

Effect of Managerial Practices on the Implementation of Strategic Plans by SMEs in Nairobi, Kenya

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Abstract

A well-conceived strategic plan enhances business performance, decision making, catalyse strategic change and contribute to strategic direction in organizations (Wilson & Eilertsen, 2010). Being a formal managerial process, strategic planning involves sequence of analytical and evaluative procedures to formulate an intended strategy. It also aligns the major objectives, strategies, and policies that govern the acquisition and allocation of resources to achieve organizational goals. (Johnson, Scholes & Whittington, 2008; O'Regan and Ghobadian, 2002). Its benefits are competitive advantage through matching firm capabilities and competencies to the external environment, effective decision making, optimal allocation of resources and long-term prosperity of the firm. This study seeks to investigate how managerial practices affects the implementation of strategic plans by SMEs in Nairobi County in Kenya. Prior studies indicated that many SMEs are practicing strategic planning but the implementation process remains a challenge leading to shelving of well-formulated strategies that fail at the implementation stage. While existing studies focused on relationships between various factors that impact on the strategy implementation, this study endeavored to establish the influence of managerial practices on implementation. To achieve the main objective, a survey of 96 SMEs was conducted from a population frame of 810 SMEs registered by the Nairobi City Council. Both quantitative and qualitative data were collected. A questionnaire containing both open-ended and closed questions was used for data collection. The response rate of 91.67% was achieved. Data collected was analyzed using the Statistical Package for Social Sciences (SPSS) software. The study results indicate that managerial practices affect implementation of strategic plans in Kenyan SMEs. Based on the findings, the study has recommended that SMEs should take initiatives to improve their management practices through lobbying, professional and industry organizations, adoption of best practices and taking advantage of both government and private sector initiatives.

Key Words: Strategic Planning, Management Practices, Internal Environment

1. Introduction

Strategic planning is a continuous and systematic process where decisions on intended future outcomes, their accomplishment, measurement and evaluation are made. It includes goal setting and resource allocation (Stonehouse & Pemberton 2002; O'Regan & Ghobadian 2004; Dogan, Alpan, Elci and Aren, 2009) that stimulates pro-activity, performance improvement, long term thinking, communication, strategic issues, gaps, priorities and choices (Modern, 2007; Hunger and Wheeler, 2007).

Strategic planning is more common in better performing SMEs and enables them to achieve high sales, returns on assets, profit, employee satisfaction (Bracker, Keats & Pearson 1988; Berman, Gordon and Sussman, 1997; Carland & Carland 2003), innovation, patent products, new processes, technology, management practices and international growth (Upton et al. 2001; Beaver & Prince 2002; Stewart 2002; Gibbons & O'Connor 2005). In addition, they are less likely to fail or be involuntarily wound up (Gaskill, van Auken & Manning 1993; Perry 2001). Strategic planning has become an established management tool with many SMEs engaging in it formally. However, some SMEs focus on drafting and crafting the plan and put in less effort in implementing it making the planning a paper exercise (O'Regan and Ghobadian, 2007).

Management gets things done through people (Barret, 2003). It requires technical, political, conceptual, diagnostic, interpersonal and communication skills (Craig, 2009; Kleiman, 2010). It involves planning, organizing, staffing, leading or directing and controlling an organization (a group of one or more people or entities) or effort in pursuit of a defined goal (Gomez-Mejia, Balkin and Cardy, 2008). Planning anticipates and decides the future, controlling checks progress against plans, staffing obtains and maintains a competent workforce, leading guides people towards a common vision and coordination aligns individual efforts to group goals (O'Regan et al, 2008; De Kruijf, 2011). These can affect implementation of strategic plans. Decision-making varies across

different firms (Selart, 2006; Selart, 2005). Generally it could be centralised, autonomous or semi-autonomous (McDonald, Warhurst and Allen, 2008). This could influence implementation of strategic plans. Hence, this study seeks to establish if management practices affects the implementation of strategic plans by SME's in Kenya.

2. Materials and methods

The study adopted a descriptive research plan in a field setting. This was to capture a snapshot of the topic at a point in time and also in exploration to answer who, what, where and how questions in business and management research (Rauf, 2007). The study population target consisted of the 810 SMEs based in Nairobi County following the City Council records. Simple random sampling method was used to give 96 SMEs which is 20% of the N value of 484 from Neuman (2000) formula. This sample of the population was considered a generally acceptable method of selecting samples in such a study (Simon & Goes, 2012). A questionnaire was used as a tool for data collection. Data was edited, coded, and processed using SPSS. Reliability was tested for study instruments producing Cronbach's Alpha coefficient scores of over 0.7.

3. Research findings and discussions

The study aimed to explore the relationship between effective implementation of strategic plans and the managerial practices of the organization. Managerial practices were broken into the five management practices namely: planning, organizing, staffing, leading or directing, and controlling. The effect of each on the implementation of strategic plans was analysed along with their combined effect on the implementation of strategic plans.

3.1 Factor analysis

The findings on indicated that the 26 weights present in the variable ranged between 0.833 and 0.090. Twenty five of them were greater than 0.40 except for the weight one instilling the correct organisational culture that had 0.090. Hence, instilling the correct organisational culture was dropped from further inferential analysis.

3.2 Descriptive analysis

To facilitate measurement, management practices were broken into the five management practices namely: planning, organizing, staffing, leading or directing, and controlling.

3.2.1 Planning

Planning was broken down into vision and mission, environmental analysis, strategy formulation, implementation, monitoring and evaluation which the respondents were required to rate. The results of the findings are shown on table 1.

From the findings on vision and mission, SMEs consider a mission and vision as being important. Though the findings corroborate with several other studies, they contradicted Onugu (2005) who established that SMEs in Africa had poor or no planning systems in his study of the problems and prospects of SMEs in Nigeria. Borbuza (2007) also noted that SME managers did not like to share information within the organisation because of the fear of losing control in his study on knowledge practices in Turkey.

The findings on environmental analysis led to conclusion that SMEs have a fair environmental analysis practice. The findings are similar to Enkai (2010) in his study on the challenges of internationalisation of SMEs in Kenya and Ndambuki (2010) in his study on strategic management practices and challenges among SMEs in Westlands division in Nairobi. These studies established that firm specific challenges such as size and resources had an impact on the quality of SMEs environmental scanning. Birdthistle (2008) also found out that SMEs in Ireland lacked systems to extract information from their environments and consequently became reactive to changes in their markets.

On strategy formulation the findings drives to conclusion that SMEs have a fair strategy formulation practice proving that the SMEs have a game plan that sought to attain a competitive advantage. Although corroborating with several findings of other scholars, (Kinyua, 2010; Mbatha, 2010; and Enkai, 2010), these findings contradict Le Cornu et al (1996) who noted that strategy formulation processes of most SMEs weren't good enough because they operate as "extensions" of their owner-managers therefore reflecting private motivations and ambitions of the owner.

Findings on strategy implementation indicate that majority of the SMEs have fair strategy implementation practices. Lagorsen et al (2011) and Siano et al (2010) agree that strategy implementation results vary due to organisation structures, resources, policies and procedures, employee motivation and reward, appropriate culture

and leadership. These ideas are also consistent with the writings of Thompson et al (2010) and Pearce & Robinson (2011).

Monitoring, evaluation and corrective action was found to be fair in the SMEs. These results corroborate Barton and Chuke-Okafor (2009), in their study of the six sigma change model in small engineering companies. They established that the quality of SMEs monitoring and evaluation practices depend on the cost and benefits of the models that the SMEs adopt. Ndambuki (2010) established that SMEs have in place systems, programs and practices that measure performance, carry out comparisons and corrective action. However, these findings contradict those of Maina (2010) who established that SMEs lacked information systems that would enable them to determine the extent to which their human resources were utilised thus lack of monitoring and evaluation.

On importance of planning activities, 47.7% of the respondents indicated very important, 43.2% significant importance, 6.8% moderate importance, 2.3% little importance while 0% indicated not important. Although majority (47.7%) rated planning as very important, the respondents agree that it is of significant importance (Mean = 4.364 on a scale of 1-5) for almost the same reasons (SD = 0.714).

3.2.2 Organisation

Organisation was broken down into recognition of individual goals contributing to group goals, existence of formal teams, specific and measurable objectives, priorities and stakeholder buy in which the respondents were required to rate. Table 2 shows how the respondents rated each item.

The results on recognition of individual goals contributing to group goals indicate that SMEs have fair mechanisms of recognising individual and group goals. These findings corroborate Fink & Disterer (2006) who established that SMEs in Germany valued the contribution of individuals and groups because personal interactions achieved institutionalised expectation in ICT. Soriano and Martinez (2007) also noted that recognition and use of individuals and teams channeled the figure of the entrepreneur to the whole organisation. The findings contradict those of Maina (2010) who established that SMEs lacked information systems to enable them to determine human resource requirements and utilisation.

The findings on existence of formal teams concluded that SMEs have fair practices that allow existence of formal teams. They corroborate Temtime & Pansiri (2006) in their study on the perceived managerial problems in SMEs in Botswana which noted that SMEs employees are mostly family and friends. The social attachment was a major hindrance to performance appraisal and yet they preferred family rather than strangers. Soriano and Martinez (2007) in their study on the importance of leadership in transmitting entrepreneurship in SMEs also noted that recognition and use of teams channeled the figure of the entrepreneur to the whole organisation. However, these findings contradict Njogu (2010) who indicated that SMEs lacked strategic management knowledge that would enable them to identify teams that would achieve objectives.

The findings on specific and measurable objectives indicate that SMEs have fair mechanisms of determining specific and measurable objectives. This corroborate Barton and Chuke-Okafor (2009), in their study of the six sigma change model in small engineering companies. They established that the quality of the objectives and measuring tools depend on the cost and benefits of the models that SMEs adopted. Kwamboka (2010), in her study on of the financing methods of SMEs in Ruiru noted SMEs organisation and control systems had to be specific so as to meet stakeholder demands. On the other hand, the findings contradict Birdthistle (2009) who found out that SMEs in Ireland lacked systems to monitor, measure and collect information from their environments. Onugu (2005) also noted that SMEs in Africa had poor or no planning systems in his study of the problems and prospects of SMEs in Nigeria.

The findings on prioritized goals and objectives conclude that SMEs have a fair priorities in terms of goals and objectives. This corroborate Ndambuki (2010) who attributed satisfactory organisation practices to priorities to strategic management practices that had been embraced by SMEs. Lawrie et al (2006) established that SME organisation systems had to embrace priorities due to growth and complexity. St Pierre & Delisle (2006) attributed the state of SME organisation mechanisms such as priorities to benchmarking. Temtime & Pansiri (2006) noted that SMEs priorities were influenced by social ties with their employees who were mostly family and friends.

These findings on buy in from stakeholders show that SMEs have a fair buy in from stakeholders. This corroborate Arena & Azzone (2012) who observed that stakeholder buy in demanded clear objectives, standards and decision making and voluntary reporting in their study of a process based framework for suitability reporting in SMEs. Hutchinson, Fleck & Lloyd-Reason (2009) observed that the fear of losing control by owner managers had a negative impact on the organisational learning and internationalisation of SMEs in their study on barriers to internationalisation of small UK retailers. This caused them to be average performers in stakeholder buy in.

Schmidt, Bennison, Bainbridge & Hallsworth (2007) in their study on the compliance costs of legislation on SMEs observed that SMEs incurred extra costs or burden arising from compliance to stakeholder demands for example compliance to legislation by the government.

The findings on the importance of organisation practices showed that although majority (55.7%) rated organisation practices as significantly important, the respondents agree that it's of significant importance (Mean = 4.193 on a scale of 1-5) for almost the same reasons (SD = 0.756).

3.2.3 Leadership

Leadership were broken into communicating vision and direction, right organisational culture, common understanding, decision making channels and stakeholder management which the respondents were required to rate. Table 3 shows how the respondents rated each item.

The findings on communicating vision and direction indicated that SMEs have strong mechanisms of communication vision and direction the mean. The findings corroborate Ndambuki (2010) who noted that visionary leadership and enabled clear communication of vision was critical to the implementation of strategic plans. Soriano and Martinez (2007) established that leadership was the channel in which the figure of the entrepreneur could be transmitted or communicated to the whole organisation in their study on the importance of leadership in transmitting entrepreneurship in SMEs. Mesu, Van Riemsdijk and Sanders (2013) found out that visionary leadership brings clear communication of direction which creates and drives employee commitment in their study of the impact of leadership on labour flexibility in SMEs. Powell (2012) established that collective co-creation that came from of a common understanding of issues was either enhanced or hindered by the reluctance or initiative of leadership in his study on the university role in the innovative leadership of SMEs in Europe. On the other hand, poor results in leadership corroborate Shepherd and Wiklund (2005) who noted that most SMEs operate as "extensions" of their owner-managers such that their personal goals and visions will form the basis of their leadership and Stonehouse and Pemberton (2002) who noted that leadership was reactive in SMEs because they lack resources to pursue training. Also Hutchinson and Fleck (2009) and Borbuza (2007) observed that leadership practices in SMEs were deficient due to the fear of losing control their studies on barriers to internationalisation of small UK retailers and knowledge practices in SMEs in Turkey consecutively.

The findings on instilling the correct organizational culture indicate that that SMEs had fair or satisfactory practices that instilled the correct organisation culture for diverse reasons. This corroborates Mesu et al. (2013) who found that visionary leadership drove employee commitment resulting in the right culture. Powell (2012) established that initiative or reluctance of a leader could transit the wrong culture throughout the organisation. Shepherd & Wiklund (2005) and Soriano and Martinez (2007) observed that owner-managers go a long way in shaping the culture of the organisation. Temtime & Pansiri (2006) noted that the social ties between SME owners and employees who were are mostly family and friends had an impact on the organisational culture.

The findings on common understanding to issues conclude that SMEs have a fair creating common understanding to issues. This corroborate Sexton and van Auken (1982) who noted that leadership and management practices in SMEs are mostly *ad hoc* and orientate towards short-term operational rather than long-term strategic issues. Mazzrol (2004) explains that this is because in most SME's decision making is central due to the influence, ambitions and beliefs of the owners who rarely consult due to trust. Since they lack resources to pursue leadership and management training they take decisions reactively rather than proactively (Stonehouse & Pemberton 2002). However, these findings contradict Borbuza (2007) who noted that SME managers did not like to share knowledge even within the organisation itself because they were afraid of losing control. Onugu (2005) also established that SMEs in Africa had poor or no planning systems therefore no common understanding to issues.

These results on decision making channels conclude that SMEs have a fair decision making channels. The findings corroborate Temtime & Pansiri (2006) who observed that SMEs had centralised decision making, wide span of control and low levels of formalisation due to lack of a clear vision. Bouchard and Basso (2011) and Galloway & Mochrie (2005) noted that the owner's private motivations and ambitions influenced decision-making, intrapreneurship, strategic planning and implementation. Sexton and van Auken (1982) noted that leadership and management practices in SMEs are mostly *ad hoc* and orientate towards short-term operational rather than long-term strategic issues. Mazzrol (2004) explained that this is because in most SME's decision making is central due to the influence, ambitions and beliefs of the owners who rarely consult due to trust. In addition, Stonehouse & Pemberton (2002) observed that SMEs made decisions reactively rather than proactively because they lack resources to pursue leadership and management training.

The findings on managing stakeholders revealed that SMEs have fair mechanisms of managing stakeholders. This corroborates Arena & Azzone (2012); Shepherd & Wiklund (2005); Hutchinson & Fleck (2009) as indicated under the stakeholders buy in section where the owner of the SMEs wants to be the one managing stakeholders and giving instructions. Bouchard and Basso (2011) and Galloway & Mochrie (2005) noted that the owner's private motivations and ambitions influence key the leadership and organisational structure and culture, decision-making, intrapreneurship, strategic planning, implementation and by extension, how they manage stakeholders.

On the importance of leadership practices, although majority (50.4%) rated leadership as being significantly important, the respondents agree that it's of significant importance (Mean = 4.205 on a scale of 1-5) for almost the same reasons (SD = 0.730). It was concluded from this information that leadership was significantly important in SMEs strategic planning and any variations in it had an effect on the implementation of strategic plans by SMEs in Nairobi County.

3.2.4 Control

Control practices were grouped into clear objectives and targets, manager – worker relationships and agreement, and established standards and corrective action. The findings are tabulated on table 4.

The results on clear objectives and targets conclude that SMEs have fair mechanisms of ensuring clear objectives and targets. They corroborate other scholars like Galloway & Mochrie (2005) who noted that most SMEs operated as “extensions” of their owner-managers and their objectives and targets reflected the ambitions, wishes and desires of the owner. Hutchinson & Fleck (2009) observed that the fear of losing control obstructed vision, diverted the entrepreneurs objectives and caused them to be average performers.

The findings on manager-worker relationship conclude that SMEs have fair manager – worker relationships. This corroborate Coyte, Ricceri & Guthrie (2012) who established that formalised controls or governance was critical in manager worker relationships and had an impact on how knowledge was harvested and used in Australian SMEs. Temtime & Pansiri (2006) noted that manager-worker relationships were heavily impacted by social attachment because most SME employees were mostly family and friends. Hutchinson & Fleck (2009) observed that the fear of losing control had a negative impact on the organisational learning and internationalisation of SMEs in the UK. However, these findings contradict Borbuza (2007) who noted that SME managers didn't like to share knowledge even within the organisation itself because they were afraid of losing control.

The findings on established standards conclude that SMEs have fair mechanisms of maintaining established standard. This corroborate Zheng, O'Neill & Morrison (2009) who found that ownership, age and size of firms influenced the motivation, capacity and ability of SMEs to set or adopt high performance human resource practices in their study on performance enhancement of Chinese SMEs through innovative human resource practices. St Pierre & Delisle (2006) attributed the state of SME control mechanisms and standard setting to benchmarking their operational and financial performance among themselves. Birdthistle (2008) noted that the lack of formal systems for monitoring information in SMEs in Ireland limited their capacity to learn and prevented them from learning and reacting properly to changes in their environment. This meant that they could only set standards at their level.

Findings on measuring deviations from set standards conclude that SMEs have fair mechanism for measuring deviations from set standards. This corroborate Maina (2010) in study on the utilisation of human resource management systems among SME manufacturing firms in Nairobi. She noted that although SMEs have control systems, they were inadequate due to lack of information systems and poor automation. Chuke-Okafor (2009), in study of the six sigma change model in small engineering companies established that the quality of the control practices depend on the cost and benefits of the models that the SMEs adopt. Birdthistle (2008) also noted that the lack of formal systems for monitoring information in SMEs limited their capacity to learn and prevented them from reacting properly to changes in their environment. Temtime & Pansiri (2006) noted that measurement practices were not effective because SME employees are mostly family and friends.

The findings on corrective action conclude that SMEs have fair mechanisms for corrective action. This corroborate Birdthistle (2008) who noted that the lack of formal systems for monitoring information in SMEs limited their capacity to learn and prevented them from reacting properly to changes in their environment. Maina (2010) noted that SMEs had a poor platform for corrective action due to inadequate control systems, lack of information systems and poor automation. Temtime & Pansiri (2006) noted that corrective action was not effective because of social connections between the SME owner and employees who were mostly family and friends.

The findings on the importance of control practices showed that although majority (51.1%) rated control as being significantly important, the respondents agree that it's of significant importance (Mean = 4.170 on a scale of 1-5) for almost the same reasons (SD = 0.682). It can therefore be concluded that controlling was of significant

importance in SMEs strategic planning and any variations in it had an effect on the implementation of strategic plans by SMEs in Nairobi County.

3.4.5 Staffing

Staffing was broken into recruitment, induction, motivation, performance appraisal and corrective action of employees. The findings on these items are tabulated on table 5.

The findings on recruitment show that SMEs have fair recruitment activities. They corroborate Timming (2011) who found out that recruitment and selection in SMEs is characteristically informal and instinctive in his study on recruitment and selection in the body art sector. Zheng, et al. (2009) found that ownership, age and size of firms influenced the motivation, capacity and ability of SMEs to adopt high performance human resource practices. Temtime & Pansiri (2006) noted that SMEs recruitment practices tend to rely on social networks to attract employees. Its only when they exhaust the supply of suitable family and friends that they are forced to recruit strangers to fill work positions. Moy and Lee (2002) established that the number of graduates and professionals in SMEs was low because they perceived SMEs as second choice and preferred to work for larger organisations. This was due to pay, long term career, job security, manager worker relationships, fringe benefits, working conditions, involvement in decision making, responsibility and marketability. Hart, Stachow, Farrell & Reed (2007), in their study employer perceptions on skill gaps in UK SMEs noted that the SME sector recruitment practices are average due to inability to identify the skills sets for specific roles and to clarify the qualifications and training required delivering these. Barton and Chuke-Okafor (2009) & St Pierre & Delisle (2006) attributed the state of SME practices to SME business models, costs and benefits along with benchmarking their performance among themselves. Schmidt et al. (2007) observed that SMEs incurred extra costs or burden that arose from compliance of legislation with regards to formalisation of staffing arrangements.

The findings on induction conclude that SMEs have fair induction activities. This corroborate Hegarty and Johnston (2008) who noted that it was important to tailor the induction system i.e. “work-based learning” on the kind of employees that had been recruited for example graduate development programs would be better for graduates in their study on graduate training in SMEs in Ireland. Timming (2011) found out that SMEs that had tried to emulate or copy human resource strategies from larger firms found out that there was enormous costs, results weren’t spontaneous and other factors were involved such as experience. Temtime & Pansiri (2006) noted that SMEs staffing practices relied on social networks to attract employees and hence practices like induction were not taken seriously because family and friends constitute majority of the employees.

The findings on motivation concluded that SMEs have fair motivation activities for varied reasons. This corroborate Malik, McKie, Beattie & Hogg (2010) who noted that motivation is a major challenge as complex work-life challenges for employees present resource and workforce management issues for SMEs. These, along with socio-economic and labour market trends impact on the physical and psychological wellbeing of employees cause the motivation of employees to be different. The findings of this study along with the studies reviewed indicated that it was difficult to draw a line between what’s good and fair with regard to motivation practices within SMEs. What was good or fair depended on what an individual SME could offer after considering its situation, nature of employees and constraints. Most SME owners perceive what they gave as fair. However, institutionalisation may inject competition among SMEs and make them use motivation as a tool to attract and retain staff.

The findings on performance appraisal concluded that SMEs have fair motivation activities for varied reasons. This corroborate Hart et al. (2007), who noted that the SME staffing practices were average due to inability to identify the skills sets for specific roles, the qualifications and training that were required to deliver these. Temtime & Pansiri (2006) noted that performance appraisal practices were not effective in SMEs because majority of their employees were family and friends.

Findings on corrective action led to conclusion that SMEs have a fair performance appraisal process. This corroborates Temtime & Pansiri (2006) who noted that corrective action wasn’t effective due to social connections between SME owners and their employees. Maina (2010) noted that inadequate control systems due to lack of information systems and poor automation could not result in the right action.

On importance of staffing practices, although majority (50.0%) rated staffing as being significantly important, the respondents agree that it’s of significant importance (Mean = 4.011 on a scale of 1-5) for almost the same reasons (SD = 0.837). From this findings, it is observed that staffing is of significant importance in SMEs strategic planning and any variations in it had an effect on the implementation of strategic plans by SMEs in Nairobi County.

4. Correlation analysis

The findings indicated that the correlation coefficient between management practices and implementation of strategic plans is 0.706 and a p-value of 0.000. This depicts a strong, positive and significant relationship between management practices and the implementation of strategic plans by SMEs. These findings corroborate various studies (Messah and Muchai, 2011; Ofori and Atigobe, 2011; Wairia (2010); Gachunga and Maina, 2011) who established a positive relationship between Managerial behaviour and the implementation of strategic plans in their studies on Factors Affecting the Implementation of Strategic Plans in Government Tertiary Institutions in Kenya, public universities in Ghana, Kenya roads board and technical institutes in Kenya. The findings of this study along with the review of past studies indicated that there was a positive relationship between management practices and implementation of Strategic plans.

5. Model fitness

Table 6 presents the goodness of fit of model $Y = \beta_0 + \beta_1 X_1 + e$ being the linear model involving management practices (X_1) as the independent variable. The correlation coefficient (R) between management practices and the implementation of strategic plans was 0.706 which depicted a strong positive relationship. The coefficient of determination (R Square) of 0.499 indicated that the model explained 49.9% of the variation or change in the dependent variable. This meant that management practices on its own could explain 49.9% of the variation in the implementation of strategic plans by SMEs.

6. Regression analysis

Figure 1 indicates there is constant variance on management practices and implementation of strategic plans. The mass of the scatter points are found towards the middle from either side. There is no skewness to either side indicating that there is a constant variance on the residuals. Therefore a straight line can be fit among these scatter points to suggest that there is a linear relationship between management practices and implementation of strategic plans in the form $Y = \beta_0 + \beta_1 X_1 + e$.

7. Regression coefficients

Table 7 shows the coefficients that explain the relationship between management practices and the implementation of strategic plans. The Beta coefficients are positive indicating that unit change in management practices leads to 0.192 units of positive change in implementation of strategic plans. This indicates a positive relationship between the management practices and implementation of strategic plans by SMEs. The p-value for management practices is 0.000 which is less than $p=0.05$ and therefore fail to reject the null hypothesis. We can therefore conclude that management practices have a significant positive relationship with the implementation of strategic plans.

8. Conclusions and recommendations

Study findings indicated a positive relationship between implementation of strategic plans and management practices. These findings corroborate various studies (Messah and Muchai, 2011; Ofori and Atigobe, 2011; Wairia (2010); Gachunga and Maina, 2011) who established a positive relationship between Managerial behaviour and the implementation of strategic plans in their studies on Factors Affecting the Implementation of Strategic Plans in Government Tertiary Institutions in Kenya, public universities in Ghana, Kenya roads board and technical institutes in Kenya. The findings of this study proved there is a high significance between implementation of strategic plans and managerial practices and it can conclusively be confirmed that managerial practices greatly affects implementation of strategic plans in SMEs in Kenya.

Based on the study findings that have important theoretical and practical value to academicians and other stakeholders in SMEs, the study recommends SMEs to take initiatives to improve their management practices, organization structures and sources of resources through lobbying, professional and industry organizations, adoption of best practices and taking advantage of both government and private sector initiatives.

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Table 1 - Evaluation of SMEs planning practices

| Statement | % | % | % | % | % | Mean | Std. Deviation |
|--|-----------|------|------|--------|-------------|--------------|----------------|
| | Very Weak | Weak | Fair | Strong | Very Strong | | |
| Vision and Mission | 2.3 | 8.0 | 17.0 | 52.3 | 20.5 | 3.807 | 0.933 |
| Environmental Analysis | 3.4 | 5.7 | 60.2 | 19.3 | 11.4 | 3.375 | 0.975 |
| Strategy Formulation | 1.1 | 8.0 | 25.0 | 48.9 | 17.0 | 3.727 | 0.881 |
| Strategy Implementation | 2.3 | 13.6 | 44.3 | 28.4 | 11.4 | 3.330 | 0.931 |
| Monitoring, Evaluation and Corrective action | 1.1 | 9.1 | 23.9 | 44.3 | 21.6 | 3.761 | 0.935 |
| Average | | | | | | 3.600 | 0.931 |

Table 2: Evaluation of SME Organizational Practices

| Statement | % | % | % | % | % | Mean | Std. Deviation |
|--|-----------|------|------|--------|-------------|--------------|----------------|
| | Very Weak | Weak | Fair | Strong | Very Strong | | |
| Recognition of individual and group goals | 2.3 | 9.1 | 26.1 | 50.0 | 12.5 | 3.614 | 0.903 |
| Individual goals contribute to group goals | 1.1 | 11.4 | 50.0 | 23.9 | 13.6 | 3.375 | 0.901 |
| Existence of formal teams | 2.3 | 14.8 | 44.3 | 26.1 | 12.5 | 3.318 | 0.953 |
| Specific and Measurable objectives | 1.1 | 6.8 | 27.3 | 47.7 | 17.0 | 3.693 | 0.876 |
| Prioritised goals and objectives | 2.3 | 9.1 | 22.7 | 51.1 | 14.8 | 3.670 | 0.919 |
| Buy in from Stakeholders | 6.8 | 12.5 | 53.4 | 18.2 | 9.1 | 3.102 | 0.971 |
| Average | | | | | | 3.462 | 0.920 |

Table 3 Evaluation of SME Leadership Practices

| Statement | % | % | % | % | % | Mean | Std. Deviation |
|---|-----------|------|------|--------|-------------|--------------|----------------|
| | Very Weak | Weak | Fair | Strong | Very Strong | | |
| Communicating vision and direction | 2.3 | 6.8 | 27.3 | 50.0 | 13.6 | 3.659 | 0.883 |
| Instilling the correct organisation culture | 1.1 | 12.5 | 31.8 | 30.7 | 23.8 | 3.648 | 1.006 |
| Common understanding to issues | 5.7 | 0 | 37.5 | 35.2 | 21.6 | 3.727 | 0.867 |
| Decision Making channels | 0 | 13.6 | 21.6 | 40.9 | 23.9 | 3.750 | 0.974 |
| Managing Stakeholders | 1.1 | 12.5 | 31.8 | 39.8 | 14.8 | 3.545 | 0.934 |
| Average | | | | | | 3.666 | 0.933 |

Table 4 Evaluation of SME Control Practices

| Statement | % | % | % | % | % | Mean | Std. Deviation |
|---|-----------|------|------|--------|-------------|--------------|----------------|
| | Very Weak | Weak | Fair | Strong | Very Strong | | |
| Clear Objectives and targets | 1.1 | 6.8 | 23.9 | 43.2 | 25.0 | 3.841 | 0.921 |
| Manager – worker relationships | 0 | 8.0 | 36.4 | 27.3 | 28.4 | 3.761 | 0.959 |
| Established standards | 2.3 | 9.1 | 19.3 | 39.8 | 29.5 | 3.852 | 1.023 |
| Measuring Deviations from set standards | 1.1 | 10.2 | 31.8 | 37.5 | 19.3 | 3.636 | 0.949 |
| Corrective action | 2.3 | 6.8 | 30.7 | 34.1 | 26.1 | 3.750 | 0.997 |
| Average | | | | | | 3.768 | 0.970 |

Table 5 Evaluation of SME Staffing Practices

| Statement | % | % | % | % | % | Mean | Std. Deviation |
|-----------------------|-----------|------|------|--------|-------------|--------------|----------------|
| | Very Weak | Weak | Fair | Strong | Very Strong | | |
| Recruitment | 4.5 | 8.0 | 46.6 | 30.7 | 10.2 | 3.341 | 0.933 |
| Induction | 5.7 | 8.0 | 53.4 | 23.9 | 9.1 | 3.227 | 0.931 |
| Motivation | 5.7 | 10.2 | 37.5 | 29.5 | 17.0 | 3.420 | 1.069 |
| Performance Appraisal | 5.7 | 13.6 | 39.8 | 26.1 | 14.8 | 3.307 | 1.065 |
| Corrective action | 1.1 | 11.4 | 40.9 | 31.8 | 14.8 | 3.477 | 0.922 |
| Average | | | | | | 3.355 | 0.984 |

Table 6: Model Fitness – Management Practices and Implementation of Strategic Plans

| Indicator | Coefficient |
|----------------------------|-------------|
| R | 0.706 |
| R Square | 0.499 |
| Adjusted R Square | 0.493 |
| Std. Error of the Estimate | 3.33752 |

Table 7: Regression Coefficients – Management Practices and Implementation of Strategic Plans

| Indicator | B | Beta | Std. Error | t | Sig. |
|----------------------|-------|-------|------------|-------|-------|
| Constant | 2.484 | | 1.248 | 1.991 | 0.050 |
| Management Practices | 0.192 | 0.706 | 0.21 | 9.250 | 0.000 |

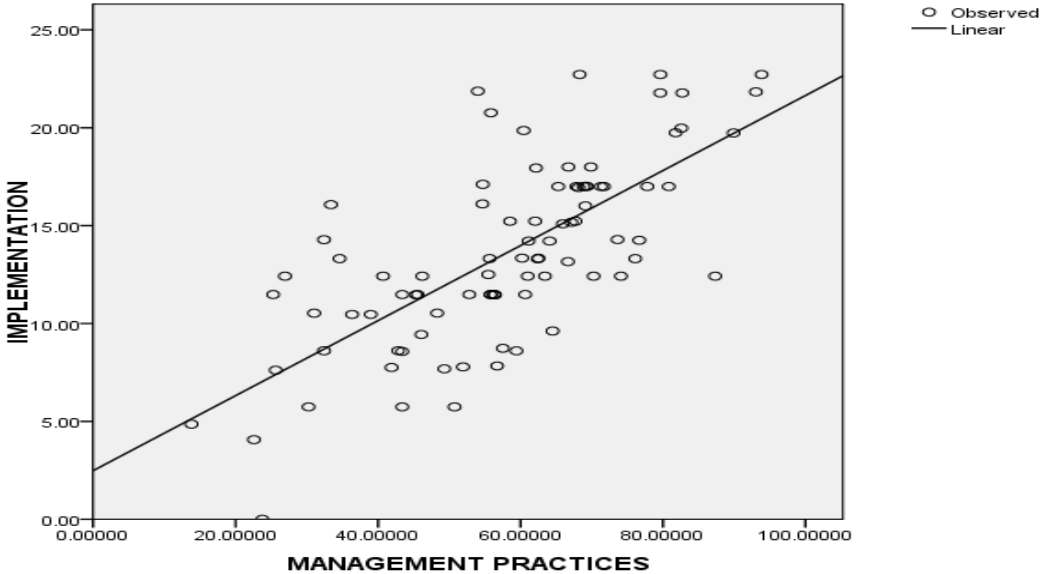


Figure1: Linear Relationship between management practices and the implementation of strategic plans.