute new insights and practical recommendations for enhancing the operational effectiveness of MSEA and similar entities in Kenya's public sector landscape.

1.8 Study Limitations

According to Akanle, Ademuson, and Shittu (2020), the limitations of a study refer to external factors that are outside the researcher's influence and could impact the outcomes and their interpretations. These constraints can stem from diverse origins, like theoretical or methodological decisions made during the study or challenges encountered during data collection. Jansen (2022) further elaborates that research limitations represent the weaknesses of a study, often arising from practical or conceptual limitations like time constraints, funding, or participant access. These limitations, such as using convenience

sampling or the inability of correlational studies to infer causality, constrain the conclusions that can be drawn but also lay the groundwork for future research. It is crucial to acknowledge and discuss these limitations to provide context to the findings and suggest avenues for further exploration. Furthermore, constraints denote the limitations affecting the study, typically arising from methodological and design decisions, which restrict the applicability and generalizability of the findings.

For instance, qualitative studies are limited by issues of validity and reliability because they occur in natural settings and are difficult to replicate, while case studies face limitations as their findings may not be generalizable to other contexts (Simon & Goes, 2013). This study anticipates that some responses may be inaccurate. Furthermore, it is expected that some participants may hesitate to provide information due to concerns about potential misuse, such as intimidation or disclosure to competitors. They were guaranteed confidentiality for any information they share. Changes in government policies and regulations related to small business support, entrepreneurship, trade, or economic development can significantly influence the MSEA's ability to carry out its mandate effectively. For example, shifts in policy priorities or funding allocations may affect the resources available to the MSEA for supporting micro and small enterprises. Wider economic factors such as recessions, inflation, or shifts in Gross Domestic Product (GDP) growth levels can influence the overall environment for micro and small enterprises. Economic downturns may lead to increased demand for MSEA services while simultaneously reducing available funding or resources, creating challenges for the organization.

Political instability or changes in government leadership can introduce uncertainty and disrupt the continuity of initiatives supporting micro and small enterprises. Shifts in political priorities or changes in leadership within the MSEA itself can also affect its operational effectiveness and strategic direction. Rapid advancements in technology may require the MSEA to adapt its strategies and services to better support micro and small enterprises in leveraging new technologies for growth and innovation. Failure to keep pace with technological advancements could result in the MSEA becoming less relevant or effective in its support role. Global economic trends, such as changes in international trade patterns, currency fluctuations, or shifts in consumer preferences, can impact the competitiveness and export opportunities for micro and small enterprises. The MSEA may need to adjust its strategies and initiatives in response to these external factors to continue effectively supporting MSEs.

Social and cultural factors, including demographic changes, consumer behavior, and societal attitudes toward entrepreneurship, can influence the demand for MSEA services and the effectiveness of its outreach and support efforts. While this study cannot directly influence these external elements, acknowledging their impact is essential for accurately interpreting the results and developing effective recommendations to enhance the MSEA's impact.

1.9 Delimitations

Delimitations are intentional boundaries that researchers set to define the scope of their study, ensuring it remains focused and manageable. They clarify what aspects were included and excluded, preventing the research from becoming overly broad or unfocused (Jansen, 2022; Theofanidis & Fountouki, 2018). In this study focusing on how SMPs impact the Financial Performance of the MSEA in Kenya, several key boundaries have been set to improve clarity and relevance. Firstly, the study will specifically analyze MSEA's staff located at its head offices in Nairobi, Kenya. This deliberate choice restricts the research scope to a defined organizational unit, facilitating a detailed exploration of SMPs within a controlled environment. Focusing solely on Nairobi ensures logistical consistency and resource utilization efficiency, leveraging the city's status as a central business hub for access to pertinent resources and insights.

Furthermore, grounding the study in Nairobi not only ensures relevance to the operational realities of a major urban center but also aligns the research with the strategic imperatives of similar contexts within Kenya's public sector. This geographic delimitation enhances the study's applicability to urban settings facing comparable challenges in public administration and governance. Secondly, the study delimits its investigation to four core SMPs: Environmental Scanning, Strategy Formulation, Strategy Implementation, and Strategy Evaluation and Control. These practices are recognized as fundamental components in shaping organizational performance, and the study aims to provide a structured framework for assessing their potential impact on MSEA's financial outcomes. By focusing on these specific areas, the research aims to generate targeted insights that are aligned with MSEA's strategic objectives. This approach will pave the way for practical recommendations aimed at enhancing organizational effectiveness.

1.10 Assumptions of the study

According to Latief (2009), assumptions in research are beliefs centered on the presence of a relationship between variables which researchers aim to uncover. This belief hinges on the fundamental assumption that everything operates within a certain system, guiding the

formulation of research hypotheses based on theory or common sense. Owan (2019) elaborates that assumptions of a study are essential beliefs accepted by researchers without verification, vital for the continuity of research. These assumptions revolve around the consistency of the research environment, reliability and validity of measurement instruments, honesty and behavior of participants, and stability of research conditions. This study is founded on the assumption that state corporations in Kenya implementing comprehensive Strategic Management processes are expected to attain superior Financial Performance than those that do not. SMPs ensure alignment of organizational objectives with overarching strategic goals, thereby directing activities towards achieving these objectives and enhancing Financial Performance. Additionally, it facilitates efficient resource allocation by directing investments towards areas that contribute most significantly to financial outcomes. Effective Risk Management under Strategic Management enables corporations to identify and mitigate potential risks, safeguarding Financial Performance amidst volatility. Moreover, Strategic Management fosters adaptability to changing environments, enhancing corporations' capacity to respond to market shifts and policy changes, thus maintaining or improving Financial Performance. The study further assumes that SMPs enable continuous performance measurement and evaluation within organizations. These mechanisms allow for regular monitoring of Financial Performance, identification of improvement areas, and timely adjustments to sustain or enhance financial outcomes over time. Additionally, it is assumed that respondents within organizations will voluntarily provide accurate information, facilitating effective data collection to address research questions and achieve study objectives. Furthermore, the research assumes that the selected sample size will adequately represent the larger study population during the analysis of results, ensuring the validity and generalizability of findings regarding SMPs and Financial Performance in MSEA and state corporations at large.

1.11 Operational Definition of Key Terms

Environmental scanning: The process of identifying all internal and external factors that impact an organization's performance.

Performance: The measurable outputs and outcomes achieved by an organization relative to its predefined goals.

Strategic Management: The decisions and actions involved in developing and executing plans to reach an organization's objectives and goals.

Strategy Monitoring and Evaluation: The process of assessing performance that provides leaders and managers data about progress and effectiveness.

Strategy Formulation: Involves choosing the most appropriate paths for an organization to pursue its established objectives. It plays a crucial role in achieving success by providing frameworks to direct actions towards desired outcomes.

Strategy Implementation: Executing the various planned initiatives within an organization to manage the activities involved in delivering a strategic plan.



CHAPTER TWO

LITERATURE REVIEW

2. Introduction

In this section, the researcher will explore relevant literature on Strategic Management Practices (SMPs) and the theoretical underpinnings of the study. This section will encompass the empirical literature, theoretical literature, conceptual framework and recap of literature review.

2.1 Empirical Review

This section of the project represents a crucial examination of the current body of literature concerning Strategic Management Practices (SMPs) and organizational performance, as investigated by other scholars in the same research field. It synthesizes previous research findings, establishing connections with the objectives of the current study while laying a solid foundation for the proposed investigation. Through this review, the researcher seeks to acquire insights from empirical investigations that have explored the correlation between SMPs and organizational performance. By analyzing and summarizing key findings from these studies, the researcher can effectively contextualize their research within the broader scholarly discourse. This process helps set the stage for the present study by highlighting gaps in existing literature, identifying areas for further exploration, and providing a rationale for the research questions and hypotheses to be addressed.

2.1.1 Environmental Scanning and MSEA Financial Performance

According to Lintock and Hofmann (2020), environmental scanning refers to the practice of studying both the internal workings and external surroundings of a company to pinpoint potential opportunities and threats. By carefully examining factors inside and outside the organization, one may gain valuable insights to help chart future strategies. External scanning largely consists of scrutinizing the competitive marketplace as well as the broader context. External scanning focuses on scrutinizing various players, including clientele, vendors, rivals, distributors, governmental bodies, labor organizations, and financial institutions (Midiwo & Ombui, 2018). Internal assessment, in contrast, centers on analyzing the internal operations and capabilities of organizations. Specifically, internal scanning seeks to examine the business systems companies use to generate value and enable operations. Key factors analyzed through internal assessment include resources, such as the series of value-creating activities leveraged to develop distinct products, the processes for

managing and aligning people and departments, and organizational culture (Okwemba & Njuguna, 2021). Today's business landscape is defined by dynamic, complex, and uncertain conditions. This volatility often stems from accelerated technological progress, shorter product life cycles, currency fluctuations, shifting consumer preferences, and intensified competition. To remain sustainable and competitive, companies must closely study, comprehend, and prepare for rapid environmental changes. Environmental scanning is a Strategic Management technique that can help them obtain useful intelligence about external and internal forces relevant to their operations (Yahia Marzouk, & Jin, 2022).

Enida Pulaj (Brakaj) and Ilira Pulaj from the University of Vlora conducted a study in 2015 to explore the impacts of strategic environmental analysis on organizational effectiveness. The research sought to thoroughly evaluate and prioritize the impact of various external environmental elements on the performance of organizations in the construction industry (Pulaj & Pulaj, 2015). They reported that data were collected through a structured questionnaire designed to assess the effects of external environmental changes and developments. The survey focused primarily on Vlora city, with additional random sampling in Himara and Orikum, targeting all construction companies in Vlora and covering a range of projects including infrastructure, residential buildings, industrial facilities, and other public structures like health centers, universities, and public sector structures (Pulaj & Pulaj, 2015). Pulaj and Pulaj (2015) found that the analysis, which employed statistical tests like mean, median, and standard deviation, along with precise weights, revealed both positive and negative influences of external factors on organizational effectiveness. These factors were categorized as either facilitators or barriers to business operations. The results highlighted the importance of comprehending the external environment and adapting organizational processes accordingly to enhance performance and mitigate potential risks (Pulaj & Pulaj, 2015).

In their 2022 study, Yasmine YahiaMarzouk and Jiafei Jin explored the influence of environmental scanning (ES) on competitive advantage (CA). They specifically investigated the role of various dimensions of business durability in this relationship within small and medium-sized manufacturing firms (SMEs) in Egypt (YahiaMarzouk & Jin, 2022). To conduct their research, the authors employed a cross-sectional design and gathered data through a self-administered questionnaire distributed to a group of 249 SMEs. They analyzed the data using the Smart partial least square structural equation modeling technique to test their hypotheses (YahiaMarzouk & Jin, 2022). The findings revealed that

ES has a positive impact on CA, both in a direct and indirect manner, via certain business durability aspects, such as resilience and flexibility. However, they noted that ES does not influence integrity, and as a result, integrity does not act as a mediator in the relationship between ES and CA. Consequently, the study concluded that organizational resilience only partially mediates the relationship between ES and CA (YahiaMarzouk & Jin, 2022).

Babatunde and Adebisi (2012) investigated the effects of strategic environmental scanning on organizational performance within a competitive business landscape by focusing on two companies, Nestle Nigeria Plc and Cadbury Nigeria Plc (Babatunde & Adebisi, 2012). The study aimed to assess how strategic environmental scanning influences organizational performance. Data were gathered using structured questionnaires from selected respondents, and the researchers analyzed the responses with regression and correlation coefficient methods. The first hypothesis indicated a strong link between strategic environmental scanning and organizational performance, with a coefficient of determination (R^2) of 0.297. This suggests that approximately 30% of the differences in organizational performance can be linked to strategic environmental scanning (Babatunde & Adebisi, 2012).

Additionally, the second hypothesis indicated a coefficient of determination (R^2) of 0.301, indicating that external environmental factors account for 30% of the variation in organizational productivity. The findings highlighted that external environmental forces positively impact organizational performance. Consequently, strategic environmental scanning is crucial for identifying both opportunities and threats, thereby enhancing organizational profitability. The researchers recommended that organizations engage in strategic, regular, and ongoing environmental scanning to address both threats and opportunities (Babatunde & Adebisi, 2012).

In their 2018 study, Midiwo and Ombui investigated how strategic planning impacts the financial performance of small ICT firms in Nairobi County (Midiwo & Ombui, 2018). The investigation utilized a descriptive research design, targeting a total population of 584 small ICT firms in Nairobi County. Due to constraints in time and resources, the researchers selected a sample of 232 companies, focusing on top management respondents. Data collection was carried out through questionnaires, which were distributed and subsequently retrieved by the researcher. The analysis involved the use of SPSS, with multiple regression applied to examine the impact of the independent variables on financial performance (Midiwo & Ombui, 2018). The results indicated that strategic planning elements such as environmental scanning, formality, time horizon, and evaluation significantly affected

financial performance, together accounting for 60% of the variations observed. ANOVA tests revealed that environmental scanning, formality, and evaluation significantly impacted financial performance, while the time horizon did not. The conclusion drawn from the study was that strategic planning has a positive effect on the financial performance of small ICT firms in Nairobi County (Midiwo & Ombui, 2018). The researchers recommended that the government, policymakers, and regulators should consistently provide updated information and insights into the ICT sector. The information is vital for understanding the sector's contributions, the services in demand, available service providers, prevailing technologies, the competitive landscape, and compliance requirements (Midiwo & Ombui, 2018).

In 2021, Okwemba and Njuguna examined how environmental scanning influences the performance of Chemelil Sugar Company, motivated by the company's financial issues, which included a substantial loss of K.sh 821 million in June 2018, which had increased from K.sh 767.25 million in 2016 (Okwemba & Njuguna, 2021). The study was based on open system theory and employed a descriptive research design. It targeted a population of 60 department heads. Questionnaires served as the primary data collection tool. Given the small size of the population, a census approach was adopted for accuracy, and purposive sampling selected key respondents (Okwemba & Njuguna, 2021). The study found a strong positive correlation between environmental scanning and the company's performance. Regression analysis demonstrated a strong positive correlation ($\beta = .840$, $p = .035$), indicating that an increase in environmental scanning practices could lead to a 0.840 unit increase in performance. It recommended that Chemelil Sugar Company regularly conduct internal, industrial, and external analyses to improve performance. Tools such as Porter's Five Forces and SWOT analysis were suggested to identify strengths, weaknesses, opportunities, and threats. Additionally, performing environmental audits and preparing for dynamic changes were advised (Okwemba & Njuguna, 2021).

In 2018, Asser, Waiganjo, and Njeru conducted a study to examine how dynamic environmental scanning affects the performance of these parastatals (Asser, Waiganjo, & Njeru, 2018). The research sought to understand how adapting to changing environments could enhance competitive advantage and performance for commercial state parastatals in Kenya (Asser, Waiganjo, & Njeru, 2018). The study utilized a cross-sectional survey research approach, focusing on 55 state-owned commercial enterprises. A sample comprising 48 parastatals was selected using stratified random sampling, with respondents including CEOs, Finance Managers, and HR Managers. Data collection involved

questionnaires and interviews, supplemented with data sourced from financial and audited statements. Research assistants facilitated and supervised the distribution and completion of questionnaires. SPSS version 24 and Microsoft Excel were used, employing regression models and hypothesis testing, including standard F and t-tests. (Asser, Waiganjo, & Njeru, 2018).

Results indicated that dynamic environmental scanning had a substantial positive effect on the performance of state corporations. The study's findings indicated that organizations responding proactively to dynamic and challenging environments can gain a competitive advantage, resulting in improved performance. Consequently, the research recommended that state parastatals should continuously monitor and adapt to environmental changes to sustain high performance levels (Asser, Waiganjo, & Njeru, 2018).

2.1.2 Strategy Formulation and MSEA Financial Performance

The process of formulating strategies involves making appropriate choices to achieve an organization's goals and objectives. Strategy Formulation produces viable recommendations that support the achievement of objectives while disregarding those that do not contribute to organizational goals (Santura et al., 2017). Modifying strategies helps ensure success. In management, research has demonstrated a link between strategic planning approaches and organizational results. (Bryson, 2018).

AIDhaheri, Ameen, and Isaac (2020) conducted a study examining how Strategic planning impacts organizational effectiveness in the UAE's public sector. The research aimed to assess this impact, emphasizing the importance of strategic planning in guiding decisions and assessing performance within public organizations to achieve higher performance levels (AIDhaheri, Ameen, & Isaac, 2020). The study employed a quantitative approach, using a questionnaire to collect 403 responses. Data analysis utilized SPSS and Partial Least Squares Structural Equation Modeling (PLS-SEM), with a non-probability sampling method applied for data collection (AIDhaheri, Ameen, & Isaac, 2020). Results showed that implementing strategic initiatives, including strategy, organization, and personnel, significantly and positively impacted organizational effectiveness, explaining 19.3% of its variance.

Katsvamutima and Jeevananda (2014) conducted a study to investigate how companies in Zimbabwe's industry for food manufacturing develop and execute business strategies to achieve competitive strengths at local and regional levels (Katsvamutima & Jeevananda, 2014). The study involved surveying 150 Chief Executive Officers across various cities

including Harare, Bulawayo, Mutare, Gweru, and Masvingo. Data collection was conducted through a self-administered questionnaire, and subsequent analysis utilized both inferential and descriptive statistical methods (Katsvamutima & Jeevananda, 2014). Findings highlighted that effective strategy formulation and implementation significantly improve operational efficiency, profitability, and competitive positioning in the dynamic food manufacturing environment.

Nwachukwu, Chládková, & Fadeyi (2018) conducted a study to explore how strategy formulation processes impact innovation capability in microfinance banks across Nigeria. The research centered on evaluating the effects of systematic strategy formulation on process innovation performance, product innovation performance, and marketing innovation performance. The study employed a sample of 100 employees from prominent microfinance banks selected through random sampling, analyzing 76 usable responses after receiving 80 completed questionnaires. Methodologically, the researchers utilized regression analysis to assess connections or correlations between variables and validate hypotheses. Exploratory factor analysis was employed as a method for uncovering relationships or patterns among variables, while Cronbach's alpha was used to ensure the validity and reliability of the questionnaire.

Results demonstrated a positive correlation between the strategy formulation process and innovation across all measured dimensions: process, product, and marketing. The findings affirmed the importance of a well-defined strategy formulation process in enabling microfinance banks to innovate in operational processes, product development, and marketing strategies. In conclusion, the authors underscored the importance of strategic management practices in fostering innovation within microfinance institutions, highlighting implications for enhancing overall organizational performance in dynamic economic environments. Their research not only contributes to theoretical insights but also provides practical guidance for managerial decision-making in the context of financial services.

Maroa and Muturi (2015) aimed to determine if strategies influence floriculture in Kenya. They used a descriptive survey design in Kiambu County, central Kenya. They targeted 21 floricultural firms, with 10 selected via simple random sampling. From these 10 firms, 5 respondents were chosen. They collected data using structured questionnaires. The Chi-Square (χ^2) test was employed to examine four hypotheses. The study concluded that strategic plans were common among floricultural firms, and they were effectively implemented and evaluated. Moreover, the study revealed that Strategy Formulation,

Implementation, Evaluation, and Control moderately and positively influenced the performance of flower firms.

2.1.3 Strategy Implementation and Financial Performance of MSEA

Strategy Implementation involves executing the plans and initiatives outlined in a Strategic Plan. This process includes translating strategic goals and objectives into actionable steps, efficiently allocating resources, and monitoring progress towards achieving desired outcomes. Strategy Implementation encompasses executing the plans and initiatives detailed in the Strategic Plan, translating strategic objectives into tangible results.

In their study of 2019, Mohamed, Nusari, Ameen, & Raju aimed to explore the impact of strategy implementation on organizational effectiveness within the police department in Abu Dhabi. Using a quantitative research design, they administered a questionnaire to gather opinions from respondents in the UAE public sector, focusing on the effects of strategy formulation. The researchers collected and analyzed 423 responses using SPSS software and Partial Least Squares Structural Equation Modeling (PLS-SEM) - a variancebased approach. Non-probability sampling techniques ensured data collection from managers across departments such as finance, auditing, sales, marketing, customer support, and engineering, both at corporate headquarters and regional branches. The study unveiled a noteworthy and positive association between the execution of strategies—encompassing strategic planning, organizational structure, and human capital—and the performance of the Abu Dhabi Police department. Effective alignment of these elements was observed to enhance overall operational outcomes, offering practical insights for guiding strategic decisions and optimizing resource allocation within public sector organizations, thereby improving operational effectiveness and achieving excellence in performance.

In their study aimed to evaluate how implementing strategy impacts clothing retail outlets in Zimbabwe, Guruwo, Chiguvi, & Guruwo (2019) explored the challenges faced by these outlets, including downsizing and closures, despite having existing strategies. The study sought to identify key factors influencing the success or failure of strategy implementation and their implications for organizational performance. Employing a positivist approach, the research utilized a causal research design, utilizing questionnaires and interviews for data collection. A descriptive analysis using SPSS was employed. The findings underscored several obstacles to effective strategy execution, significantly impacting organizational performance. Specifically, the study concluded that implementation of strategy in these outlets often faltered, contributing to notable failure rates. Recommendations highlighted

the critical role of internal factors in successful strategy execution, continual environmental monitoring, and ongoing evaluation of implementation processes. The researchers advocated for further exploration of intra-organizational factors influencing strategy implementation within Zimbabwe's clothing retail sector.

Moreover, Mohamed and Mohamud (2021) conducted research to explore the influence of strategic management practices on organizational effectiveness in MSEA based in Mogadishu, Somalia. It focused on assessing three key aspects: the impact of strategy formulation, implementation, and evaluation on organizational performance. Using a descriptive research design, the study employed purposive sampling to select 50 respondents from a target group of 100 MSEA. Data collection utilized self-administered closed-ended questionnaires, and SPSS version 20 facilitated data analysis, presenting findings through frequency distributions and percentages. Additionally, a regression model was utilized to investigate the relationships between strategy formulation, implementation, evaluation, and organizational effectiveness. The results indicated that strategy formulation, implementation, and evaluation markedly and beneficially affect organizational effectiveness among Mogadishu-based MSEA. The study suggested that NGO managers prioritize the adoption of strategic management practices to enhance organizational effectiveness.

Mbithi (2016) investigated the impact of Strategy Implementation on the results of the Kenya Bureau of Standards. Using a case study method, information was collected through interviews with five senior managers at KEBS. Qualitative content analysis was employed to analyze the data. The results identified several elements affecting Strategy Implementation at KEBS, including organizational design, company ethos, leadership approach, information flow, staff participation, and ICT infrastructure. These elements were found to influence the success of Strategy Implementation, which in turn impacted various aspects of organizational outcomes such as employee performance, retention, market coverage, turnaround time on sample analysis, and client acquisition for ISO certification. The study concluded that successful Strategy Implementation requires the alignment of various organizational aspects, and recommended effective communication, cultural compatibility with strategy, and clear delineation of tasks for successful strategy execution. Kyalo (2015) conducted research on how Strategy Implementation affects KCB Group in Kenya, focusing on identifying factors contributing to its success and addressing associated challenges. Adopting a case study design, the research targeted senior managers from KCB

Group. Data was collected through in-depth interviews. The primary finding was that Strategy Implementation has a notable impact on KCB Group in Kenya. The research identified several key factors for successful Strategy Implementation within the organization, including the crucial role of management staff, the level of staff participation and involvement, effective communication by senior management, and various strategic initiatives such as adapting to changing environments, upgrading capabilities, and implementing supportive policies.

Chiluyi (2018) researched how Strategy Implementation affects the Kenya Pipeline Company. Employing a case study approach, information was collected through interviews with both open and closed-ended questions. Content analysis, focusing specifically on qualitative aspects, was employed for data examination. The findings revealed that Strategic Implementation directly impacts the company's outcomes and that KPC had adopted various strategies for achieving effective results. It was acknowledged that organizations strive for success in their respective areas of business, hence the necessity of implementing various strategies. Political interference was identified as a challenge in the implementation of strategy. The research recommended that KPC should adopt state-of-the-art technology in tools, infrastructure, and expertise.

2.1.4 Strategy Evaluation and Control Practice and Financial Performance of MSEA

Evaluation and Control, according to Skinner and Marino (2016), encompass the organizational processes designed to assess the efficacy of strategies and ensure their adherence to planned execution. These processes are critical in strategic management as they monitor progress and enable necessary adjustments to achieve desired outcomes. Evaluation involves methodically assessing the achievement of strategic goals and objectives by collecting and analyzing pertinent data against predefined benchmarks or criteria. This process facilitates the identification of organizational strengths, weaknesses, opportunities, and threats (SWOT analysis) both internally and within the external environment. Control, conversely, entails taking corrective measures to align actual performance with planned expectations. It focuses on monitoring activities, comparing actual outcomes with established standards, and making adjustments as required. Effective control mechanisms support the maintenance of strategic direction, optimize resource allocation, and facilitate timely responses to internal or external changes.

Skinner and Marino (2016) underscore that Evaluation and Control are pivotal elements of strategic management, serving as mechanisms for continual improvement and adaptation to dynamic business conditions. These processes empower organizations to enhance performance, sustain competitive advantage, and achieve long-term strategic objectives. Strategy Evaluation involves the assessment process, providing managers and top leadership with necessary insights about projects, programs, and activities aimed at achieving business objectives.

In a study published in January 2019, Ali and Wang from the American International University-Bangladesh aimed to investigate how strategy formulation, implementation, and evaluation affect SME performance within Bangladesh's economic context. The researchers identified three key variables—strategy formulation, strategy implementation, and strategy evaluation—drawing on existing literature. These variables were then analyzed using statistical software, specifically SPSS, to test hypotheses through correlation and regression analyses. The aim was to establish whether these strategic management practices substantially correlate with and impact the performance outcomes of SMEs operating in Bangladesh. The results highlighted a strong positive relationship between strategy formulation, implementation, and evaluation, and the overall performance of SMEs in Bangladesh. This statistical significance highlights the crucial role of effective strategic management in enhancing SME performance and contributing to the country's economic development.

In a study by Ahmed and Mukhongo (2017), the focus was on examining the influence of strategic management practices on the organizational effectiveness of the Somali Customs Department (SCD) in Mogadishu. The department, part of Somalia's Ministry of Finance, comprises several divisions aimed at enhancing operational efficiency and achieving set objectives. The study employed a descriptive research design to investigate the roles of environmental scanning, strategy formulation, implementation, and evaluation within SCD. Data collection involved conducting interviews with 108 respondents using questionnaires, and the analysis was conducted using SPSS Version 23 to establish relationships and derive averages from the data. The results highlighted the critical importance of environmental scanning as a catalyst for effective planning and adaptation to changes within SCD. Strategy formulation was identified as essential in providing a clear direction and vision, while effective strategy implementation was noted to significantly contribute to organizational performance. Additionally, the study emphasized the role of strategy evaluation in ensuring

ongoing performance and relevance of implemented strategies. Agwu (2018) explored the influence of strategic management practices on the business performance of SMEs in Nigeria against a backdrop of economic volatility. The research sought to ascertain how the adoption of strategic management contributes to enhancing transaction volumes, customer bases, market shares, and overall business performance among SMEs in the region. Data were collected through questionnaires distributed to 120 SME owners located in Lagos state, Nigeria. The analysis involved employing both descriptive statistics and regression analysis techniques to analyze the data. The findings indicated that strategic management practices, particularly SMEs' competitive advantages and business strategies, significantly correlated with increases in customer numbers and market positions. Nevertheless, the study also revealed that while organizational structure positively influenced transaction volumes, this effect did not reach statistical significance. Thiong'o (2018) investigated the impact of strategy evaluation methods on the performance of milk processing companies in Kiambu County. The study aimed to identify the types of strategy evaluation methods adopted by these firms and assess how these approaches impact their overall performance. Strategy evaluation, being the final stage of strategic planning, serves as a critical juncture for decision-making regarding the appropriateness and effectiveness of organizational goals, strategies, and execution plans. It plays a pivotal role in optimizing the utilization of scarce resources towards achieving strategic objectives. The research employed a census survey design, targeting all 17 milk processing firms in Kiambu County. Data collection utilized structured, close-ended questionnaires administered to representatives of these firms. The quantitative information collected was examined using descriptive statistics, presenting findings through means, standard deviations, frequencies, and percentages. This methodological approach facilitated a comprehensive exploration of the research objectives. The findings revealed several strategy evaluation approaches utilized by dairy processing companies, including Benchmarking, outcome-based evaluation, process-oriented evaluation, Business Process Redesign, and the Balanced Scorecard. Additionally, the study identified common challenges faced by these firms during the strategy evaluation process, such as resource constraints, unclear evaluation procedures, insufficiently trained personnel, and resistance from employees. A notable conclusion drawn from the research was the predominance of the Balanced Scorecard approach among the firms studied, owing to its ability to integrate financial metrics with operational measures, thereby aligning strategic goals throughout the organization. The study recommended that firms enhance the clarity

and inclusivity of their strategy evaluation processes by involving employees from inception to mitigate resistance. Furthermore, it advocated for continuous training and development of personnel tasked with overseeing strategy evaluation activities to ensure their effectiveness. Looking forward, the study proposed future research efforts to extend similar investigations beyond Kiambu County, exploring different industries or expanding the scope to encompass diverse firm types within the dairy sector. Such endeavors would contribute to a broader understanding of strategy evaluation practices and their implications for organizational performance in varied contexts.

Mukui (2018) conducted a study aimed at examining the strategic evaluation practices adopted by New Kenya Cooperative Creameries Limited (New KCC) and identifying the difficulties encountered in these processes. Drawing on goal-setting theory and open systems theory, the research focused on key personnel at New KCC involved in strategic evaluation, including the Head of Business Strategy & Development, Chief Manager overseeing Factory Operations, Chief Manager handling Sales & Marketing, Chief Manager in charge of Finance, Head of Procurement, Head of Engineering, Head of Production, and Head of Information and Communication Technology (ICT). The study utilized a case study methodology, utilizing interviews as the primary method of data collection and conducted content analysis for data analysis.

The study's results highlighted several strategy evaluation approaches practiced at New KCC, such as benchmarking, internal audits, the Balanced Scorecard, performance evaluations, accreditations and certifications, customer satisfaction surveys, and utilization of information technology systems. Additionally, the research identified numerous challenges faced by New KCC in their strategy evaluation endeavors, including a poorly functioning performance management system, development of inadequate performance indicators, deficiencies in data collection and reporting systems flawed objective setting processes, inadequate employee training on performance management and evaluation, inadequate internal communication, absence of clarity on evaluation outcomes and corrective actions absence of established reporting timelines and feedback mechanisms, low employee commitment and resistance to change, integrity concerns, and insufficient resources and infrastructure support.

The study concluded with recommendations for New KCC to develop a robust strategy evaluation framework that supports annual evaluations of strategy execution outcomes and mid-term reviews aligned with organizational goals. It emphasized the importance of

enhancing internal communication, providing adequate training on strategy evaluation practices, and establishing clear reporting channels and feedback mechanisms to improve overall performance evaluation processes at New KCC. Future research opportunities were suggested to expand the scope beyond New KCC, potentially examining strategy evaluation practices in other sectors or geographical regions to enhance understanding and applicability.

2.2 Theoretical Literature

This research will be informed by four theories namely the Balanced Scorecard theory, the Resource-Based theory, the Dynamic Capability theory, and the Strategic Fit Theory, to comprehend their significance and contributions to understanding Strategic Management Practices and their influence on organizational performance.

2.2.1 Balanced Score Card Theory

The Balanced Scorecard (BSC), pioneered by Kaplan and Norton in 1992, is a strategic framework that has significantly influenced organizational management (Kaplan & Norton, 1992). This model serves as a tool for companies to articulate their overarching vision and strategy into specific performance goals and metrics across four essential viewpoints: financial, customer, internal processes, and learning and development (Hasan & Chyi, 2017). Kaplan and Norton (1992) stress that the Balanced Scorecard addresses the limitations of conventional financial measures by integrating non-financial indicators crucial for achieving long-term strategic objectives. The financial perspective centers on metrics like profitability, revenue generation, and operational cost effectiveness, offering insights into the economic health of the organization. From a customer perspective, organizations assess performance through measures like customer satisfaction, retention rates, and market share, aligning operational activities with customer needs to enhance competitive advantage and foster customer loyalty (Hasan & Chyi, 2017).

Internally, the Balanced Scorecard assesses essential business processes that drive organizational performance, including measures of operational efficiency, quality management, and innovation capabilities. This internal perspective aims to optimize processes and deliver value effectively to customers (Kaplan & Norton, 1992). The learning and growth perspective emphasizes the organization's ability to innovate, learn, and adjust to environmental changes. It encompasses metrics related to employee skills, knowledge management, organizational culture, and technological infrastructure, which are vital for

sustaining long-term competitiveness and success (Hasan & Chyi, 2017). This approach provides a holistic view of organizational health and strategy execution, with measures linked in cause-and-effect relationships (Lin, 2015). Improvements in internal processes and employee capabilities are expected to drive better financial results and customer satisfaction (Kaplan & Norton, 2006). As described by De Waal (2003), the Balanced Scorecard offers feedback on both internal capabilities and external outcomes, enabling continuous assessment, adaptation, and performance improvement aligned with strategic goals. It serves as the cornerstone of a Strategic Management system, going beyond typical measurement frameworks (Pandey, 2005). By translating vision and strategy into a linked set of objectives, metrics, targets, and initiatives, the Balanced Scorecard helps drive overall performance (Pandey, 2005). Taking a balanced, cause-and-effect approach across key perspectives aids in predicting whether strategic goals are being achieved.

The Balanced Scorecard Theory will be crucial in examining the performance of MSEA because it provides a multifaceted set of performance measures spanning both financial and operational factors. This approach will offer strategic feedback and serve as leading indicators of future results, aligning seamlessly with the diverse operational dynamics of MSEA. By integrating strategic non-financial indicators with traditional financial metrics, the framework will provide a comprehensive lens through which to assess the company's health and its capacity to execute its strategic objectives. The BSC tracks progress across four main perspectives: financial, customer, internal processes, and learning and development. This structure will be particularly relevant for MSEA. The customer perspective will track indicators related to customer relationships and market dynamics, ensuring the alignment of products and services with the evolving needs of micro and small enterprises. The internal process perspective will underscore the importance of optimizing business procedures and activities within MSEA, focusing on employee skills, technologies, and competencies to enhance efficiency and service delivery.

Additionally, the learning and growth perspective will highlight the necessity for continuous skill development and innovation within MSEA, which will be crucial for maintaining competitiveness and relevance in a rapidly evolving landscape. By leveraging the Balanced Scorecard framework, this research seeks to acquire valuable comprehension OF the holistic drivers of organizational success. Beyond mere financial metrics, the Balanced Scorecard will offer a nuanced understanding of the interconnectedness between operational

effectiveness, customer satisfaction, and long-term value creation, providing a roadmap for sustainable growth and performance excellence.

The Balanced Scorecard Theory will align closely with MSEA's mission to support, enhance, and oversee globally competitive and sustainable micro and small enterprises by using a blend of financial and non-financial metrics. This approach will be essential for driving global competitiveness and sustainability. The Balanced Scorecard will support MSEA's core values of accountability, professionalism, and client focus by ensuring that strategic objectives are clearly linked to measurable outcomes. This theory will guide strategy development, execution, evaluation, and control by providing a structured framework that links strategic objectives to performance metrics. By doing so, MSEA will be able to guarantee that its strategies are effectively crafted, effectively executed, and continuously monitored, leading to improved financial effectiveness.

2.2.2 Resource Based View Theory

The Resource-Based View (RBV) theory, created by Edith Penrose in 1959, posits that organizations can achieve long-term competitive edge through unique resources that are valuable, scarce, challenging to replicate, and irreplaceable (Penrose, 1959). This theory underscores the importance of identifying, cultivating, and leveraging an organization's strategic assets to bolster its competitive position (Borg & Gall, 2009). Scholars have examined business performance by scrutinizing competitive dynamics in various markets, particularly those in emerging economies. Internally focused, the RBV theory argues that a firm's effectiveness stems from its distinctive assets and competencies (Barney, 1991). Successful organizations often base their future competitiveness on unique and intangible capabilities that set them apart (Teece et al., 1991). Therefore, defining and utilizing a firm's distinctive resources and talents are critical components of its strategic approach (Rumelt, 1984). Organizational structures should support the creation and maintenance of sustainable market positions that maximize revenues and profitability, facilitating superior performance (Conner, 1991). Barney (1991) argues that if every firm had equal access to resources, profitability differences among them would diminish. In such contexts, the sustainability of competitive positions hinges on the costs associated with acquiring strategic resources and capabilities. Existing research highlights the imperfectly competitive nature of strategic factor markets, influenced by factors such as information asymmetry and uncertainty about the future value of resources. However, critics note that the RBV theory lacks a

comprehensive framework detailing the dynamic interactions among organizational elements over time to produce emergent outcomes (Nonaka & Takeuchi, 1995).

According to the RBV, a firm's competitive advantage and performance outcomes derive from its distinctive resources and capabilities, which are costly for competitors to replicate. Sources of competitive advantage enhance an organization's value, effectiveness, efficiency, rarity, and inimitability, shaping its offerings and market position (Barney, 1991). The theory's relevance lies in its acknowledgment that effective strategy development, implementation, and management require organizational resources for efficient execution. It aids in evaluating performance metrics such as profitability, sales growth, and workforce capabilities, critical for assessing organizational effectiveness. Robust dynamic capabilities, emphasized by the RBV theory, confer a competitive edge, particularly in dynamic environments like those faced by modern enterprises (Penrose, 1959).

RBV focuses on identifying and leveraging unique organizational resources and capabilities, such as human capital and technological infrastructure. By harnessing these resources, MSEA can establish a sustainable competitive advantage in Kenya's micro and small enterprise sector, fostering innovation and strong stakeholder relationships. Efficient execution of strategies aligns with RBV principles, emphasizing the need to utilize organizational resources effectively for improved performance. RBV offers a framework for evaluating performance metrics and underscores the importance of dynamic capabilities for adapting to market changes. This adaptability is essential for maintaining competitiveness and long-term financial success. Aligning with MSEA's mission of promoting sustainable enterprises, RBV highlights integrity and accountability by emphasizing the efficient use of valuable resources. Influencing all independent variables, including environmental scanning and strategy formulation, RBV emphasizes the identification and utilization of valuable resources and capabilities. By leveraging its internal strengths, MSEA can drive the development of competitive and sustainable enterprises, thereby enhancing their financial performance in the long term.

2.2.3 Dynamic Capability Theory

The Dynamic Capabilities (DC) theory was introduced by Teece, Pisano, and Shuen in 1997 to explain how organizations gain competitive advantage over rivals operating in similar conditions (Teece et al., 1997). It discusses strategies companies can implement to effectively compete without losing focus. The DC framework links organizational capabilities to performance by outlining strategies that are well-formulated and executed by

skilled talent. Firms can build these capabilities by crafting appropriate strategies aligned with their vision, mission, and objectives. For profit-seeking entities, these capabilities should be balanced with operational costs to avoid unnecessary expenditures (Zahra et al., 2006). Teece, Pisano, and Shuen (1997) devised the DC model assuming businesses must continually reconfigure internal capabilities and resources. Such reconfigurations enable firms to adapt to turbulent business environments and embrace corporate social responsibility.

Zahra, Sapienza, and Davidsson (2006) define organizational dynamic capabilities as the continuous realignment of external and internal components in response to market dynamics to maintain a competitive edge both locally and globally. Dynamic capabilities differ from operational capabilities in that dynamic capabilities involve the persistent creation or alteration of a firm's resource bases to achieve long-term competitiveness, as described by Helfat & Peteraf (2009).

Teece (2007) suggests that dynamic capabilities emphasize corporate agility, enabling organizations to detect and respond to opportunities and threats effectively to capture those opportunities. In the process, the firm maintains its competitive edge by integrating, advancing, protecting, and re-configuring its intangible and tangible assets. This theory is applicable to the present study in explicating how strategy efficiently utilizes a firm's resources while also modifying them through the creation of skills and knowledge from experience. It emphasizes that capabilities can influence how strategies are formulated and implemented toward a firm's objectives as the environment evolves. Therefore, it is relevant to this study since it supports the variables on environmental scanning, strategy formulation, and implementation. The theory outlines the process enabling firms to leverage resources and capabilities adaptively to enhance performance.

Dynamic Capabilities Theory supports MSEA's mission by promoting adaptability and responsiveness, ensuring that micro and small enterprises remain competitive and sustainable in a constantly changing environment. This theory encourages the core values of creativity, innovation, and inclusivity by emphasizing the need for flexibility and responsiveness in strategic management practices. Dynamic Capabilities Theory influences environmental scanning and strategy formulation, highlighting the importance of continuously sensing and adjusting to shifts in the external environment. This adaptability allows MSEA to foster an environment where enterprises can respond swiftly to market shifts and challenges, thus supporting sustained financial performance and competitiveness.

2.2.4 Strategic Fit Theory

The Strategic Fit Theory, introduced by Michael Porter in the 1980s, posits that to attain a competitive edge, a company must effectively align its internal capabilities with the external environment (Porter, 1980s; Garlich, 2011). This theory rejects the notion of a universally applicable set of Strategic Management practices, asserting instead that the efficacy of each practice hinges on the unique nature and requirements of the organization (Majukwa & Haddud, 2016). Such an approach underscores the importance of aligning management strategies with the organization's ethos, including harmonizing core values, policies, and procedures to cater to the needs of both staff and beneficiaries. Environmental shifts often compel organizations to adjust their existing systems, potentially realigning organizational objectives to address evolving contexts.

This theory bears significant relevance to our study, particularly in elucidating the dynamics of Strategic Management Practices within MSEA. It accentuates the necessity of synchronizing internal capabilities with the external milieu to attain competitive advantage. In the MSEA context, environmental fluctuations frequently demand adaptations to existing systems and strategies to tackle evolving circumstances. Thus, the theory advocates for the adoption of customized Strategic Management practices adaptable to environmental fluctuations. Research indicates that organizations facing uncertainty may reconfigure their organizational structures to enhance performance. By applying the Strategic Fit Theory, strategic managers within MSEA can optimize limited resources, trim overhead costs, and navigate a dynamic landscape effectively. Moreover, the theory underscores the imperative of strategic managers' flexibility, as their adaptability significantly influences organizational outcomes.

Furthermore, the Strategic Fit Theory underscores the imperative of incorporating change into Strategic Plans continually. This principle aligns with the notion that decisions should be context-driven, as organizations failing to adjust to new environmental conditions may risk closure. Therefore, by heeding the tenets of the Strategic Fit Theory, MSEA can bolster Strategy Implementation, Monitoring, Evaluation, and Environmental Scanning practices, ultimately fostering positive organizational performance. Strategic Fit Theory ensures that MSEA's strategic practices align with both internal capabilities and external conditions, thereby enhancing the sustainability and competitiveness of micro and small enterprises. It upholds core values such as teamwork and inclusivity by ensuring that strategies are attuned to the organizational environment, enabling all team members to collaborate towards shared

objectives. Guiding strategy formulation, implementation, and evaluation processes, this theory ensures a cohesive alignment between the enterprise's internal capabilities and the external market conditions. By maintaining such alignment, MSEA can augment the effectiveness and coherence of its strategic endeavors, thereby improving Financial Performance.

2.3 Theoretical Framework

The theoretical framework illustrates how various theories, such as the Balanced Scorecard Theory, Dynamic Capabilities Theory, Strategic Fit Theory, and ResourceBased View Theory, intersect with independent variables like Environmental Scanning, Strategy Formulation, Implementation, and Evaluation and Control, impacting the dependent variable of Financial Performance. Each theory contributes unique perspectives across different stages of the Strategic Management process, from analyzing the environment to evaluating organizational performance. This framework clarifies the theoretical underpinnings guiding the relationships among these elements, offering a comprehensive view of how Strategic Management Practices influence financial outcomes within organizations.

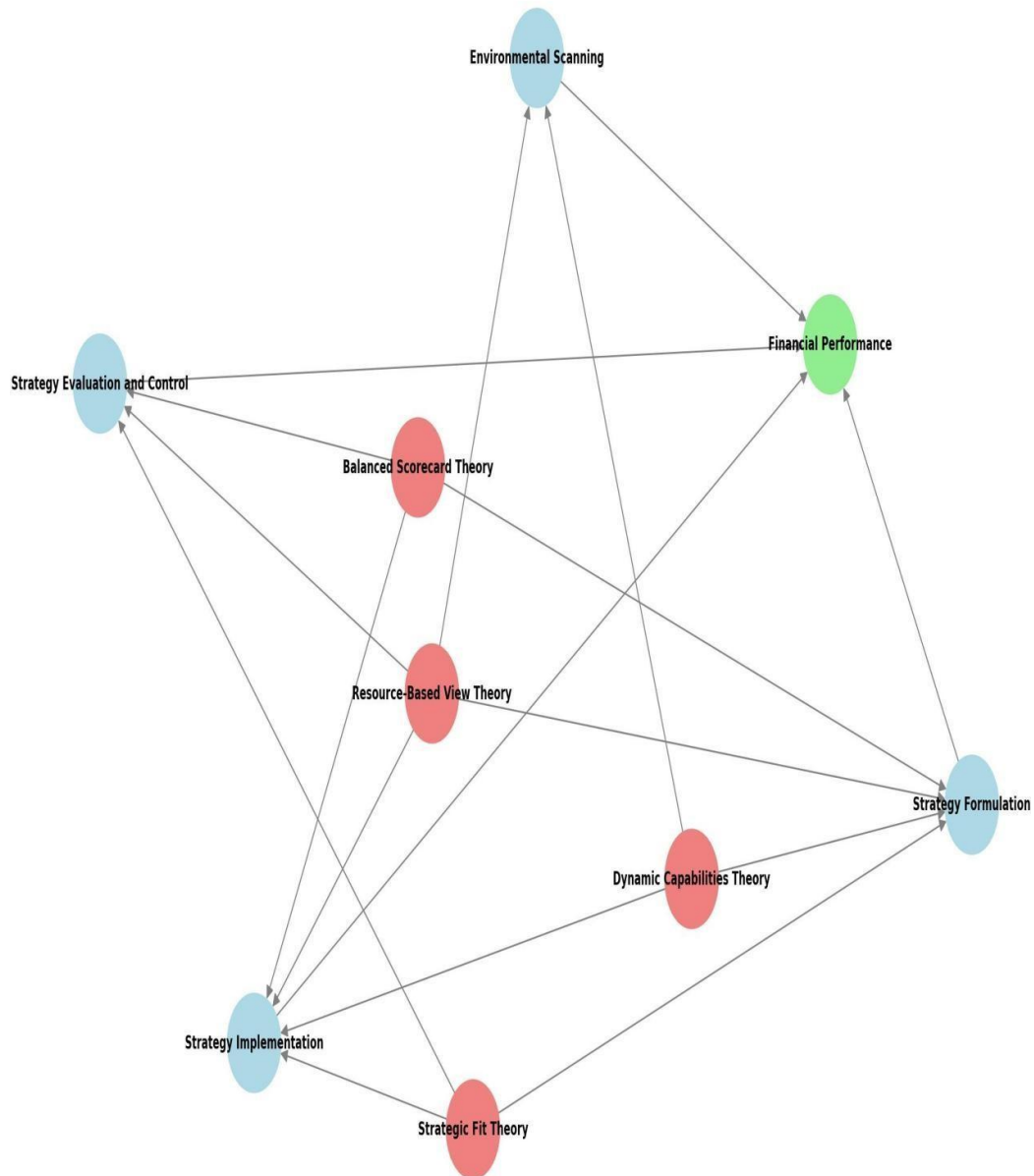


Figure 1: Theoretical Framework

Source: Researcher (2024)

2.4 Conceptual Framework

The concept of Conceptual Framework may be illustrated by a diagram used to visualize and clearly explain how study variables relate. It depicts critical concepts, factors, and the relationships between them. The conceptual framework highlights how dependent and independent variables are associated.

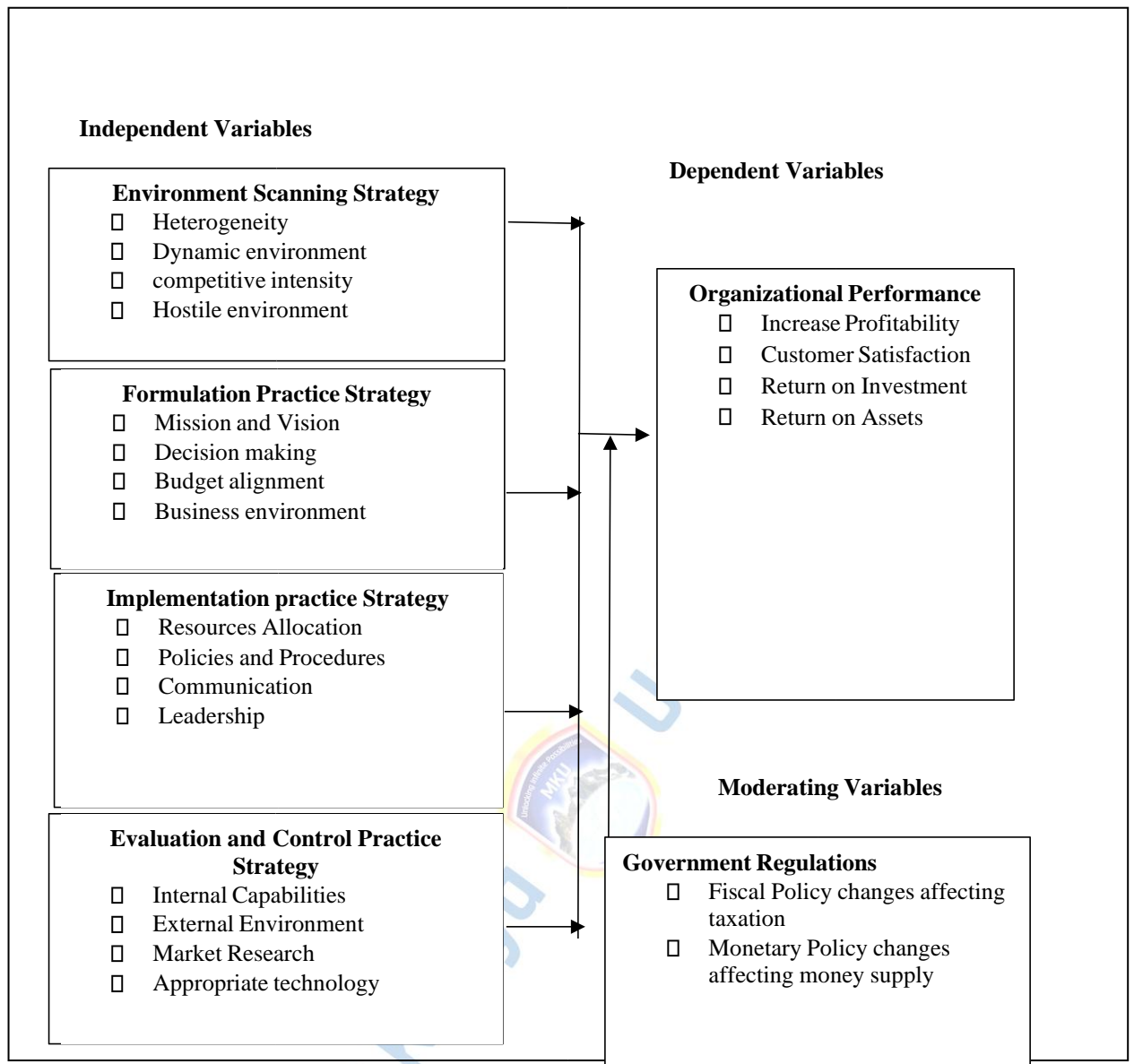


Figure 2: Conceptual Framework

Source: Researcher (2024)

2.5 Recap of Literature Review

The empirical literature synthesized in this chapter underscores the pivotal role of practices in strategic management in bolstering organizational effectiveness across diverse sectors and institutions. Multiple studies provide strong evidence affirming the favorable effect of these practices on organizational effectiveness. Njeru (2018) explored the impact of Dynamic Environmental Scanning on the performance of commercial state-owned enterprises in Kenya. Their analysis, employing SPSS and Microsoft Excel, revealed that effective Environmental Scanning significantly enhances performance, imparting state corporations with a competitive advantage in challenging environments. Shifting focus to the public sector in the UAE, AIDhaheri et al. (2020) specifically examined how Strategy Formulation influences learning and growth within judicial departments in Abu Dhabi.

Using SPSS and PLS-SEM-VB, they demonstrated that Strategy Implementation markedly improves organizational performance, explaining a substantial portion of the variance.

In a more targeted organizational context, Chiluyi (2018) conducted a case study on the Kenya Pipeline Company, investigating the correlation between Strategy Implementation and company performance. Qualitative data from interviews underscored that effective Strategy Implementation directly enhances company performance, with various strategies yielding favorable outcomes. Lastly, Thiongo (2018) explored the impact of Strategy Evaluation on milk processing firms in Kiambu County utilizing a census survey design and closed-ended questionnaires. Their findings indicated that diverse evaluation approaches positively correlate with company performance, highlighting the critical role of Strategic Evaluation in augmenting organizational outcomes.

Collectively, the empirical literature consistently demonstrates that SMPs, encompassing Dynamic Environmental Scanning, Strategy Formulation, Implementation, and Evaluation, exhibit favorable associations with the effectiveness of state corporations and government agencies in Kenya. These findings underscore the potential of these practices to address organizational challenges, thereby enhancing operational efficiency and overall performance. Further research is warranted to delve into the effective execution of these strategies within the unique context of the state corporation responsible for promoting and developing MSEs in Kenya. Such investigation aims to illuminate how Strategic Management Practices influence Financial Performance within the MSEA context, bridging theoretical insights from empirical studies with practical implications for organizational strategy in Kenya.

2.6 Research Gap

The theoretical framework illustrates how various theories, such as the Balanced Scorecard While the MSEA in Kenya has implemented measures aimed at enhancing MSE performance, yet challenges persist, impacting public service delivery. This study aims to investigate the impact of SMPs within MSEA, focusing on their potential to improve MSE effectiveness and their contribution to public service provision. Muturi (2016) identified significant issues among independent petroleum dealers in Nairobi, including limited access to capital, ineffective marketing, and managerial deficiencies. These obstacles hinder MSE growth and sustainability, directly affecting public service outcomes. Interventions such as

advocating for favorable lending rates and implementing training programs are essential to support MSEs and ensure efficient public service delivery.

Ntakobajira (2013) further highlighted barriers such as restricted access to business information and finance, underscoring the crucial role of technology in facilitating communication and marketing for MSEs. Government policies and managerial experience also significantly impact MSE performance. Addressing these challenges is critical to fostering MSE growth and sustainability, thereby enhancing their contribution to public service delivery.

Despite these insights, a research gap exists in Kenya regarding the simultaneous implementation of key strategies—Environmental Scanning, Strategy Formulation, Strategy Implementation, and Strategy Evaluation and Control—in enhancing the financial results of state corporations, particularly MSEA. The absence of studies incorporating these strategies suggests a need to explore their potential impact on improving performance. This study aims to address this void by investigating how these SMPs collectively affect the Financial Performance of MSEA. It is anticipated that integrating these practices comprehensively may enhance MSEA's performance, thereby bolstering the effectiveness and long-term viability MSEs in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology employed to address the research questions. It includes the research design, data collection methods, sampling procedure, validity and reliability of research instruments, ethical considerations, and data analysis techniques.

3.2 Research Design

This research employed a descriptive research design, which is particularly well-suited for gathering social demographic data (Mugenda & Mugenda, 2003). This type of design enables researchers to provide detailed descriptions and explanations of the characteristics of the subject matter under investigation. It focuses on observing and characterizing behaviors, phenomena, or conditions without manipulating them, thereby allowing for a comprehensive understanding of the research topics without influencing the outcomes (Cooper & Schindler, 2003).

Descriptive research aims to illustrate and interpret findings directly related to the research inquiries, making it an ideal choice for this study. By documenting phenomena as they naturally occur within the context of the MSEA in Kenya, this design facilitated the exploration of SMPs and their impact on financial performance. It enabled researchers to collect and analyze data on how these practices are implemented and their outcomes, providing insights into the alignment of organizational objectives, resource allocation efficiency, risk management effectiveness, adaptability to changing environments, and continuous performance evaluation within MSEA. Moreover, the descriptive design allows for the presentation of findings in a clear and organized manner, providing a detailed account of the relationships and patterns observed without altering the natural state of affairs within MSEA. This approach ensures that the study remains objective and credible, as it focuses on describing the phenomena of interest and drawing interpretations based on observed data.

3.3 Location of the Study

This study took place at the MSEA head office, located in Nairobi County, Kenya. It serves as a central hub for both government and business activities, making it a prime location for undertaking this study. The head office is strategically situated to facilitate access to key senior employees, including the Chief Executive Officer, Corporate Services directors, Human Resources directors, Supply Chain directors, Infrastructure Development, Technology and Innovations directors, Business Development, Marketing and Trade directors, and Strategy, Planning and Coordination directors or their equivalent. This location enables efficient data collection and engagement with senior management, ensuring the study's effectiveness and relevance.

3.4 Target Population

According to Yin (2017), a target population refers to the entire group of individuals, cases, or objects that exhibit similar observable characteristics. For this particular study, the focus was on observing the MSEA head office in Nairobi. The units of analysis will encompass 96 senior employees of MSEA consisting of the Chief Executive Officer, Corporate Services directors, Human Resources directors, Supply Chain directors, Infrastructure Development, Technology and Innovations directors, Business Development, Marketing and Trade directors, and Strategy, Planning and Coordination directors or their equivalent. The choice of the target population and sample size is justified by the need to gather comprehensive insights from individuals who hold significant strategic roles within MSEA. The 96 senior employees selected for the study occupy key positions that directly influence

the organization's Strategic Management practices and Financial Performance. By focusing on these senior employees, the study aims to obtain detailed and relevant information regarding the implementation and effectiveness of Strategic Management practices within MSEA. Their expertise and experiences are crucial for understanding the current practices, identifying gaps, and proposing improvements.

Furthermore, the sample size of 96 is adequate to provide a diverse range of perspectives while still being manageable for in-depth qualitative analysis. This ensures that the findings are robust and representative of the Strategic Management Environment at MSEA. The inclusion of various directors and senior officers allows for a holistic view of the Strategic Practices across different functional areas, enhancing the study's validity and reliability.

3.5 Sampling Procedures and Techniques

This research utilized a census technique, with the Micro and Small Enterprises Authority (MSEA) acting as the unit of analysis. A census approach is chosen due to the relatively small population size of 96 senior employees, including the Chief Executive Officer, Corporate Services directors, Human Resources directors, Supply Chain directors, Infrastructure Development, Technology and Innovations directors, Business Development, Marketing and Trade directors, and Strategy, Planning and Coordination directors or their equivalents. This inclusion allows for the examination of all participants holding significant strategic roles within MSEA.

A census approach is chosen because of the relatively small population size of 96, allowing for the inclusion of all participants. Conducting a census provides the opportunity to closely examine small or specialized populations and gather granular data on small geographical areas. The choice of a census is informed by its ability to facilitate the collection of unbiased information that reflects the viewpoints of all individuals within the study population relating to the research problem (Mezmir, 2020). This method eliminates sampling error, providing a precise measurement of the entire population (Sekaran & Bougie, 2010). Additionally, census findings are typically more representative, precise, and reliable than those obtained from sample-based studies, allowing for improved generalization of results (Field, 2006).

Incorporating a census technique aligns with the study objectives by offering a comprehensive analysis of the entire population. This exhaustive data collection method facilitates a deeper exploration of the factors influencing Financial Performance and offers

robust insights that can inform targeted interventions and policy recommendations. The decision to use a census is informed by its ability to deliver a complete and accurate portrayal of the research problem, ensuring that the findings are both credible and applicable to the broader context of public sector management in Kenya.

3.6 Sample Population

The population was stratified into groups based on the respondent's management level. The three strata that was adopted are CEO and Directors, Head of Departments, and Head of Sections. The sample size for each category is as follows: CEO and Directors (16), Head of Departments (33), and Head of Sections (47), totaling 96 respondents. This stratification allows for a comprehensive understanding of the perspectives of different management levels within the MSEA, enhancing the richness and depth of the study's results. The three strata that is adopted are shown in Table 1.

Table 1: Sample Size

Categories	Sample size	Percent
CEO and Directors	16	16.7
Head of departments	33	34.4
Head of sections	47	48.9
Total	96	100

Source: Researcher (2024)

3.7 Data Collection Instruments

The study will primarily utilize questionnaires featuring a combination of open-ended and closed-ended questions to collect primary data. This method is selected because it enables participants to provide extensive opinions on the research topic, facilitating the collection of rich, detailed information. Additionally, questionnaires are cost-effective, time-efficient, and easy to distribute, making them an efficient tool for data collection in this context. According to Dornyei and Taguchi (2009), a questionnaire is any written instrument that prompts participants to answer a series of inquiries or statements.

The quantitative portion of the questionnaire will use both nominal and 5-point Likert scale formats. Likert-type scales will generate interval data, enabling more robust statistical analyses of research variables (Kiess & Bloomquist, 2009). This format permits the measurement of respondents' attitudes and perceptions on a continuum, providing a nuanced understanding of their views on Strategic Management Practices and Financial Performance

within MSEA. Kothari (2009) noted that questionnaire data avoids bias and researcher influence, thereby ensuring accurate and valid information. By guaranteeing anonymity and standardizing questions, questionnaires minimize interviewer bias and encourage respondents to answer more freely and honestly, which enhances the accuracy and reliability data collected.

Furthermore, using questionnaires, interviews was conducted with senior employees of MSEA to gather detailed insights. These interviews will feature open-ended questions aimed at obtaining in-depth perspectives from senior staff. The insights gained from these discussions will complement the numerical data, offering a comprehensive picture of SMPs and their effect on financial effectiveness. Combining the numerical data from questionnaires with the insights from interviews will allow for a mixed-methods approach, enriching the analysis and interpretation of the research findings. This methodological triangulation ensures a more holistic view of the research problem, enhancing the study's credibility and depth.

3.8 Validity and Reliability of Research Instruments

3.8.1 Pilot Study

The pilot study allows the research instrument to be evaluated for validity and dependability and establishes the accuracy and suitability of the study instrument. Gani et al. (2020) state that a pilot study is performed to ascertain if potential participants might face difficulties comprehending or interpreting the questionnaire. Ten (10) respondents from MSEA were used for pretesting, which is 10% of the sample, and they were excluded from the main study. According to Asenahabi (2019), social researchers generally recommend using 10% of the accessible population for pilot studies. The researcher will use the findings to assess the questionnaire for possible errors resulting from unclear instructions. Any deficiencies and mistakes identified during the pilot study was corrected before gathering the main data. Additionally, the pilot study offered an opportunity to evaluate the practicality of the data collection process, ensuring that the logistics and timelines are realistic and achievable.

Moreover, the feedback from the pilot study helped refine the wording of questions to enhance clarity and reduce ambiguity. This step is crucial to ensure that all participants interpret the questions consistently, which improves the reliability of the responses. The pilot study will also allow for an assessment of the questionnaire's format, layout, and the time needed for completion. By addressing these aspects during the pilot phase, the goal is

to enhance the overall quality of the survey tool. This thorough pretesting process will help to ensure that the final questionnaire is both comprehensive and user-friendly, ultimately adding to the accuracy and dependability of the study's results.

3.8.2 Validity of Research Instrument

Validity pertains to how well a research instrument accurately measures its intended constructs (Taherdoost, 2016). It encompasses the instrument's effectiveness in measuring the variables it aims to assess, as well as the representation of data concerning a specific construct (Taherdoost, 2016). Face validity, content validity, and construct validity constitute the primary focus aspects during the validation process. For this study, the researcher intends to measure content validity by assessing how accurately the research instruments cover the subject being tested. This was achieved by subjecting the questionnaire to subject-matter experts, including the university supervisor and other Strategic Management (SM) experts from the university, who will read and provide feedback on the suitability and accuracy of the instruments. To enhance the survey's validity further, the researcher will seek input from Strategic Management Faculty staff and other professionals. This feedback process will help identify and rectify any ambiguities or inaccuracies in the questionnaire, making sure that the questions are unambiguous and pertinent to the research objectives.

A thorough examination of both theoretical and empirical literature related to the research variables will also be conducted. This literature review will ensure that the questionnaire items are grounded in established research and accurately reflect the constructs being studied. Construct validity was addressed by ensuring that the questions align well with the theoretical concepts being measured. The researcher will use established scales and measures where applicable to ensure consistency with prior research. Furthermore, statistical techniques such as factor analysis was employed to confirm that the items group together in a manner that reflects the intended constructs.

3.8.3 Reliability of Research Instrument

Saunders et al. (2009) define reliability as the extent to which a study's methods of data collection or analysis processes produce consistent results across different occasions, observers, and with clear derivation of meaning from the raw data. Potential reliability threats include participant or observer-induced errors or biases. To minimize these threats, a structured data collection tool was used and administered within a defined time period. When utilizing Likert-type scales, it is essential to report Cronbach's alpha coefficient,

which measures internal consistency reliability — how well items within a scale are consistent with each other and the entire instrument (Croasmun & Ostrom, 2011). Cronbach's alpha assesses internal consistency by examining how items interrelate with each other and the complete instrument.

In this research, the reliability of the Likert-type scale items in the data collection tool was assessed using Cronbach's alpha, a method introduced by Cronbach (1951). The standard measure for evaluating the reliability of a research instrument is the Cronbach alpha test. Cronbach's alpha values range from 0 to 1, with values closer to 1 indicating higher internal consistency. The reliability coefficient, Cronbach's alpha (α), was calculated as follows:

$$\alpha = \frac{\sum s^2 - \frac{(\sum s)^2}{K}}{\sum s^2}$$

Where; α =

Cronbach's alpha

K = number of

responses

$\sum s^2$ = variance of individual item summed up

= variance of summed up score

$\sum s^2_{sum}$

For the measurements of variables in this study to be considered reliable, their Cronbach's alpha values should exceed 0.7.

3.9 Data Collection Procedures

Data collection refers to obtaining data from a sample to respond to the research inquiries, as stated by Bryman (2012). For this study, primary data was gathered directly from the chosen state company, the Micro and Small Enterprises Authority (MSEA), while secondary data was compiled from existing publications such as reports, academic journals, and other relevant documents. The survey was designed for respondents to complete on their own, offering several benefits over personal interviews. According to Cooper and Schindler (2014), self-administered surveys are cost-effective, allow respondents to answer at their convenience, and enable researchers to reach participants who may not be available for in-person meetings. This method also helps reduce interviewer bias and ensures that participants have ample time to provide thoughtful and comprehensive responses.

To facilitate data collection, the questionnaire was administered using a Drop-and-Pick Later criterion. This approach involves delivering the questionnaire to the respondents and

arranging for its collection at a later date. This method is particularly useful for busy professionals, as it provides flexibility and allows respondents to fill out the questionnaire at their convenience. To maximize the response rate and the quality of the collected data, the researcher will follow up with participants through reminders and offer assistance if they have any questions or need clarification on the survey items.

3.10 Data Analysis Procedures

Data collected was either quantitative or qualitative. Quantitative data is data that can be expressed numerically as in a Likert Scale where the choices, for instance, run from 1-5. These are analyzed by both descriptive and inferential methods. These have been provided elsewhere. Qualitative data are non-numerical data that involve the opinions and suggestions of respondents. Such data are analyzed by use of thematic analysis, which involves grouping data into themes and concluding.

The collected data will undergo preliminary processing, including editing, coding, and tabulation. The analysis will involve both descriptive and inferential statistics, facilitated by SPSS (Statistical Package for Social Sciences) version 27. Qualitative data was primarily analyzed through thematic analysis, focusing on identifying patterns, themes, and insights within the data. Additionally, descriptive statistics, including calculations of frequencies and percentages, may be employed to provide a summary overview of the qualitative data. Quantitative data, meanwhile, will undergo analysis using both descriptive and inferential statistics. Descriptive statistics, encompassing frequencies, percentages, means, and standard deviations, was used to summarize the basic features of the quantitative data. Inferential statistics, such as Analysis of Variance (ANOVA) and Pearson's correlation, was employed to make inferences and test hypotheses about relationships between variables within the quantitative data.

Additionally, multiple regression analysis was performed by regressing the Financial Performance of MSEA against the variables of Environmental Scanning, Strategy Formulation, Strategy Implementation, and Strategy Evaluation and Control. The study will develop a Financial Performance model based on the variables that are perceived to determine the Financial Performance of MSEA.

The regression model used was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: -

Y = Performance of MSEA

X1 = Environmental Scanning

X2=Strategy Formulation

X3=Strategy Implementation X4= Strategy Evaluation and

Control β_0 = Constant or Performance when no SM Practices are applied.

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression Coefficients

ε = error term/disturbance term.

This term is fitted into the equation to smoothen the regression curve. This represents the difference between the actual performance of MSEA and the performance predicted by the regression model. It's the difference between the model's prediction and reality.

3.11 Ethical Considerations

The primary ethical considerations for this research involve obtaining participants' informed consent for voluntary participation and ensuring their confidentiality. Consent was sought from respondents prior to data collection, involving only those who willingly agree to participate. Participants was informed that the research is conducted solely for academic intentions and assured that their identities was kept confidential. The researcher will seek approval from the Graduate School and the National Commission for Science, Technology and Innovation (NACOSTI) before commencing the research. To further ensure ethical compliance, the researcher will provide detailed information about the study's objectives, procedures, potential risks, and benefits. This transparency allows respondents to decide whether to participate based on informed agreement. Moreover, respondents were informed that they can withdraw their participation from the study at any time without facing any repercussions.

The research will also follow the ethical guidelines for data management and storage. All collected data was securely stored to safeguard participants' privacy. Access to the data shall be limited to the researcher and authorized personnel only. Data was anonymized to ensure confidentiality, stripping away any identifying information to protect participants' identities. Furthermore, the researcher will ensure that the findings are reported truthfully and accurately, without any fabrication or misrepresentation of data. The study will strictly adhere to the ethical guidelines set by relevant academic and professional bodies, maintaining the study's integrity and credibility throughout the research process.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The research results for each of the study's objectives are covered in this chapter. This chapter included the following subsections: the sample size's response rate, the respondents' background data, and the descriptive and inferential statistical results for each specified objective.

4.2 Response Rate

Of the 96 questionnaires distributed by the research project, 89 were completed and returned for data analysis. This research study had a 92.7% response rate. Based on Van Buuren's (2018) assertion that a response rate of 70% or above is sufficient to undertake effective data analysis, the questionnaire response rate was appropriate for the study analysis. Table 2 presents the study response rate.

Table 2: Response Rate

		Frequency	Percent
Valid	Response	89	92.7
	Non-Response	07	7.3
	Total	96	100.0

Source: Researcher (2024)

4.3 Reliability of Research Instrument

Reliability indicates how consistently results can be obtained through repeated analyses (Zohrabi, 2013). To measure the internal consistency and reliability of variables, Cronbach's Alpha was employed. This index, which ranges from 0 to 1, assesses the overall reliability and consistency of the evaluation, with higher values indicating greater reliability. Assessments with an alpha of 0.6 or lower require review. Consistent results from a research assessment enhance its reliability, but it must accurately measure the intended variables to be considered valid. A pilot test was conducted with 10% (n=13) of participants, who were not part of the main study.

Table 3: Reliability Results

Variables		No of Items	Cronbach Alpha	Remarks
Valid	Environmental Scanning	5	0.758	Reliable
	Strategy Formulation	5	0.775	Reliable
	Strategy Implementation	5	0.810	Reliable
	Strategy Evaluation	5	0.743	Reliable
	Financial Performance	5	0.751	Reliable

Source: Researcher (2024)

All constructs with values greater than 0.7 were accepted. The pilot results indicated that all the study variables had Cronbach scores of above 0.7 hence were adopted for the research.

4.4 Respondents Demographic Information

The investigation sought to establish demographic characteristics of the respondents such as gender, age, highest level of education, length of working in the current position as well as designation. The outcome are as follows:

4.4.1 Age Bracket

The study findings on the age bracket of the respondents are presented in table 4.

Table 4: Age Bracket

Age bracket	Frequency	Percent
Above 21-30 Years	9	10.1
Above 31-40 Years	36	40.4
Above 41-50 Years	33	37.0
Over 51 Years	11	12.5
Total	89	100.0

Source: Researcher, (2024)

According to Table 4, the majority of respondents 40.4% fall into the age range of 31 to 40 years, followed by those who fall into the age range of 41 to 50 years, those who fall into the age range of beyond 50 years, and the remaining 10.1% who fall into the age range of 21 to 30 years. Findings suggest that the study encompasses a range of perspectives from various age demographics. The findings is supported by Franssen et al., (2020) that this diverse age representation allows for a more comprehensive understanding of how different

age groups may perceive or be impacted by the variables being studied. It also enhances the generalizability of the findings to populations with similar age demographics.

4.4.2 Gender of Respondents

Table 5 displays the study's findings about the respondents' gender characteristics.

Table 5: Gender

Gender	Frequency	Percent
Male	55	61.8
Female	34	38.2
Total	89	100.0

Source: Researcher, (2024)

The study's gender representation is displayed in Table 5. Male respondents made up 61.8% of the sample, with female respondents making up 38.2%. The lack of bias in the study's conclusions regarding gender rules indicates that the sample properly represented both genders, guaranteeing a fair viewpoint in the research findings. Accurate inferences and results generalization to a larger population depend on this balanced representation.

4.4.3 Education Level

The study findings on the level of education of the respondents are presented in table 6.

Table 6: Education Level

Education level	Frequency	Percent
Diploma level	13	14.6
Degree level	47	52.8
Postgraduate level	29	32.6
Total	89	100.0

Source: Researcher, (2024)

Table 6 showed that majority 52.8% of the respondents had degree level of education, 32.6% had postgraduate, and the remaining 14.6% had diploma. This distribution provides insight into the educational diversity within the sample population and allows researchers to consider how different levels of education might influence perceptions, behaviours, or responses to the variables under investigation. This is in line with Gkintoni, Halkiopoulou and Antonopoulou (2022) that it's important because educational attainment can

significantly impact individuals' perspectives, decision-making processes, and abilities to comprehend complex information.

4.4.4 Work Experience

The study findings on the work experience level of the respondents are presented in table 7.

Table 7: Work Experience

Work Experience	Frequency	Percent
Less than 5 Years	33	37.1
6 – 10 Years	21	23.6
11-15 Years	27	30.3
Over 16 Years	8	9.0
Total	89	100.0

Source: Researcher, (2024)

Table 7 showed that majority 37.1% of the respondents had work experience of less than 5 years, 30.3% had work experience ranged 11 to 15 years, 23.6% had work experience ranged 6 to 10 years and the remaining 9.0% had work experience of over 16 years. This data can be utilized by researchers, organizations, or policymakers to understand the distribution of work experience among the surveyed population. This is in line with Anwar and Abdullah (2021) that work experience can also inform decision-making processes related to workforce planning, recruitment strategies, training programs, and career development initiatives.

4.5 Descriptive Statistics

Before proceeding with the inferential analysis of the data, it was well analyzing the common descriptive statistics of the study sample data. The main research purpose of the study was to assess how strategic management practices influence the financial performance of the MSEA in Kenya. Numerous strategic management practices were acknowledged among which the respondents were requested to state the degree to which they enhance financial performance of the MSEA in Kenya. A Likert scale of five points was provided running from 1= strongly disagree, 2=disagree, 3= neutral, 4= agree, 5= strongly agree. From the answers, descriptive measures of central distribution: standard deviation and mean were applied for ease of generalization and interpretation of findings. The interpretation key was defined as follows: a mean greater than 4.20 indicated strong agreement, 3.50-4.19 indicated agreement, 2.50-3.49 indicated disagreement, 1.50-2.49 indicated strong

disagreement, and a mean below 1.49 indicated neither agreement nor disagreement. The following sub-headings represent the findings.

4.5.1 Environmental Scanning and Financial Performance of MSEA

The study first objective sought to assess the effect of environmental scanning on financial performance of the MSEA in Kenya, and the results presented in Table 8.

Table 8: Results for Environmental Scanning

Statements	N	Min	Max	Mean	Std. Deviation
MSEA regularly scans the external environment for potential threats and opportunities.	89	1	5	4.08	0.854
Competitive intensity within our market is a major consideration in our strategic planning.	89	1	5	4.04	0.800
We have mechanisms in place to assess and respond to a hostile environment.	89	1	5	3.93	0.790
MSEA considers the impact of technological changes on our business environment.	89	1	5	3.91	0.789
We analyze socio-cultural trends to inform our strategic decisions.	89	1	5	3.83	0.788
Regulatory changes are continuously monitored to ensure compliance and strategic alignment.	89	1	5	3.96	0.875
Average				3.97	0.857

Source: Researcher (2024)

The analysis revealed that the respondents agreed with the statement that MSEA regularly scans the external environment for potential threats and opportunities, reflected by a mean of 4.08 and a moderate deviation of 0.854. The findings also showed agreement, with a mean of 4.04 and a deviation of 0.800, that the competitive intensity within their market is a major consideration in our strategic planning. Additionally, the study indicated that respondents agreed that they have mechanisms in place to assess and respond to a hostile environment, as evidenced by a mean of 3.93 and a deviation of 0.790. Respondents agreed that MSEA considers the impact of technological changes on their business environment as indicated by a mean of 3.91 and a deviation of 0.789. Overall, the findings showed that environmental scanning influence financial performance of the MSEA with an aggregate mean of 3.97 and a moderate deviation of 0.857.

These findings are in agreement with Singh and Ahuja (2021), conducted research on how Indian SMEs' company performance was affected by environmental scanning. According to their research, small and medium-sized enterprises (SMEs) that proactively monitor the outside world are more likely to predict shifts in the market, spot possibilities for expansion, and outperform their competitors financially.

Sharma and Sharma (2019) looked into how environmental scanning helps Indian SMEs become more sustainable and competitive. They discovered that SMEs are more likely to create successful competitive strategies that enhance their market position and profitability if they consistently assess their competitive environment. The impact of environmental scanning on entrepreneurial orientation and business performance in Indian SMEs was investigated by Kumar and Dash (2017). Their findings indicate that SMEs with a strong entrepreneurial orientation demonstrate higher levels of innovation, growth, and overall business performance when they are accompanied by proactive environmental scanning. Ologbenla, (2022) studied the examination of innovation in the effects of environmental scanning intensity on small and medium enterprise (SME) owners in Oyo State, Nigeria. The study highlights the importance of resources, organizational structure, and technology in the development of innovation and shows that government policy has not fostered innovation among SMEs. The study recommends that small and medium-sized business owners do effective environmental scanning to increase their innovative ideas that can help their companies succeed or stand out in the increasingly competitive industry, and that the government should get more involved in promoting innovation.

Nkomo contends that a lack of understanding and budget restrictions cause SMEs in South Africa to frequently overlook environmental scanning. This oversight may make it more difficult for them to take advantage of new opportunities and adjust to changes in the market (Nkomo, 2017). In contrast to the aforementioned, Mafini's research indicates that South African SMEs that prioritize environmental scanning perform better financially and are more sustainable. They are able to successfully match their operations with market demands thanks to this strategic behavior (Mafini, 2019).

4.5.2 Strategy Formulation and Financial Performance of MSEA

The study second objective sought to determine the effect of strategy formulation on financial performance of the MSEA in Kenya, and the results presented in Table 9.

Table 9: Results for Strategy Formulation

Statements	N	Min	Max	Mean	Std. Deviation
We involve key stakeholders in the strategy formulation process.	89	1	5	4.05	0.807
Our strategy formulation process includes comprehensive market analysis.	89	1	5	3.93	0.723
We consider competitive positioning during strategy formulation.	89	1	5	3.83	0.779
Our strategic plans are flexible to accommodate unexpected changes in the market.	89	1	5	4.05	0.816
Strategic priorities are communicated effectively across all levels of the organization.	89	1	5	4.11	0.757
Average				4.03	0.779

Source: Researcher (2024)

The study found consensus among participants regarding the statement that strategic priorities are communicated effectively across all levels of the organization, indicated by a mean of 4.11. Additionally, the results revealed agreement among respondents that their strategic plans are flexible to accommodate unexpected changes in the market, with a mean of 4.05 and a deviation of 0.816. Moreover, participants were in accord that their strategy formulation process includes comprehensive market analysis, with a mean of 3.93 and a deviation of 0.723. The results indicated that they consider competitive positioning during strategy formulation, with a mean rating of 3.83 and a deviation of 0.779. This suggests that employing external consultants for strategy development is a common practice within the organization. Furthermore, the findings demonstrated widespread agreement among respondents that senior managers within MSEA view strategy formulation favorably. This was reflected in a mean rating of 4.03 and a deviation of 0.779. In simpler terms, senior managers generally support and endorse the process of creating strategies for the organization.

These findings were similar to those of Salau and Nurudeen (2022) who did a study to assess the effect of strategy formulation in business firms based in Enugu State, Nigeria. The study was intended to evaluate how the formulated strategies have been applied and operated in organizations. A descriptive survey was applied to a population consisting of 185 workers

who belonged to three categories of management. Freud and William's model was applied to obtain a sample size of 106 respondents, while the sample space was determined using simple random sampling. Data was sourced using questionnaires, with analysis involving descriptive statistics. Findings established a significant effect of strategy formulation on firm performance. However, the study only used descriptive statistics. The current study will use a combination of descriptive and inferential statistics. Santura, Muema, and Nkaabu (2017) investigated how strategy formulation impacted performance among public organizations in Isiolo county. Utilizing descriptive research design the research focused on the management heads and section heads in the county government. A census survey was conducted on all the 63 management employees of the county government since the respondents were easily accessible in the system. To collect the data, questionnaires were used, then analyzed using descriptive statistics. Pearson Correlation was utilized to ascertain whether a relationship exists between the variables. Findings revealed that strategic formulation significantly and positively influences county government productivity in Isiolo. However, the study did not consider stakeholder involvement. The current study focused on the involvement of stakeholders and the development of long-term objectives in strategic implementation.

4.5.3 Strategy Implementation and Financial Performance of MSEA

The study third objective sought to establish the effect of strategy implementation on financial performance of the MSEA in Kenya, and the results presented in Table 10.

Table 10: Results for Strategy Implementation

Statements	N	Min	Max	Mean	Std. Deviation
MSEA effectively allocates resources to ensuresuccessful strategy implementation.	89	1	5	4.17	0.716
Our policies and procedures support the implementation of our strategies.	89	1	5	4.06	0.703
Communication channels within the organization facilitate effective strategy implementation.	89	1	5	3.97	0.899
Leadership in our organization is committed to ensuring the success of our strategic plans.	89	1	5	3.91	0.836
Our strategic initiatives are supported by adequate resources and infrastructure.	89	1	5	4.07	0.879

Employee roles and responsibilities are clearly defined during strategy implementation.	89	1	5	3.96	0.857
Average				4.01	0.814

Source: Researcher (2024)

The research findings showed a consensus (average score of 4.17) with moderate variation (0.716) that MSEA effectively allocates resources to ensure successful strategy implementation. Additionally, the study revealed a general agreement that policies and procedures support the implementation of our strategies (average score of 4.06, variation of 0.703). Respondents also agreed that communication channels within the organization facilitate effective strategy implementation (average score of 3.97, variation of 0.899). The responses collected indicated that participants concurred that leadership in our organization is committed to ensuring the success of our strategic plans (mean = 3.91). The summarized results further showed agreement among respondents that strategy implementation has been institutionalized within the firm, as reflected by an overall mean of 4.01 and a deviation of 0.814.

Contrary to the aforementioned results, Mbithi (2016) investigated the impact of Strategy Implementation on the results of the Kenya Bureau of Standards. Using a case study method, information was collected through interviews with five senior managers at KEBS. Qualitative content analysis was employed to analyze the data. The results identified several elements affecting Strategy Implementation at KEBS, including organizational design, company ethos, leadership approach, information flow, staff participation, and ICT infrastructure. These elements were found to influence the success of strategy implementation, which in turn impacted various aspects of organizational outcomes such as employee performance, retention, market coverage, turnaround time on sample analysis, and client acquisition for ISO certification. The study concluded that successful Strategy Implementation requires the alignment of various organizational aspects, and recommended effective communication, cultural compatibility with strategy, and clear delineation of tasks for successful strategy execution.

4.5.4 Strategy Evaluation and Financial Performance of MSEA

The study fourth objective sought to examine the effect of strategy evaluation on financial performance of the MSEA in Kenya, and the results presented in Table 11.

Table 11: Results for Strategy Evaluation

Statements	N	Min	Max	Mean	Std. Deviation
We regularly assess our internal capabilities to support strategic goals.	89	1	5	3.91	0.853
External environmental factors are continuously evaluated to adjust our strategies.	89	1	5	3.99	0.815
Market research is conducted to inform strategy evaluation and control.	89	1	5	4.00	0.864
Appropriate technology is utilized to support strategic evaluation and control.	89	1	5	4.03	0.807
We have a systematic process for evaluating the effectiveness of our strategies.	89	1	5	4.10	0.897
Average				4.02	0.837

Source: Researcher (2024)

The analysis revealed that participants agreed that they have a systematic process for evaluating the effectiveness of our strategies with a mean score of 4.10. The results also demonstrated consensus (mean = 4.03, deviation = 0.807) that appropriate technology is utilized to support strategic evaluation and control. Additionally, the study indicated agreement that external environmental factors are continuously evaluated to adjust our strategies, reflected by a mean score of 3.99 and a deviation of 0.815. The findings also highlighted that MSEA regularly assess its internal capabilities to support strategic goals (mean = 3.91, deviation = 0.853). Overall, the results indicated that strategy evaluation and monitoring were implemented within the MSEA, as evidenced by a mean of 4.02 and a deviation of 0.837.

These results are in agreement with those of Thiong'o (2018) who investigated the impact of strategy evaluation methods on the performance of milk processing companies in Kiambu County. The study aimed to identify the types of strategy evaluation methods adopted by these firms and assess how these approaches impact their overall performance. Strategy evaluation, being the final stage of strategic planning, serves as a critical juncture for decision-making regarding the appropriateness and effectiveness of organizational goals, strategies, and execution plans. It plays a pivotal role in optimizing the utilization of scarce resources towards achieving strategic objectives. The research employed a census survey design, targeting all 17 milk processing firms in Kiambu County. Data collection utilized structured, close-ended questionnaires administered to representatives of these firms. The

quantitative information collected was examined using descriptive statistics, presenting findings through means, standard deviations, frequencies, and percentages.

4.5.5 Financial Performance of MSEA

The study's dependent variable was the financial performance of MSEA. The following statements were prepared, with the findings shown in Table 12.

Table 12: Financial Performance of MSEA

Statements	N	Min	Max	Mean	Std. Deviation
MSEA has experienced increased profitability due to strategic management practices.	89	1	5	3.92	0.773
Customer satisfaction has improved as a result of our strategic management.	89	1	5	4.15	0.816
Our return on investment has increased due to effective strategic management.	89	1	5	4.17	0.741
The return on assets has shown improvement due to our strategic practices.	89	1	5	3.79	0.796
Government regulations are considered in our strategic planning to ensure compliance.	89	1	5	3.98	1.037
Fiscal policy changes affecting taxation are factored into our financial performance assessments.	89	1	5	4.11	0.942
Average				4.03	0.844

Source: Researcher (2024)

The analysis indicated that respondents agreed the return on investment has increased due to effective strategic management, reflected by a mean of 4.17 and a moderate deviation of 0.741. Furthermore, the study showed consensus that customer satisfaction has improved as a result of our strategic management, with a mean of 4.15 and a moderate deviation of 0.816. Participants also agreed that government regulations are considered in their strategic planning to ensure compliance, as evidenced by a mean of 3.98 and a significant deviation of 1.037. Additionally, the findings revealed agreement that return on assets has shown improvement due to application of strategic practices, shown by a mean of 3.79. Overall,

the aggregate mean was 4.03, indicating that the majority of participants concurred with the statements regarding the financial performance of MSEA.

4.6 Diagnostic Test

The researcher undertook two diagnostic tests namely the normality and Multicollinearity; the following section presents the diagnostic test study results.

4.6.1 Normality Test

The table 13 shows the study test of normality among the responses.

Table 13: Normality Test

	Kolmogorov-Smirnov ^a				Shapiro-Wilk	
	Statistic	df	Sig.	Statistic	df	Sig.
Environmental Scanning	.249	89	.210	.776	89	.715
Strategy Formulation	.288	89	.170	.805	89	.510
Strategy Implementation	.287	89	.050	.843	89	.619
Strategy Evaluation	.302	89	.245	.837	89	.409

a. Lilliefors Significance Correction

From the study, the responses of the variables were normally distributed since the significant values of the Kolmogorov-Smirnov and Shapiro-Wilk Test are greater than 0.05.

4.6.2 Multi-Collinearity Test

Multicollinearity is considered to occur whenever there is more than one variable predestined to measure the same objects (Atikiya, 2015). The independent variable was measured by four variables; environmental scanning, strategy formulation, strategy implementation, and strategy evaluation. Hence, it was essential to examine multicollinearity so that the regression and other statistical outcomes are not affected. Multicollinearity test was conducted using Tolerance and Variance Inflation Factor (VIF). A tolerance value close to 1 implies that there is very little multicollinearity problem while those values near 0 implies multicollinearity may pose a threat.

Table 14: Multicollinearity Test

Model	Collinearity Statistics Tolerance	VIF

(Constant)		
Environmental Scanning	.874	3.026
Strategy Formulation	.832	3.073
Strategy Implementation	.815	3.092
Strategy Evaluation	.862	3.040

Source: Researcher (2024)

From the study, the VIF value for environmental scanning is 3.026, strategy formulation is 3.073, Strategy implementation is 3.092 and strategy evaluation is 3.040 which is between 1-10 range hence conclude that there is no multicollinearity between the variables.

4.7 Inferential Statistics

Because the diagnostic test results indicated that the data was normally distributed, then the study subjected the data into further parametric analysis, which include the correlation, and regression analysis. The subsequent section presents the correlation and regression analysis results of the study.

4.7.1 Correlation Analysis

A correlation study was conducted to examine the bivariate connection between the independent variables, namely environmental scanning, strategy formulation, strategy implementation, and strategy evaluation, and the outcome variable, which is the financial performance of MSEA. Pearson's product moment correlation coefficient was used to conduct the correlation study, aiming to ascertain the presence of significant linear correlations between the independent factors and the dependent variable (financial performance of MSEA). **Table 15: Correlation Analysis**

		Environmental Scanning	Strategy Formulation	Strategy Implementation	Strategy Evaluation	Financial Performance
Environmental Scanning	Pearson Correlation	1				
	Sig. (2tailed)					
	N	89				
Strategy Formulation	Pearson Correlation	0.204	1			
	Sig. (2tailed)	0.000				
	N	89	89			

Strategy Implementation	Pearson Correlation	0.128	0.065	1		
	Sig. (2tailed)	0.001	0.015			
	N	89	89	89		
Strategy Evaluation	Pearson Correlation	0.430	0.302	0.442	1	
	Sig. (2tailed)	0.012	0.000	0.005		
	N	89	89	89	89	
Financial Performance	Pearson Correlation	0.672**	0.568**	0.559**	0.629**	1
	Sig. (2tailed)	0.000	0.001	0.000	0.000	
	N	89	89	89	89	89

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher (2024)

The overall correlation analysis results shown in table 15 indicates that the effect of strategic management process on financial performance of MSEA in Kenya with ($r_1=0.672$, $r_2=0.568$, $r_3=0.559$, $r_4=0.629$ at $p=0.00$). This implies that environmental scanning, strategy formulation, strategy implementation and the strategic evaluation exhibited a statistically significant correlation with the dependent variable (financial performance of MSEA). These results are consistent with Hieu and Nwachukwu (2019), who found that the strategy evaluation process positively influences performance in telecommunications companies. Similarly, Chepkwony (2016) discovered that strategy evaluation and control are significant predictors of organizational performance in local contexts. Abdalla (2015) also indicated that effective strategic evaluation is crucial for enhancing organizational performance in Kenyan firms.

4.7.2 Regression Analysis

The research purpose was to assess the effect of strategic management practices on financial performance of the MSEA in Kenya. Financial performance was regressed against strategic management practices (environmental scanning, strategy formulation, strategy implementation, and strategy evaluation) and the results recorded in Table 16, 17 and 18.

Table 16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	DurbinWatson
1	.871 ^a	.759	.734	.22210	2.126

Predictors: (Constant), Strategy Evaluation, Strategy Formulation, Strategy Implementation, Environmental Scanning

Source: Researcher (2024)

The research found that the coefficient of determination, denoted as R², was 0.759. This means that 75.9% of the financial performance of the MSEA in Kenya can be explained by the strategic management practices they use. These practices include strategy evaluation, strategy formulation, strategy implementation, and environmental scanning. However, the results also indicate that 24.1% of the financial performance of the MSEA is influenced by other factors not included in this study.

Table 17: ANOVA Summary

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	687.019	4	171.755	66.136	.000 ^b
	Residual	218.144	84	2.597		
	Total	905.163	88			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Strategy Evaluation, Strategy Formulation, Strategy Implementation, Environmental Scanning

Source: Researcher (2024)

ANOVA is used to determine whether there is a statistically significant interaction between the dependent and independent variables in a regression model. An F statistic showed that the general model was significant (F = 66.136, p < .05). This exhibited that the applied model underscores the significance of the overall model and can predict the change in financial performance of the MSEA in Kenya. The coefficients results showed the extent in which independent variables contributed to the adjustment in the dependent variable as shown in Table 18. **Table 18: Coefficient's Regression**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.281	0.172		7.454	0.000
	Environmental Scanning	0.654	0.065	0.479	3.897	0.000
	Strategy Formulation	0.443	0.065	0.435	3.553	0.001
	Strategy Implementation	0.568	0.047	0.285	3.598	0.000
	Strategy Evaluation	0.358	0.042	0.010	0.129	0.012
a. Dependent Variable: Financial performance of the MSEA						

Source: Researcher (2024)

The coefficients indicate the extent in which independent variables contribute to the modification of the dependent variable. Strategy formulation was statistically significant at ($\beta = .654, P = .000$), strategy implementation was significant at ($\beta = .443, P = .001$), strategy implementation was significant at ($\beta = .568, P = .000$) and strategy evaluation was significant at ($\beta = .358, P = 0.012$).

The resultant multiple regression equation that can be employed in predicting levels of financial performance of the MSEA in Kenya for 1 standard deviation enhancement in strategic management practices (environmental scanning, strategy formulation, strategy implementation, and strategy evaluation) can be stated as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

$$Y = 3.281 + 0.654X_1 + 0.443X_2 + 0.568X_3 + 0.358X_4 + 0.172$$

Y = Financial Performance

2.321 = y-intercept; Constant

0.654, 0.443, 0.568, 0.358 = the slope coefficients

X1 = Environmental Scanning

X2 = Strategy Formulation

X3 = Strategy

Implementation X4 = Strategy

Evaluation ϵ = Error Term

The unstandardized beta coefficient 0.654, 0.443, 0.568, and 0.358 represented the expected improvement in financial performance of the MSEA in Kenya for a unit standard deviation enhancement in environmental scanning, strategy formulation, Strategy implementation and strategy evaluation respectively. This has the meaning that one standard deviance improvement in environmental scanning, strategy formulation, Strategy implementation and strategy evaluation would raise level of financial performance of the MSEA in Kenya by a factor of approximately to 0.654, 0.443, 0.568, and 0.358 respectively.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter provides a summary of the study, along with its conclusions and recommendations based on the research results. The study aimed to assess the effects of strategic management practices on financial performance of the MSEA in Kenya. The summary, conclusions, and recommendations are aligned with the study's objectives and the findings derived from the analysis and interpretations.

5.1 Summary of the Findings

The purpose of this study was to analyze the effects of strategic management practices on financial performance of the MSEA in Kenya. The correlation analysis results exposed that strategic management practices were positive and significant relationship with financial performance of the MSEA in Kenya. The regression results indicated that strategic management practices (environmental scanning, strategy formulation, strategy implementation, and strategy evaluation) had expressive power over the financial performance of the MSEA where it accounted for 75.9 percent of variation in financial performance of the MSEA ($R^2 = .759$).

5.1.1 Environmental Scanning and Financial Performance of MSEA

The first objective of the study sought to determine the influence of environmental scanning on financial performance of the MSEA in Kenya, Kenya. The analysis revealed that the respondents agreed with the statement that MSEA regularly scans the external environment for potential threats and opportunities, reflected by a mean of 4.08 and a moderate deviation of 0.854. The findings also showed agreement, with a mean of 4.04 and a deviation of 0.800, that the competitive intensity within their market is a major consideration in our strategic planning. Additionally, the study indicated that respondents agreed that they have

mechanisms in place to assess and respond to a hostile environment, as evidenced by a mean of 3.93 and a deviation of 0.790. Respondents agreed that MSEA considers the impact of technological changes on their business environment as indicated by a mean of 3.91 and a deviation of 0.789. Overall, the findings showed that environmental scanning influence financial performance of the MSEA with an aggregate mean of 3.97 and a moderate deviation of 0.857.

5.1.2 Strategy Formulation and Financial performance of the MSEA

The second objective of the study sought to determine the influence of strategy formulation on financial performance of the MSEA in Kenya, Kenya. The study found consensus among participants regarding the statement that strategic priorities are communicated effectively across all levels of the organization, indicated by a mean of 4.11. Additionally, the results revealed agreement among respondents that their strategic plans are flexible to accommodate unexpected changes in the market, with a mean of 4.05 and a deviation of 0.816. Moreover, participants were in accord that their strategy formulation process includes comprehensive market analysis, with a mean of 3.93 and a deviation of 0.723. The results indicated that they consider competitive positioning during strategy formulation, with a mean rating of 3.83 and a deviation of 0.779. This suggests that employing external consultants for strategy development is a common practice within the organization. Furthermore, the findings demonstrated widespread agreement among respondents that senior managers within MSEA view strategy formulation favorably. This was reflected in a mean rating of 4.03 and a deviation of 0.779.

5.1.3 Strategy Implementation and Financial Performance of the MSEA

The third objective of the study sought to assess the influence of strategy implementation on financial performance of the MSEA in Kenya, Kenya. The research findings showed a consensus (average score of 4.17) with moderate variation (0.716) that MSEA effectively allocates resources to ensure successful strategy implementation. Additionally, the study revealed a general agreement that policies and procedures support the implementation of our strategies (average score of 4.06, variation of 0.703). Respondents also agreed that communication channels within the organization facilitate effective strategy implementation (average score of 3.97, variation of 0.899). The responses collected indicated that participants concurred that leadership in our organization is committed to ensuring the success of our strategic plans (mean = 3.91). The summarized results further showed agreement among respondents that strategy implementation has been

institutionalized within the firm, as reflected by an overall mean of 4.01 And A Deviation Of 0.814.

5.1.4 Strategy Evaluation and Financial Performance of the MSEA

The fourth objective of the study sought to examine the influence of strategy evaluation on financial performance of the MSEA in Kenya, Kenya. The analysis revealed that participants agreed that they have a systematic process for evaluating the effectiveness of our strategies with a mean score of 4.10. The results also demonstrated consensus (mean = 4.03, deviation = 0.807) that appropriate technology is utilized to support strategic evaluation and control. Additionally, the study indicated agreement that external environmental factors are continuously evaluated to adjust our strategies, reflected by a mean score of 3.99 and a deviation of 0.815. The findings also highlighted that MSEA regularly assess its internal capabilities to support strategic goals (mean = 3.91, deviation = 0.853). Overall, the results indicated that strategy evaluation and monitoring were implemented within the MSEA, as evidenced by a mean of 4.02 and a deviation of 0.837.

5.2 Conclusions

From the analysis, it has been observed that strategic management practices influence financial performance of the MSEA in Kenya. The regression results indicated that strategic management practices (environmental scanning, strategy formulation, strategy implementation, and strategy evaluation) had illustrative control over the financial performance of the MSEA where it accounted for 75.9 percent of variation in financial performance of the MSEA in Kenya ($R^2 = .759$). Based on the study finding, the study therefore concluded that strategic management practices (environmental scanning, strategy formulation, Strategy implementation, and strategy evaluation) had significant influence on financial performance of the MSEA in Kenya.

The correlation study results indicated that there was a statistically significant relationship between environmental scanning and financial performance of the MSEA in Kenya. The regression results showed that respondents generally agree that MSEA regularly scans the external environment for threats and opportunities. This indicates a proactive approach to understanding external factors that could influence the organization's performance. The organization views competitive intensity as a significant factor in its strategic planning. This demonstrates an awareness of market dynamics and a focus on maintaining competitive positioning. MSEA moderately considers technological advancements when analyzing its business environment. This reflects some focus on innovation, though there may be room

for further integration of technology into strategic decision-making. There is agreement that regulatory changes are closely monitored, which is crucial for ensuring compliance and strategic alignment. The slightly higher standard deviation indicates more variation in perceptions, which may suggest differences in how departments or individuals perceive the organization's responsiveness to regulatory shifts.

The study results indicated that strategy formulation had statistical and significant influence on financial performance of the MSEA in Kenya. Respondents generally agree that key stakeholders are involved in the strategy formulation process. This indicates a collaborative approach to strategy development, ensuring that diverse perspectives are considered. There is a moderate level of agreement that the strategy formulation process includes a thorough market analysis. However, with a slightly lower mean compared to other factors, there may be room to enhance market analysis efforts. There is strong agreement that strategic plans are flexible enough to accommodate unexpected market changes. This flexibility is crucial for adapting to dynamic environments and reflects a readiness to adjust strategies when needed.

The study correlation results indicated that strategy implementation had statistically significant positive correlation with financial performance of the MSEA in Kenya. The study regression results on the other hand found out that there is strong agreement that MSEA effectively allocates resources to ensure successful strategy implementation. The relatively low standard deviation suggests consistent views across respondents on this issue, indicating that resource allocation is a strength in the organization. While there is general agreement that communication channels facilitate effective strategy implementation, the higher standard deviation indicates more variability in perceptions. This suggests that communication effectiveness might differ across departments or levels within the organization.

However, the variability in responses suggests that perceptions of leadership commitment may not be uniformly strong across the organization, but there is room for improvement in this area, as indicated by the higher standard deviation.

Lastly, the correlation study results showed that strategy evaluation had statistically significant positive correlation with financial performance of the MSEA in Kenya. The regression study results showed that MSEA regularly assesses its internal capabilities to support strategic goals. However, the variability in responses suggests that this process might not be consistent across the organization, or that it may not be as robust as other

strategic evaluation processes. There is general agreement that market research is regularly conducted to inform strategy evaluation and control, suggesting that MSEA values data-driven decision-making. The slight variability indicates that some areas may benefit from more rigorous or frequent market research. There is strong agreement that appropriate technology is utilized to support strategic evaluation and control. This reflects the organization's focus on leveraging technology for monitoring and assessing strategic performance.

5.3 Recommendations for Practice

Strategic management practices significantly influence the financial performance of the MSEA in Kenya. While MSEA has mechanisms to handle hostile environments, enhancing these mechanisms and communicating them clearly across all levels of the organization can help increase preparedness and confidence in dealing with external threats. The organization should increase its focus on technological changes, investing in continuous learning and innovative tools to stay ahead of trends. A strategic technology adoption plan could help integrate new technologies that support both operational efficiency and competitive advantage.

- i. While regulatory changes are already monitored, ensuring that all departments are well-informed and aligned on these changes is important. Regular workshops or training on regulatory compliance may help mitigate risks associated with changing laws or policies. Given that competitive intensity is a major consideration, MSEA should continue to evaluate its market position regularly and remain agile in its strategy to stay competitive. Benchmarking against industry leaders and fostering a culture of innovation can help maintain or improve its market standing. By focusing on these areas, financial performance of MSEA can further enhance its strategic alignment with the external environment and strengthen its ability to respond to dynamic challenges.
- ii. On the issue of strategy formulation. Although market analysis is included in the strategy formulation process, there is potential to deepen this analysis. This could involve more detailed data gathering on consumer behavior, market trends, and competitive landscapes to better inform strategic decisions. To improve competitive positioning, the organization could invest more in competitive intelligence and benchmarking. Understanding competitors' strengths and weaknesses can provide insights into areas where MSEA can differentiate itself and capture more market share.

While stakeholder involvement in strategy formulation is already strong, there may be opportunities to broaden participation. Engaging a wider range of internal and external stakeholders, including customers and partners, can lead to more innovative and inclusive strategies. By enhancing market analysis and competitive positioning while maintaining flexibility and strong communication, financial performance of MSEA can further improve its strategy formulation process and its ability to adapt to changes in the market.

- iii. On the issues of strategy implementation, MSEA should continue its strong focus on allocating resources effectively for strategy implementation. Regular assessments of resource needs and their alignment with strategic priorities will ensure that this remains a strength of the organization. While leadership commitment is generally perceived positively, efforts should be made to ensure that all leaders are visibly and actively involved in supporting strategic plans. Leadership training, transparent decision-making, and regular engagement with teams on strategy progress could reinforce this commitment. By focusing on enhancing communication, leadership visibility, and role clarity, MSEA can further strengthen its strategy implementation process, ensuring consistent success across all levels of the organization.
- iv. Lastly, for the strategy evaluation, the study recommends that MSEA should focus on strengthening the process for regularly assessing internal capabilities to support strategic goals. This can be achieved by conducting more frequent capability audits, involving various departments in the assessment, and ensuring that the results are used to inform strategic adjustments. To further support strategy evaluation and control, MSEA could invest in expanding its market research efforts. This might involve more detailed studies of customer behaviour, competitor analysis, and industry trends, ensuring that decisions are continuously informed by up-to-date market data. By addressing these areas, MSEA can ensure a more consistent and robust strategic evaluation and control process, enhancing its ability to adapt to both internal and external changes while maintaining alignment with its strategic goals.

5.4 Suggestions for Further Studies

1. Conduct a longitudinal study to examine how changes in strategic management practices over time influence the financial performance of MSEA. This would help track the sustainability and long-term effectiveness of specific strategies.

2. Examine how external factors such as government policies, economic fluctuations, and market competition influence the relationship between strategic management practices and financial performance. This could provide a more nuanced understanding of the external challenges faced by MSEA.

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APPENDICES

APPENDIX 1: Informed Consent

Title: Effects of Strategic Management Practices on Financial Performance of Micro and Small Enterprises Authority (MSEA) in Kenya

Dear Participant,

You are invited to take part in a research study titled "Effects of Strategic Management Practices on the Financial Performance of Micro and Small Enterprises Authority in Kenya." The research is being carried out by Patrick Muchunku Kamenyi as part of his Master of Business Administration degree at Mt. Kenya University.

Purpose of the Study: To examine the impact of Strategic Management practices on the Financial Performance of the MSEA in Kenya.

Procedures: If you choose to participate, you will be requested to complete a questionnaire that contains both questions that require detailed answers and questions with predefined response options. Completing the questionnaire is expected to take approximately 15-20minutes.

Confidentiality: Your answers will remain confidential. Access to the securely stored data will be limited to the researcher and authorized personnel only. To safeguard your identity, the data will be anonymized. The collected information will be used exclusively for academic purposes.

Voluntary Participation: Participation in this study is entirely voluntary. You are free to withdraw at any time without facing any negative consequences. Should you decide to withdraw, any data you have provided will be destroyed.

Risks and Benefits: Participation in this study does not pose any known risks. The results of the study could contribute to improved Strategic Management practices within MSEA, potentially enhancing Financial Performance and operational efficiency.

Contact Information: For any inquiries regarding the study, please feel free to contact Mr. Patrick Muchunku Kamenyi at pkamenyi@gmail.com or 0722290416. You may also reach out to the Graduate School at Mount Kenya University or the National Commission for Science, Technology, and Innovation (NACOSTI) for concerns about the ethical aspects of this research.

By signing below, you confirm that you have reviewed and comprehended the provided information and consent to take part in the study.

Signature: _____ Date: _____

APPENDIX 2: QUESTIONNAIRE

Title: EFFECTS OF STRATEGIC MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE OF MICRO AND SMALL ENTERPRISES AUTHORITY (MSEA) IN KENYA

Instructions: This questionnaire seeks to collect information on how Strategic Management Practices impact Financial Performance of the MSEA in Kenya. Please rate your agreement with each statement using the scale below:

1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree

Section A: Demographic Information

What is your position in the organization?

1. Chief Executive Officer []
2. Corporate Services Director []
3. Human Resources Director []
4. Supply Chain Director []
5. Infrastructure Development, Technology and Innovations Director []
6. Business Development, Marketing and Trade Director []
7. Strategy, Planning and Coordination Director []
8. Corporation Secretary []
9. Registrar of MSEs []
10. Other (please specify): _____ []

How long have you been with the organization?

1. Less than 1 year []
 2. 1-3 years []
 3. 3-5 years []
 4. More than 5 years []
- What department do you work in?**
1. Corporate Services []
 2. Supply Chain []
 3. Infrastructure Development , Technology and Innovations []
 4. Business Development, Marketing and Trade []
 5. Strategy, Planning and Coordination []

6. Corporation Secretary []
7. Registrar of MSEs []
8. Other (please specify: _____) []

Section B: Environmental Scanning Strategy:

Key: 5 strongly agree, 4 agree, 3 undecided, 2 disagree, 1 strongly disagree (please put an X as appropriate).

Environmental Scanning	1	2	3	4	5
MSEA regularly scans the external environment for potential threats and opportunities.					
We adapt our strategies based on the heterogeneity of the market.					
The dynamic environment of our industry is frequently monitored.					
Competitive intensity within our market is a major consideration in our strategic planning.					
We have mechanisms in place to assess and respond to a hostile environment.					
MSEA considers the impact of technological changes on our business environment.					
We analyze socio-cultural trends to inform our strategic decisions.					
Regulatory changes are continuously monitored to ensure compliance and strategic alignment.					

Section

Key: 5
(please

1 strongly disagree

C: Formulation Practice Strategy

strongly agree, 4 agree, 3 undecided, 2 disagree, put an X as appropriate).

Strategy Formulation	1	2	3	4	5
MSEA's mission and vision statements are clearly defined and communicated.					
Decision-making processes in our organization are aligned with our strategic goals.					
Budget allocations are directly linked to our strategic objectives.					
We regularly analyze the business environment to inform our strategic plans.					
Our strategic goals are consistent with the changes in the business environment.					
We involve key stakeholders in the strategy formulation process.					
Our strategy formulation process includes comprehensive market analysis.					
We consider competitive positioning during strategy formulation.					

Section

Key: 5
(please

1 strongly disagree

Our strategic plans are flexible to accommodate unexpected changes in the market.					
Strategic priorities are communicated effectively across all levels of the organization.					

D: Implementation Practice Strategy

strongly agree, 4 agree, 3 undecided, 2 disagree, put an X as appropriate).

Strategy Implementation	1	2	3	4	5
MSEA effectively allocates resources to ensure successful strategy implementation.					
Our policies and procedures support the implementation of our strategies.					
Communication channels within the organization facilitate effective strategy implementation.					
Leadership in our organization is committed to ensuring the success of our strategic plans.					
Our strategic initiatives are supported by adequate resources and infrastructure.					
There is a clear action plan for implementing our strategies.					

Section

Key: 5
(please

1 strongly disagree

Employee roles and responsibilities are clearly defined during strategy implementation.					
Our organization uses performance metrics to track the implementation of strategies.					
We provide regular training to employees to support strategy implementation.					
Our organization's culture supports the successful implementation of strategic plans.					

E: Evaluation and Control Practice Strategy

strongly agree, 4 agree, 3 undecided, 2 disagree, put an X as appropriate).

Strategy Evaluation and Control	1	2	3	4	5
We regularly assess our internal capabilities to support strategic goals.					
External environmental factors are continuously evaluated to adjust our strategies.					
Market research is conducted to inform strategy evaluation and control.					
Appropriate technology is utilized to support strategic evaluation and control.					

Section

Key: 5
(please

1 strongly disagree

We have a systematic process for evaluating the effectiveness of our strategies.					
Feedback mechanisms are in place to improve strategic management processes.					
We use performance data to make necessary adjustments to our strategies.					
Our organization benchmarks its performance against industry standards.					
We regularly review our strategic goals to ensure they remain relevant.					
Corrective actions are taken promptly when strategic goals are not met.					

F: Financial Performance

strongly agree, 4 agree, 3 undecided, 2 disagree, put an X as appropriate).

Financial Performance	1	2	3	4	5
MSEA has experienced increased profitability due to strategic management practices.					
Customer satisfaction has improved as a result of our strategic management.					

Section

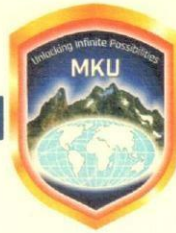
Key: 5
(please

1 strongly disagree

Our return on investment has increased due to effective strategic management.					
The return on assets has shown improvement due to our strategic practices.					
Government regulations are considered in our strategic planning to ensure compliance.					
Fiscal policy changes affecting taxation are factored into our financial performance assessments.					
Monetary policy changes affecting money supply are integrated into our strategic financial evaluations.					
Our organization meets its financial performance targets consistently.					
Strategic management has positively impacted our organization's market share.					
Our organization has a strong financial position as a result of strategic management practices.					

Thank you for your participation.

Mount Kenya University



REF: MKU/ISERC/4381

Date: 11 September 2024

TO: PATRICK MUCHUNKU KAMENYI

REG: MBA/2022/56213

Dear Sir/Madam,

RE: EFFECTS OF STRATEGIC MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE OF MICRO AND SMALL ENTERPRISES AUTHORITY IN KENYA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **3101**. The approval period is **11/09/2024 - 10/09/2025**.

This approval is subject to compliance with the following requirements;

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

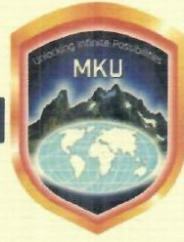
Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,



Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC

Mount Kenya University



DIRECTORATE OF GRADUATE STUDIES

MBA/2022/56213

12th September, 2024

*National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA*

Dear Sir/Madam,


RE: PATRICK MUCHUNKU KEMENYI - REGISTRATION NO. MBA/2022/56213

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is **"Effects of Strategic Management Practices on Financial Performance of Micro and Small Enterprises Authority in Kenya."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **September, 2024 and November, 2024**.

Any assistance accorded to the student will be highly appreciated.

Thank you.


Dr. Samuel M. Karenga, PhD
Director, Graduate Studies
Enc.





REPUBLIC OF KENYA

Ref No: 736295



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Date of Issue: 26/September/2024

RESEARCH LICENSE



This is to Certify that Mr. PATRICK MUCHUNKU KAMENYI of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: EFFECTS OF STRATEGIC MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE OF MICRO AND SMALL ENTERPRISES AUTHORITY IN KENYA for the period ending : 26/September/2025.

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Applicant Identification Number

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Director General

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