

THE ROLE OF STRATEGIC MANAGEMENT ON BUSINESS PERFORMANCE: A CASE OF SOLE PROPRIETOR BUSINESSES IN MWEMBE, KISII.

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DECLARATION

This research proposal is my original work and has not been presented for a degree or diploma in any other university.

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Kenyatta University.



DEDICATION

This work is dedicated to my loving wife, children and other family members for their patience and support during the time I was committed to writing this proposal.

ACKNOWLEDGEMENT

I wish to express my gratefulness and thanks to all those who have provided help and positive criticism during the writing of these proposal including my supervisor Dr. Ombuki who has done so much in encouraging me to undertake this proposal writing and ensured its success. Finally I acknowledge the support and encouragement from my wife Martha and children, Brigitte, Brandon and Bradly for their patience and prayer during this period I was committed towards this work.

ABSTRACT

Many business organizations today embrace strategic management as a mean for realization of improved business performance. Upon this realization many organizations have embarked on strategic management processes at their core functional areas with the aim of achieving sustainable organizational performance. This study assesses the effects of strategic management on performance of owner managed retail enterprises in Mwembe market of Kisii town and establish its influence on business performance by reviewing the strengths, weaknesses, opportunities and threats of strategic management. The purpose of the study was to assess the influence of strategic management on business performance. The specific objectives addressed by this study included determination of the factors that limit business growth and expansion of sole proprietor businesses, identify the shift in product consumption and assess the growth on capital and return on investment.

The study identifies the factors that influence business performance and make recommendations of strategies that enhance service delivery. The research findings from this study is useful to business as it reveals the strengths and influence of strategic management on businesses performance and reveal further outlines how strategic management can be used as a tool to enhance business performance. The target population was all sole proprietor business in Mwembe market of Kisii town. Random sampling technique was used to arrive at the sample size for this study. Systematic sampling technique was used to pick the respondents. Data was collected using an interview schedule administered by the researcher. Data was analyzed using Statistical Packages for Social Sciences (SPSS) as a tool for data analysis. Study findings showed that majority of the sole proprietors did not have business plans nor an understanding of strategic business management. Consequently, the study proposes sensitization of sole proprietors on the need to have business plans and embrace strategic management.

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Definition of terminologies

Business Strategy – refers to the operational plans of single business enterprises or the way in which Mwembe business men competes in their chosen arenas of business.

Corporate Strategy – Corporate strategy answers the questions of “in which businesses should we compete?” and “how does being in one business add to the competitive advantage.

Environmental scanning – Refers to the process of assessing the factors within the internal and external environment which affects the performance of the business.

Performance – This is the total output achieved from the activities of the business enterprise in Mwembe measured using various performance indicators.

Business Enterprise – An enterprise engaged in profit making activities Mwembe

Vision – The envisioned future state of the business enterprise

Mission – The identified means of achieving organizational objectives

Competitive advantage – The strength or opportunities that successful business enterprise has which puts it ahead of its competitors

SWOT analysis – The analysis of the strengths, weaknesses, opportunities and threats faced by the business enterprise as it's operating in Mwembe.

CHAPTER ONE

1.0 INTRODUCTION

This chapter will highlight the statement of the problem for this particular study, come up with research objectives and the research questions, it will also show the justification of the study, the scope and the limitations i.e. time availability, financial limitations, attitude and culture of the respondents, lack of relevant literature and the prevailing environmental conditions within and outside the respondents work place.

1.1 Background

Strategic management as a discipline originated in the 1950s and 60s although there were numerous early contributors to the literature, the most influential pioneers were Chandler and Peter Drucker. Alfred Chandler recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination or strategy. Interactions between functions or between departments were typically by a boundary position, that is, there were one or two departments. Chandler also stressed the importance of taking a long term perspective when looking to the future. In his 1962 groundbreaking work *Strategy and Structure*, Chandler showed that a long-term coordinated strategy was necessary to give a company structure, direction, and focus. He said that “structure follows strategy”.

Peter Drucker was a prolific strategy theorist, author of dozens of management books, with a career spanning five decades. His contributions to strategic management were many but two are most important. Firstly, he stressed the importance of objectives. An organization without clear objectives is like a ship without a rudder. As early as 1954 he was developing a theory of management based on objectives. This evolved into his theory management by objectives (MBO). According to Drucker, the procedure of setting objectives and monitoring your progress towards them should permeate the entire organization, top to bottom. His other seminal contribution was in predicting the importance of what today we would call intellectual capital. He predicted the rise of what he called the “knowledge worker” and explained the consequences of this for management. He

industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial or political environment (Lamb, 1984).

It is defined as a continuous process aimed at keeping an organization as a whole appropriately matched to its environment. Managers in strategic management are required to continuously engage in environmental analysis, establishing organizational direction, formulating organizational strategy, implementation of strategy and exercising strategy control. The strategy-making, strategy-implementing process consists of five interrelated managerial tasks:

1. Formulating a strategic vision of what the Company's future business make-up will be and where the organization is headed.
2. Setting objectives-converting the strategic vision into specific performance outcomes for the company to achieve.
3. Crafting a strategy to achieve the desired outcomes.
4. Implementing and executing the chosen strategy efficiently and effectively.
5. Evaluating performance and initiating corrective adjustments in vision, long term direction, objectives, strategy, or implementation in light of actual experience, changing conditions, new idea and new opportunities.

1.2 Statement of the Problem

Strategic management is a continuous process that should aim at keeping the business appropriately matched with its environment. Strategic management aims at ensuring the business is constantly analyzed and modified to ensure that business goals are achieved. About one decade ago Mwembe market was a very busy centre in the environs of Kisii town with a series of business activities. Business in most shops was flamboyant and businessmen were involved in many activities that stood proof that business was growing. However in the recent past majority of once active businesses in the centre remains closed leaving behind clear evidence that businessmen in this centre no longer enjoy lucrative business. Many businesses in

the recent years have closed doors, others with low business activities with once large shops winding down to mere ordinary shops an indicator that the management strategies that were used did not succeed nor pay attention to environmental analysis required to formulate and implement strategies that ensured that the businesses were matched with the environment. The purpose of this study therefore is to assess the role of strategic management on business performance with specific reference to Mwembe shopping Centre in Kisii town.

1.3 Research Objectives

1. To establish the influence of business planning on business performance.
2. To assess the extent which Sole Proprietors have embraced Strategic management.
3. To determine the impact of environmental assessment on business performance
4. To assess the contribution of strategic implementation in business performance
5. To assess the effect of monitoring and evaluation on business performance
6. To investigate the role of Strategic Control on business performance.

1.4 Research Questions

1. What is the influence of business planning on business performance?
2. To what extent have Sole Proprietors embraced Strategic Management?
3. What is the impact of environmental assessment and business objectives on business performance?
4. To what extent does strategic implementation contribute to business performance?
5. What are the effects of Monitoring and Evaluations on business performance?
6. What is the role of Strategic Control on business performance?

1.5 Justification of the study

This study aims at establishing the impact of environmental factors on business performance. It will also consider the role of formulation and implementation of objectives on the growth of business. It will focus on the monitoring and evaluation of business performance for purposes of determining how these factors can be integrated in the growth of owner managed retail businesses in Mwembe. The growth of Mwembe market, which is highly populated, will competitively help the locals cut down on travel costs to Kisii town to shop since the goods and services will be readily available.

The research findings from this study will also enable the researcher to develop an understanding of the various factors that influence business performance and how these factors can be manipulated by applying strategic management to achieve desired business performance. The findings from this research can also be used to train businessmen on business management skills that will help owner managed businesses to grow. The findings from this research will be published and made available in the university library for the benefits of all business community.

1.6 Scope of the Study

This study will cover all owner managed business enterprises operating within Mwembe market and its surrounding areas. It will cover all currently operating business enterprises owner managed.

1.7 Limitations

The time available to conduct this research may not be adequate to carry out an in-depth investigation into the influence of strategic management on owner managed business enterprises.

Financial limitations are likely to hinder effective performance of this research. The altitude of some of the respondents is likely to affect the research as some of the respondents may not co-operate fully in providing the required information.

Some target respondents may be difficult to access. Lack of relevant literature relevant to this study may also be limiting to some extent. The attitude of some of the respondents is likely to be hindrance as some respondents are likely to give

inaccurate information that will not reflect the reality. The prevailing environmental conditions within and outside the respondents work place might have influence on some responses.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature by various scholars who have made significant contributions to this area of strategic management. It also reviews the conceptual framework and the theoretical framework with respect to strategic management and organizational performance. It also reviews the empirical evidence on the relationship between strategic management and business performances.

2.2 Environmental Scanning/analysis

The strategic management process begins with environment analysis, the process of monitoring the organizations environment to identify both present and future threats and opportunities as well as weaknesses and strengths within and outside the organization.

Successful management of business enterprises depends upon the ability of the management leadership to adapt to rapidly changing external environment. Traditional long-range planning models, with their inward focus and reliance on historical data, do not encourage decision makers to anticipate environmental changes and assess their impact on the organization (Cope, 1981). The underlying assumption of such model is that any future change is a continuation of the direction and rate of present trends among a limited number of social, technological, economic and political variables. Thus, the future for the business is assumed to reflect the past and present.

What is needed is a method that enables decision makers both to understand the external environment and the interconnections of its various sectors and to translate this understanding into the business's planning and decision-making processes. Environmental scanning is a method of accomplishing this.

Brown and Weiner (1985) define environmental scanning as "a kind of radar to scan the business world systematically and signal the new, the unexpected, the major and the minor" Aguilar (1967), in his study of the information gathering practices of business managers, defined scanning as the systematic collection of external information in order to lessen the randomness of information flowing into

the business enterprise and provide early warnings for managers of changing external conditions. More specifically, Schon, (1974) identified the following objectives of an environmental scanning system: Detecting, technical, economic, social and political trends and events important to the institution.

Defining the potential threats, opportunities, or changes for the institution implied by those trends and events, promoting a future orientation in the thinking of management and staff and alerting management and staff the trends that are converging, diverging, speeding up, slowing down, or interaction.

Beardell (2001), suggest that an effective environmental scanning program should enable decision makers to understand current and potential changes taking place in their institution's external environments. Scanning provides strategic intelligence useful in determining business strategies. The consequences of this activity include fostering an understanding of the effects of change on the business, aiding in forecasting, and bringing expectations of change to bear on decision-making.

2.3 Processes of strategy implementation

Strategic management is a combination of three main processes which are as follows;

2.3.1 Strategy formulation

Strategy is defined as course of action aimed at ensuring that organizations achieve desired objectives. Strategy formulation then is the process of designing and selecting strategies that lead to achievement of business objectives. The central focus of objectives is how to deal better with competition and chart alternative courses of action in an informed effort to ensure organizational success.

Performing a situation analysis, self-evaluation and competitor analysis: both internal and external; both micro-environmental and macro-environmental. Concurrent with this assessment, objectives are set. These objectives should be parallel to a timeline; some are in the short-term and others on the long-term. This involves crafting vision statements (long term view of a possible future), mission statements (the role that the organization gives itself in society), overall corporate

objectives (both financial and strategic), strategic business unit objectives (both financial and strategic), and tactical objectives.

These objectives should, in the light of the situation analysis, suggest a strategic plan. The plan provides the details of how to achieve these objectives.

This three-step strategy formulation process is sometimes referred to as determining where you are now, determining where you want to go, and then determining how to get there. These three questions are the essence of strategic planning.

2.3.2 Strategy Implementation

Strategy implementation is a process which involves putting into action the logically developed strategies in order to reap up the benefits of environmental analysis and establishment of organizational direction. In order to implement organizational strategy successfully a number of issues must be clear, allocation and management of resources (financial, personnel, time and technology), establishing a chain of command or some alternative structures, signing responsibility of specific tasks or processes to specific individuals or groups.

It also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary. When implementing specific programs, this involves acquiring the requisite resources, developing the process, training process testing, documentation and integration with legacy processes.

In order for a policy to work, there must be a level of constituency from every person in an organization, including from the management. This is what needs to occur on the tactical level of management as well as strategic Hill and Jones, 2001.

2.3.3 Strategy control and evaluation

Strategic control is a special type of organizational control that focuses on monitoring and evaluating business performance on the basis of strategic management process in order to ensure that it functions properly by aligning performance to objectives. Measuring the effectiveness of the organizational strategy is extremely important to conduct a SWOT analysis to figure out the strengths, weaknesses, opportunities and threats (both internal and external) of the business entity in question. This may require to take certain precautionary measures or even to change the entire strategy. Scholes and Johnson, 2001.

2.3.3.1 Business Strategies

Business strategies can be classified into three groups or types collectively known as business grand strategies. It involves efforts to expand business operations (growth strategies), maintain the status quo (stability strategies), or decrease the scope of business operations (retrenchment strategies). Growth strategies are designed to expand a business's performance, usually as measured by sales, profits, product mix, or market coverage. Typical growth strategies involve one or more of the following: Concentrating strategy, in which the firm attempts to achieve greater market penetration by becoming very efficient at servicing its market with a limited product line. Vertical integration strategy, in which the firm attempts to expand the scope of its current operations by undertaking business activities formerly performed by one of its suppliers (backward integration) or by undertaking business activities performed by a business in its distribution channel Lambo, 1984.

Diversification strategy is a business strategy in which the firm moves into different markets or adds different products to its mix. If the products or markets are related to its existing operations, strategy is called concentric diversification. If the expansion is in products and markets unrelated to the existing business, the diversification is called conglomerate.

When businesses are satisfied with their current rate of growth and profits, they may decide to employ a stability strategy. This strategy basically involves maintenance of operations status quo. Such strategies typically are found in small organizations in relatively stable environments. The businesses are often making a comfortable income operating a business that they know, and see no need to make

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When businesses are satisfied with their current rate of growth and profits, they may decide to employ a stability strategy. This strategy basically involves maintenance of operations status quo. Such strategies typically are found in small organizations in relatively stable environments. The businesses are often making a comfortable income operating a business that they know, and see no need to make

the psychological and financial investment that would be required to undertake a growth strategy. Retrenchment strategies involve a reduction in the scope of business's activities. The variable to be considered in such a strategy primarily involves the degree of reduction Armstrong (2005).

Other business strategies that can be engaged include turnaround strategy, in which firms undertake a temporary reduction in operations and concentrate on improvements in an effort to make the business stronger and more viable in the future. These moves are popularly called downsizing or rightsizing. The hope is that a temporary belt tightening will allow the firm to pursue a growth strategy at some future point.

Divestment strategy is one in which a firm chooses to spin off, shut down, or sell a portion of its business. The strategy is commonly used with a business unit identified as a dog by the BCG model. Typically, a poor performing unit is sold to another company and the money is reinvested in a business with greater potential. Liquidation strategy is the most extreme form of retrenchment. Liquidation involves the selling or closing of the entire business operation, usually when there is no future for the business. Employees are released, buildings and equipment are sold, and customers no longer have access to the product. This generally is viewed as a strategy of the last resort, and is one that most business managers work hard to avoid.

Pearce, (2004) sees the purpose of an organization is its role as defined by those who maintain authority over it. How the organization chooses to fulfill this role constitutes its strategic. Mission statements differentiate the organization from other organizations providing similar goods or services. Objectives are the intermediate goals or targets to be completed as the organization fulfills its mission. Strategic plans outline how a firm intends to achieve its mission. Policies provide guidelines of parameters within which decisions are made so that decisions are integrated and matched with activities that promote achievement of desired results.

2.4 Strategic Management and Strategic thinking in business performance

There is no one clear definition for what strategic thinking in strategic management is. Rather, a number of slightly moderated description and attributed exist in the market place which attempts to define strategic thinking. Armstrong 1999, sees strategic thinking as a process by which senior executives rise above their daily managerial duties and rises to gain a different perspective of the organization and its changing environments and attempt to make appropriate decisions that guarantee the organization a competitive edge. Poter, 1991, suggests that it is the glue that holds together the many systems and initiatives within a business and it is the prelude to designing the business 's future and argues that it is a method of finding a vision and obtaining perpetual invigoration for that vision (Scholes and Johnson, 1994) states that strategic thinking emphasizes use of intuition and creativity to produce an integrated perspective of the business enterprise. Furthermore, strategic thinkers are adept at interpreting, analyzing and applying information and can arrange the same information in more than one way, thereby generating more alternative courses of action in the process of achieving predetermined organizational objectives.

(Rolf 2001) suggests that for strategic thinking to occur, three attributes need to be present: A holistic understanding of the business and its environment, recognizing the linkages and complexity of the various sub-structures and relationships. Creativity is "thinking out of the box", for new ideas and frequent reworking of old ideas and practices. While recognizing the importance of the attributes explored by Bonn suggests that, strategic thinking embodies a focus on intent that does not necessarily strive to dovetail resources and opportunities. It involves thinking in time by looking into the future. It is imperative to consider the past and the present, as all are interconnected. It envisages several alternative courses of action and critically evaluates them. They are further able to develop creativity and a viable way forward.

2.5 Strategic management and appropriate business culture

Business culture is a concept in the filed of business studies and management which describes the attitudes, experiences, beliefs and values of any business. It has been defined as "the specific collection of values and norms that are shared by people

and groups in any business and that control the way they interact with each other and with stakeholders outside the business Beardwell, 2001.

Senior management may try to determine a corporate culture. They may wish to impose corporate values and standards of behavior that specifically reflect the objectives of the business. In addition, there will also be an extant internal culture within the workforce. Work-groups within the business have their own behavioral quirks and interactions which, to an extent, affect the whole system strong culture is said to exist where staff responds to stimulus because of their alignment to business values. Conversely, there is weak culture where there is little alignment with business values and control must be exercised through extensive procedures and bureaucracy. Where culture is strong people do things because they believe it is the right thing to do there is a risk of another phenomenon, group think. "Groupthink" was described by Irving (1987).

He defined it as a quick and easy way to refer to a mode of thinking that people engage when they are deeply involved in a cohesive in-group, when members' strivings for unanimity override their motivation to realistically appraise alternatives of action. This is a state where people, when if they have different ideas, do not challenge business thinking, and therefore there is a reduced capacity for innovative thoughts. This could occur, for example, where there is heavy reliance on a central charismatic figure in the business, or where there is an evangelical belief in the business's values, or also in groups where a friendly climate is at the base of their identity (avoidance of conflict). In fact groupthink is very common, it happens all the time, in almost every group. Members that are defiant are often turned down or seen as a negative influence by the rest of the group, because they bring conflict. Innovative businesses need individuals who are prepared to challenge the status quo be it groupthink or bureaucracy, and also need procedures to implement new ideas effectively (Chandler and Alfred, 1992).

2.6 Strategic management in business controls

Business controls have long been viewed as an important part of strategy implementation processes. Controls are necessary to help ensure that business achieved their desired outcomes of strategic competitiveness and above average returns. It is formal, information based procedures used by managers to maintain or

alter patterns in business activities, and controls help strategic leaders build credibility, demonstrate the value of strategies to the firms' stakeholders, promote and support strategic change. Most critically, controls provide the parameters within which strategies are to be implemented as well as corrective actions to be taken when implementation related adjustments are required Lambs and Roberts, 1984.

Strategic controls encourage management to make decisions that incorporate moderate and acceptable levels of risk because outcomes are shared between the business level executive making strategic proposals and the corporate – level executives evaluating them.

Successful strategic management balances strategic control and financial control with the intent of achieving more positive long term returns. Most business restructuring is designed to refocus the business on its core business, thereby allowing top-level executive, to reestablish strategic controls of their separate business units (Rolf 2000).

Effective use of strategic control by top level management is integrated frequently with appropriate autonomy for the various subunits so they can gain a competitive advantage in their respective markets. Strategic control can be used to promote the sharing of both tangible and intangible resources among interdependent business within firm's portfolio. In addition the autonomy provide allows the flexibility necessary to take advantage of specific market place opportunities. As a result, strategic leadership promotes the simultaneous use of strategic control. Strategic leadership is the force that changes things into actions. It is the single most visible factor that distinguishes change efforts that succeed from those that fail. Individuals follow a leader who is consistent, even if they have different viewpoints. Leadership defines the business mission and role. It seeks goals, creates and moulds a business. Leadership makes policy and builds it into the business social structure shaping the charter of the business (Urwick, 1956).

Proper leadership defends the business integrity and survival is through maintenance of the business values and distinctive identity. It tries to reconcile both internal and external environmental pressure taking into consideration the business

internal changes. When a business lacks leadership, these tasks are inadequate, irrespective of any excellent internal systems and structure or communication lines. The business therefore requires a creative and resourceful leader with ability to control internal conflict especially in large business composed of sub-components (Hill & Jones, 2001).

Courtesy of the uncertainty and highly competitive business environments, companies have been forced to change the way they plan, from Strategic Planning to Strategic Leadership. Strategic leadership is the responsibility of the top management and line management who are concerned with the formulation and implementation of the strategy through changes in the business structure, business culture, business process, reengineering and human resource management. The strategic management of human resources is about the development of good programmes, processes, policy compliance and function as strategic pattern with line leaders. This links people strategies to business strategy, which forge the link between people, strategy and performance. In a nutshell, Strategic Leadership is managing radical change to achieve a dramatic improvement in performance, is the key to survival in a turbulent environment, Taylor, (1995).

2.6.1 Gaining competitive advantage through strategic management

Active strategic management requires active information gathering and active problem solving. In the early days of Hewlett-Packard devised an active management style that they called management by walking around in which managers were hardly at their desks. They spent most of their days visiting employees, customers, and suppliers. This direct contact with key people provided them with a solid grounding from which viable strategies could be crafted. The concept was popularized in 1985 by a book by Tom Peters and Nancy Austin.

Probably the most influential strategist of a decade was Micheal Porter who introduced many new concepts including; 5 forces analysis, generic strategies, the value chain, strategic groups, and clusters. In 5 forces analysis he identifies the forces that shape a firm's strategic environment. It is like a SWOT analysis with structure and purpose. It shows how a firm can use these forces to obtain a sustainable competitive advantage. Porter modifies Chandler's dictum about structure following strategy by introducing a second level of structure: Business

structure follows strategy, which in turn follows industry structure. Porter's generic strategies detail the interaction between cost minimization strategies, product differentiation strategies, and market focus strategies. Although he did not introduce these terms, he showed the importance of choosing one of them rather than trying to position your company between them. He also challenged managers to see their industry in terms of a value chain. A firm will be successful only to the extent that it contributes to the industry's value chain. This forced management to look at its operations from the customer's point of view. Every operation should be examined in terms of what value it adds in the eyes of the final customer.

Researchers at the MIT Industrial Performance Center identified seven best practices and concluded that firms must accelerate the shift away from the mass production of low cost standardized products. The seven areas of best practice were:

Simultaneous continuous improvement in cost, quality, service and product innovation.

Breaking down business barriers between departments, eliminating layers of management creating flatter hierarchies. Close relationships with customers and suppliers.

Intelligent use of new technology, global focus and improving human resource skills

The search for "best practices" is also called benchmarking. This involves determining where you need to improve, finding a business that is exceptional in this area, then studying the company and applying its best practices in your firm. This is usually the force driving need for change Laster (1989).

2.6.2 The role of SWOT analysis in strategic management

SWOT analysis is a strategic planning method used by strategic management to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture of project and identifying the internal and external factors that are favourable or

unfavourable to achieving the objective (Humphrey, 1970). The aim of any SWOT analysis is to help strategic managers to identify the key internal and external factors that are important to achieving the objectives of the enterprise. These come from within the company's unique value chain. SWOT analysis groups key pieces of information into two main categories Bass (1998):

Internal factors – the strengths and weaknesses internal to the business and external factors – the opportunities and threats presented by the external environment to the business. The internal factors may be viewed as strengths or weaknesses depending upon their impact on the business's objectives. What may represent strengths with respect to one objective may be weaknesses for another objective. The factors may include personnel, finance, manufacturing capabilities and so on. The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the market place or competitive position. The results are often presented in the form of a matrix (Burns 1978).

In many competitor analyses, marketers build detailed profiles of each competitor in the market, focusing especially on their relative competitive strengths and weaknesses using SWOT analysis. Strategic leaders examine each competitor's cost structure, sources of profits, resources and competencies, competitive positioning and product differentiation, degree of vertical integration, historical responses to industry developments, and other factors.

Strategic leadership often finds it necessary to invest in research to collect the data required to perform accurate marketing analysis. Accordingly, strategic management often conducts market research to obtain this information. Marketers employ a variety of techniques to conduct market research to obtain this information. Marketers employ a variety of techniques to conduct market research to obtain information as regards to SWOT (Armstrong, 2005).

The usefulness of SWOT analysis in strategic management is not limited to profit-seeking business. SWOT analysis may be used in any decision-making situation when a desired end-state or objective has been defined. Examples include: non-profit business, governmental units, and individuals. SWOT analysis may also be used in pre-crisis planning and preventive crisis management.

SWOT analysis may limit the strategies considered in the evaluation. In addition, people who use SWOT might conclude that they have done an adequate job of planning and ignore such sensible things as defining the firm's objectives or calculating ROI for alternate strategies.

2.6.3 Purpose of environmental analysis

(Armstrong, 2005) states that the main purpose of undertaking environmental analysis is to identify current emerging issues that are significant to the business enterprise, assign priorities to these issues, and develop a plan for handling each of them. He further argues that although the procedures used to perform an environmental analysis differ widely in different business, most firms have the same main reason for performing such an analysis. In general, their purpose is to assess the business environment so that management can react to it appropriately and thereby enhance business success. The information from environmental analysis provides management with the ability to respond to critical issues in the environment, stipulates that decision makers in the business must take external considerations into account. Similarly, many businesses have stated that the purpose of its environmental analysis is to explore future conditions of the business environment and to incorporate what it learns into business decision making.

2.7 Strategic management in planning strategy

Strategic leadership should find it possible in the course of time to set down the main elements of a business's vision, mission, values, objectives, goals, strategies, SWOTs etc. Once the SWOT review is complete, the future strategy may be readily apparent or, as is more likely the case, a series of strategies or combinations of tactics will suggest themselves. Strategic leadership should use the SWOTs to help identify possible strategies as follows: Build on strengths resolve weaknesses exploit opportunities avoid threats. The resulting strategies can then be filtered and molded to form the basis of a realistic strategic plan. Devising Business Strategies for further insights into the development of strategies next are the strategies rules and guidelines by which the mission, objectives etc. may be achieved. They can cover the business as a whole including such matters as diversification, organic growth, or acquisition plans, or they can relate to primary matters in key functional areas, for example: (Hax and Masluf, 1996) statements on vision, mission,

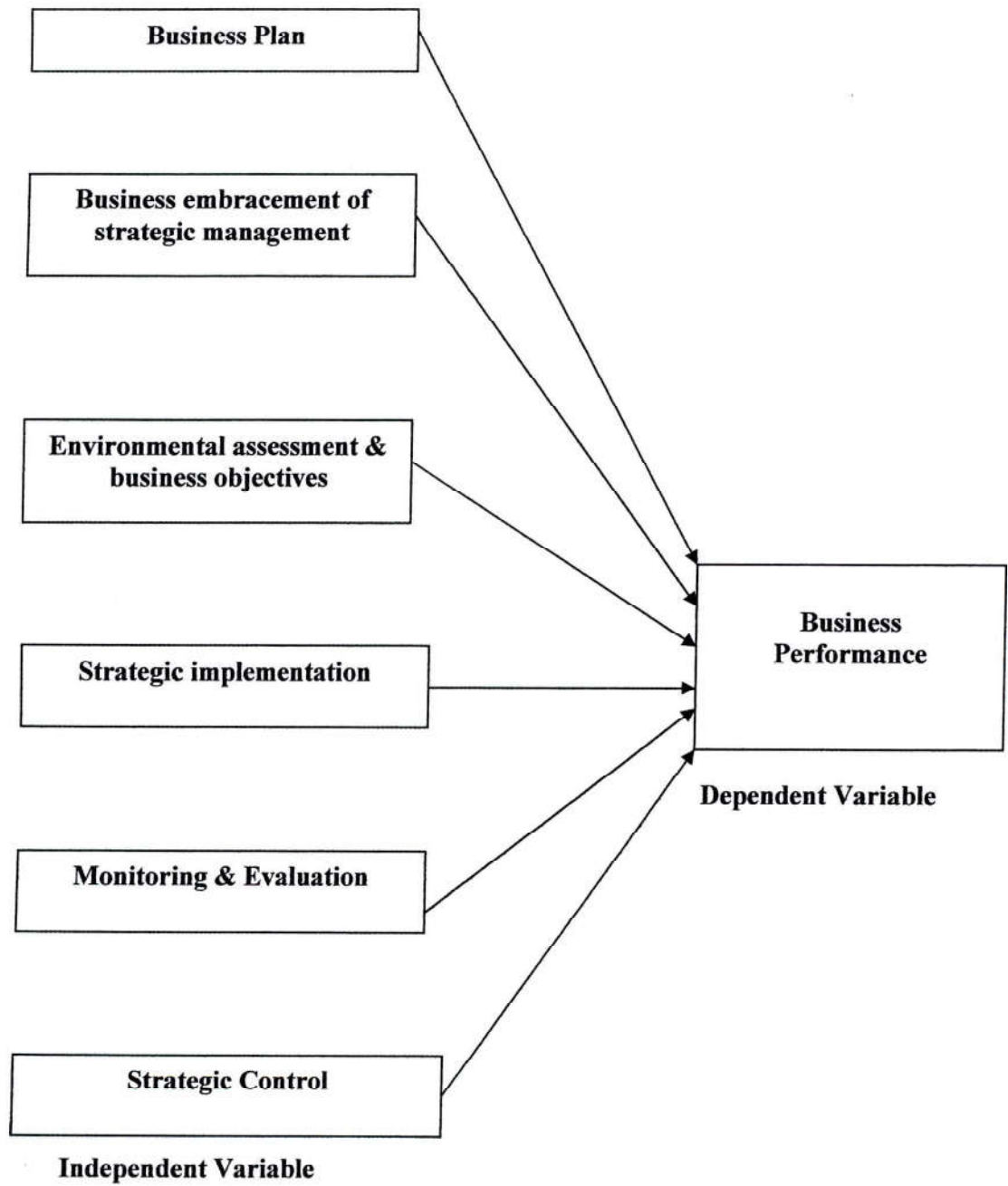
objectives, values, strategies and goals are not just elements of future planning. They also provide benchmarks for a historic review. Most managers will find it exceedingly difficult to develop a future strategy for a business without knowing its current strategies and measuring their success to date. The starting point must be to determine a company's existing (implicit or explicit) vision, mission, objectives and strategies. Then judge these against actual performance along the following lines, is the current vision being realized? How has the company's mission and objectives changed over the past and why have the changes occurred or why have no changes occurred? Identify primary reasons and categorize them as either internal or external. Actual strategies followed by strategic leaders over the past few years in respect of products/services, operations, finance, marketing, technology, management should be examined. Critically examine each strategy statement by reference to activities and actions in key functional areas covering such matters as how has the company been managed? How has the company been funded? However, the conventional view of strategic leadership can be seen as a confused mixture of leadership and management. Strategic leadership should not be seen as an occasional act rather than an ongoing role, a bit like creativity. On this view there is no such thing as formal leadership. Being in a business position of authority over others makes you a manager, not a leader. To be strategic leader, you need to be able to convince people to willingly follow some new direction. This means that there is leadership and strategic leadership. The advantage of this view is that it makes better sense of how everyone can show some leadership occasionally, even if they could not dominate the group for even a moment. On the other hand, leadership has quite a different meaning for some people. Many view strategic leadership as substitute parents, normally father figures. It can be argued that we are genetically programmed to be hierarchical and that we get anxious if we don't have one person to turn to who is the final judge in resolving disputes (Robert, 1998).

2.8 Empirical research on strategic management

The development of the field of strategic management within the last two decades has been dramatic. While its roots have been in a more applied area, often referred to as business policy, the current field of strategic management is strongly theory based, with substantial empirical research, and is eclectic in nature. This review of the development of the field and its current position examines the field's early

development and the primary theoretical and methodological bases through its history. Early developments include Chandler's (1962) *Strategy and Structure* and Ansoff's (1965) *Corporate Strategy*. These early works took on a contingency perspective (fit between strategy and structure) and a resource-based framework emphasizing internal strengths and weaknesses. Perhaps, one of the more significant contributions to the development of strategic management came from industrial organization economics, specifically the work of Michael Porter. The structure-conduct-performance framework and the notion of strategic groups, as well as providing a foundation for research on competitive dynamics, are flourishing currently. The industrial organization paradigm also brought econometric tools to the research on strategic management. Building on this economics framework, the organizational economics perspective contributed transaction costs economics and agency theory to strategic management. More recent theoretical contributions focus on the resource-based view of the firm. While it has its roots in Penrose's work (1950s), the resource based view was largely introduced to the field of strategic management in the 1980s and became a dominant framework in the 1990s. Based on the resource-based view or developing concurrently were research on strategic leadership, strategic decision theory the (process research) and knowledge-based view of the firm. The research methodologies are becoming increasingly sophisticated and now frequently combine both quantitative and qualitative approaches and unique and new statistical tools. Finally, this review examines the future directions, both in terms of empirical methodologies, as the study of strategic management evolves.

Fig. 2.1: Conceptual Framework



CHAPTER THREE

Research methodology

3.0 Introduction

This chapter deals with the research methodology. It outlines the research design, target population sampling design, sampling procedures, data analysis, data presentation, validity and reliability of research instruments

3.1 Research design

This study adopted both descriptive and survey design involving business enterprises in Mwembe to determine the effect of strategic management on their performance. The study seeks to assess, identify and describe strategic management factors and other factors that influence on the performance of sole proprietor business enterprise in Mwembe.

A descriptive design was adopted because the study is concerned with identifying contributions of strategic management to the performance of sole proprietor business enterprises. This is important because management factors can lead to failure or success of a business.

3.2 Target population

Mwembe is one of the densely populated centers in Kisii town with an average population of 25,000 people from whom a convenient sample was picked. The target population of this study was consisted of all registered sole proprietor business enterprises based in Mwembe who total 425. The researcher obtained a list of all registered sole proprietor businesses in Mwembe from the municipal council of Kisii, for the purpose of this study.

3.4 Sampling technique

The technique that the researcher used to collect information from the respondents was Random sampling. This technique was adopted because the population was homogenous

The respondents were operating business enterprises in Mwembe. A sample size of 40 respondents was used for this study and it was drawn from operational business enterprises in Mwembe. The 40 respondents were drawn from the 425 business enterprises by picking one at an interval of ten from the first respondent. The assumption was that the number sampled was a fair representation of business enterprises in the area.

3.5 Instrumentation and data collection

The main instrument of data collection was the questionnaire supplemented by personal interviews for the purpose of obtaining adequate and reliable data for those who may not find time to fill the questionnaire on their own. The questionnaire was pre-tested with 5 respondents from Kisii town to correct any possible error before being administered to the area of the study. The questionnaire was administered to the respondents through personal interviews at their respective places of work. The researcher used a structured questionnaire to collect data from all respondents with a view to obtain adequate information. The personal interviews also enabled the researcher to collect adequate information from those respondents who are illiterate and those respondents who were busy or those who would not remember to fill the questionnaire on their own.

The researcher collected both primary and secondary data. Primary data was obtained from the respondents while secondary data was obtained from records that were available.

3.6 Data analysis

The data collected was organized, analyzed and interpreted based on the study objectives by use of descriptive methods. Data was presented in the form of tables, figures, percentages, , and descriptions which were used to infer into the effect of strategic management in owner managed business enterprises.

CHAPTER FOUR

4.0 FINDINGS AND DISCUSSION OF RESULTS

4.1 INTRODUCTION

This chapter reports the major findings of the study as they relate to each of the study objectives. Responses on the questionnaires were presented in the form of tables, figures, percentages and description. This has been used to infer into the effect of strategic management in sole proprietorship enterprises.

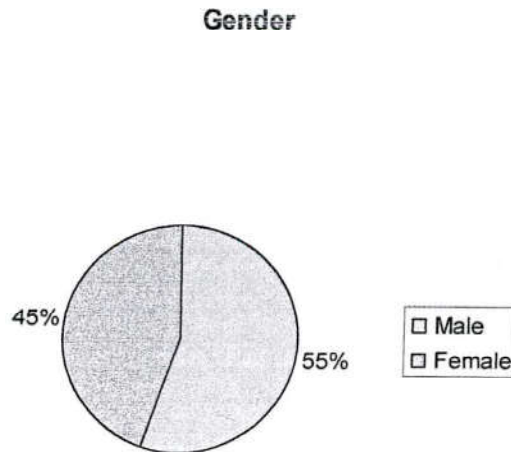
4.2 INSTRUMENT RETURN RATE

The researcher issued out 40 questionnaires to the respondents of which 40 were returned. This represents 100% response rate.

4.3 CHARACTERISTICS OF THE STUDY SAMPLE

The analysis of demographic data indicated that of the 40 respondents 22 were male representing 55% of the respondents. The other 49% were female respondents which clearly show that the gender issue was clearly brought upfront.

Fig. 4.3.1: Distribution of respondents by gender



Source: Research Data (2009)

AGE OF THE RESPONDENTS

As regards to the age of the businessmen and business-women, it was noted that the age varies between 18 and 55 years. The majority of those involved in the said businesses (sole proprietorship business enterprises in Mwembe) are between the ages of 18 to 25 years totaling 15 respondents, representing 37.5% of the sample size. A total of 12 respondents representing 30% were between the ages of 26 to 35 years indicating that the number of people involved in this businesses are youthful and energetic. The rest of the respondents representing 22.9% were elderly people now at the age above 36 years. This is represented in table 4.1 below.

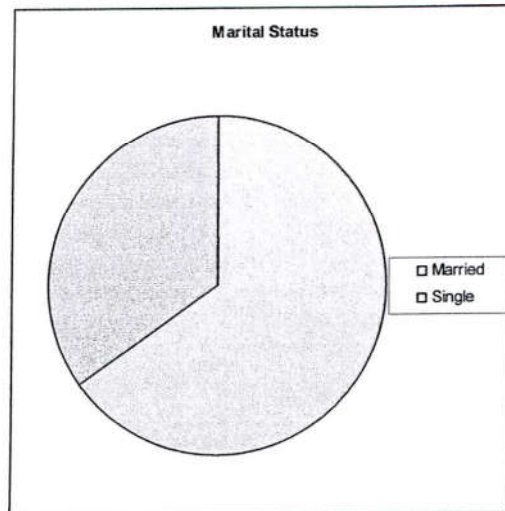
Table 4.3.1: Age of the respondents

Age group	Frequency	Percentage
18-25	15	37.5
26-30	12	30
36 and above	13	32.5

Source: Research Data (2009)

On marital status, the majority of the people involved in businesses were married. From questionnaire 26 respondents were in marriage relationships, representing 65% of the sample size. This shows that the people involved in the business are responsible people. The rest of the respondents numbering 14 businessmen representing 35% were unmarried. The Fig. 4.3.2 in next page gives a representation of this information.

Fig 4.3.2: Marital Status of respondents



Source: Research Data (2009)

RESPONDENTS LEVEL OF EDUCATION

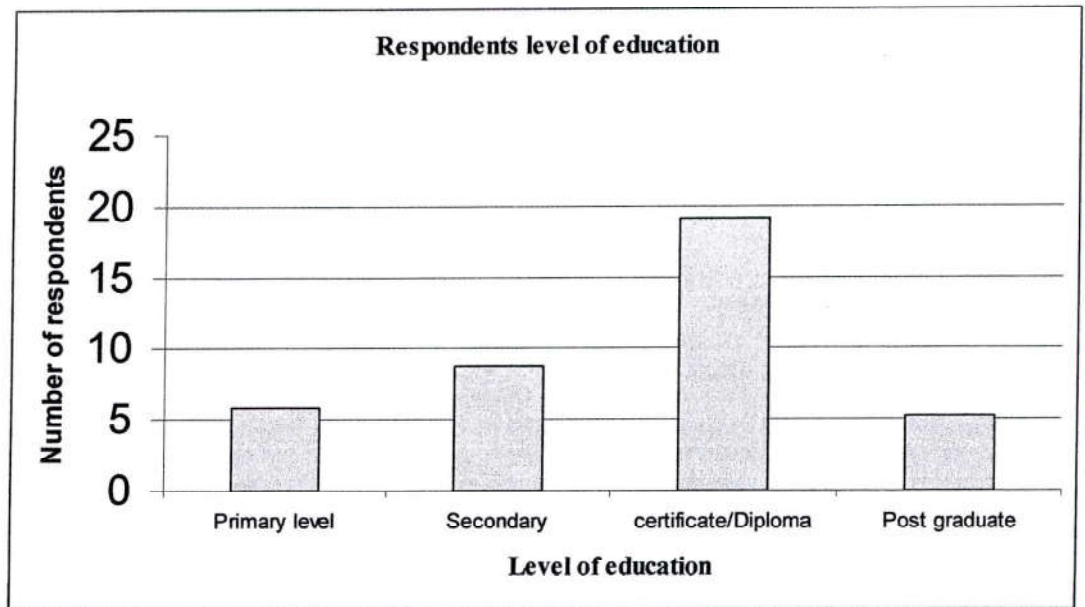
The level of education was factored in and from the respondents response, it was observed that the level of education vary from primary to post graduate level.

The majority of the respondents are at the level of certificate/diploma representing 47.5% of the sample size. From the total respondents 9 were at the level of secondary education representing 22.5% of the people involved in sole proprietorship business enterprises in Mwembe.

The other 6 respondents from the sample population representing 15% of the businesses were of the primary level of education and 2.5% were post graduates.

From the respondents, it is evident that the majority of the businessmen have acquired middle level of education and given a chance in training, they can perform better. This shows clearly that the businessmen in Mwembe have at least acquired some education which should enable them understand what strategic management is and how they can embrace the same to improve business performance. The Fig. 4.3.3 in the next page shows the level of education of the respondents.

Fig 4.3.3: Respondents Level of Education



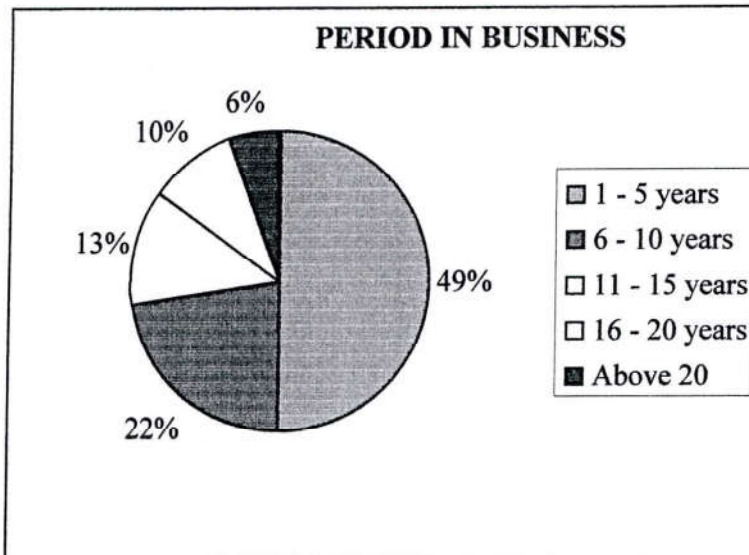
Source: Research Data (2009)

RESPONDENTS PERIOD IN BUSINESS

The respondents who were covered by this study had been in business for a varying period of time between 1 year and over 20 years.

Majority of the businessmen had been in business for a period of between 1 to 5 years represented by 49%. Those who had been in business for 6 to 10 years were 9 respondents represented by 22%. This shows majority of the businessmen were new in business for a period of less than 5 years. Those in business for a period more than 15 years were represented by only 3%. This indicates that businesses start and fail on the way within a short period. The trend as shown in Fig. 4.3.4 in the next page shows that most of these businesses have not embraced strategic management because they do not understand the objectives or goals of their businesses neither do they have a business plan and various controls in place. Monitoring and evaluation seems to lack in the overall set up of this businesses. The Researcher found out that these businesses do not survive for enough time so that the above can be realized. They collapse at early stages.

Fig 4.3.4: Respondents Period in Business

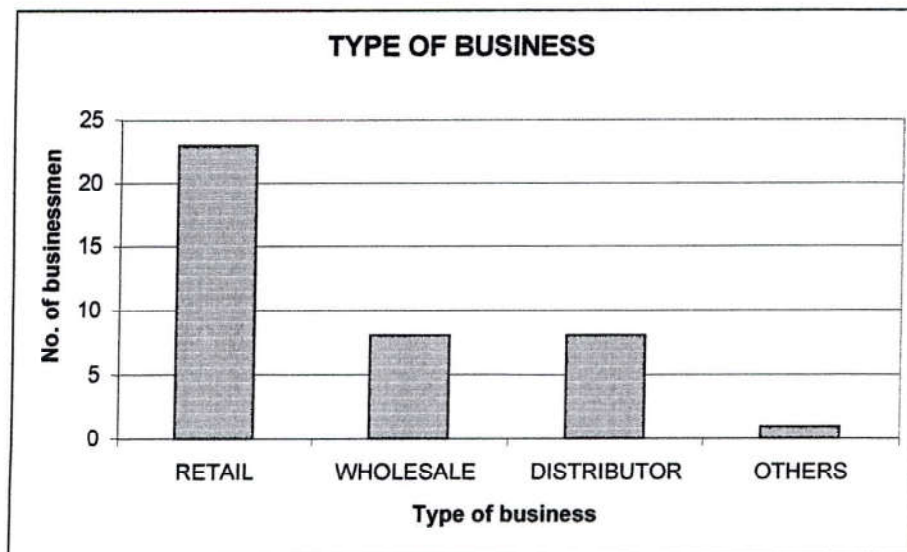


Source: Research Data (2009)

TYPE OF BUSINESS OF RESPONDENTS

As regards to the type of businesses, it was observed that the majority of those engaged in sole proprietorship enterprise businesses are in retail enterprise. Responses as to the number of retailers, wholesalers, distributors and others in this area were 57.5%, 17.5%, 17.5% and 7.5% respectively. These results are represented in Fig. 4.3.5 below.

Fig 4.3.5: Respondents Type of Business



Source: Research Data (2009)

The researcher found out that most of the businesses in Mwembe are of retail and there are small businesses whereby strategies cannot be fully embraced.

BUSINESS KNOWLEDGE OF RESPONDENTS

From the respondents, it was evident that most of the sole proprietor enterprises are aware or knowledgeable as what business is all about. From the interviews it was observed that their thinking is skewed towards profit making and that is all about business. Only 36 respondents from the sample population representing 90% were of the view that they understand what business is all about. The rest 10% are not conversant or do not know why they are in business.

From the response it appears that the majority of the businessmen have acquired reasonable education but they have not been trained in business management. They need to understand business in a wider perspective. This is shown in table 4.3.3. below.

Table 4.3.2: Whether the respondents understand what business is about.

As to whether they understand what business is	Frequency	Percentage
Have business knowledge	36	90
Do not have any business knowledge	4	10

Source: Research Data (2009)

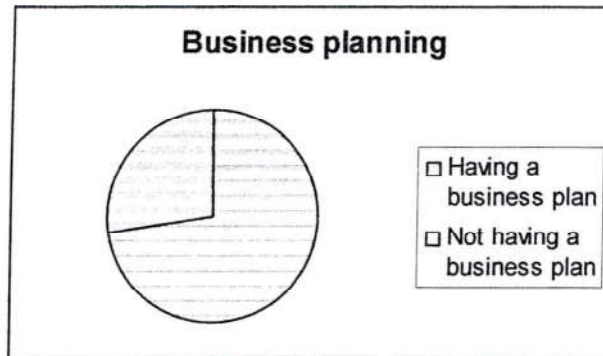
4.4 BUSINESS PLANS AND BUSINESS PERFORMANCE

It was evident that the majority of the businessmen do not have business plan. Business planning is essential in strategic management and it was absent in the whole business set up. This was evident from the response of those respondents who attempted this question.

From the sample population, 29 respondents representing 72.5% do not or have not embraced business planning in their business enterprise.

But eleven respondents representing 27.5% of the sample size do know or do not understand what a business plan is all about. As represented in Fig. 4.4.1 in the next page.

Fig 4.4.1: Business Planning



Source: Research Data (2009)

It is clear that most businesses in this area do not last for more than 5 years and its because most of them do not have business plans. It is impossible to succeed in business if you do not have a clear business plan hence need to embrace strategic management.

As concerns the purpose of business management, 20 respondents representing 50% of the respondents were of the view that the concern of business management is business development, while 42.5% representing 17 respondents, felt that the concern of business management was to improve performance. But the rest of the respondents representing 7.5% were of the opinion that business management is concerned with satisfying stakeholders self needs and improvement in communications. These findings are shown in the table 4.4.1 below.

Table 4.4.1: Purpose of business Management

Purpose of business management	Frequency	Percentage (%)
Business development	20	50
Improve business performance	17	42.5
Satisfying stakeholders, self needs	3	7.5

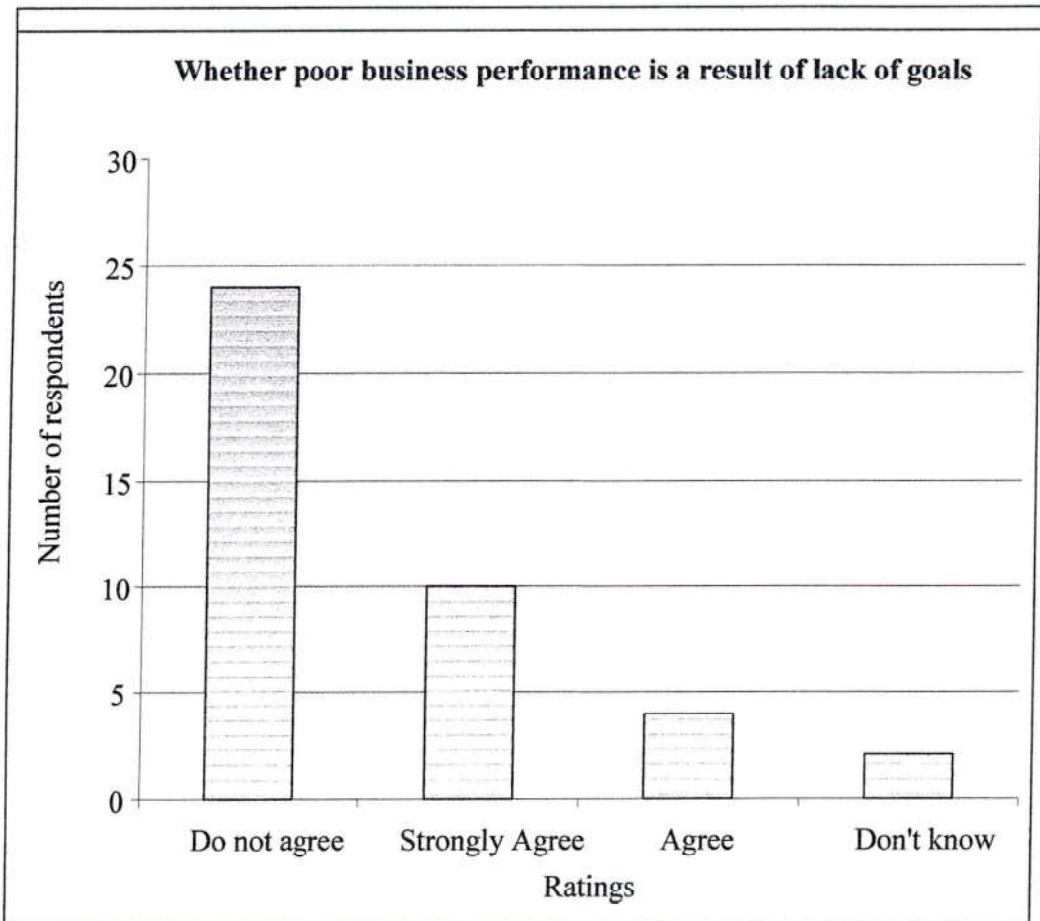
Source: Research Data (2009)

CONTRIBUTION OF BUSINESS GOALS TO PERFORMANCE.

As regards to poor business performance which is covered by lack of clearly set business goals, the respondents were of different views.

From the sample size, 24 respondents representing 60% of the sample size did not agree with the suggestion above. Some respondents numbering 10 and representing 25% were strongly in agreement that poor business performance is due to lack of clearly set business goals. The other 4 respondents representing 10% are in agreement while 2 respondents from the sample size of 40 representing 5% don't know about the cause of poor business performance. These findings are shown in the Fig. 4.4.2 shown below.

Fig 4.4.2: Whether poor business performance is a result of lack of goals



Source: Research Data (2009)

From Fig. 4.4.2 above, the researcher observed that the majority did not agree that lack of clearly set goals contributes to poor business performance and this

clearly shows how businesses fail when they embrace strategic management. Setting goals and achieving them puts a business on track.

BUSINESS TACTIC AIMED AT ACHIEVING BUSINESS SUCCESS

On the issue of the business tactic aimed at achieving business success, the respondents were of different opinions as explained here in.

The majority of the respondents numbering 22 businessmen representing 55% of the sample size are of the opinion that they can only achieve business success by selling high quality goods.

The other eleven respondents representing 27.5% of the sample size felt that by supplying the customers with unique products they can clearly achieve in business success.

The rest of the respondents representing 19.5% were of the opinion that by buying cheap quality goods for resale and by selling goods that are cheapest price in the market, they will achieve in business success.

The researcher observed that a business can only survive if it can place itself somewhere in a competitive market by going as per the market forces of supply and demand. The table 4.4.2 below indicates the responses on business success.

Table 4.4.2: Business Tactic

Tactic	Frequency	Percentage
Selling high quality goods	22	55
Supplying unique products	10	26
Selling cheap goods	8	19

Source: Research Data (2009)

PARTICIPATION OF OTHER BUSINESSMEN IN DECISION MAKING

The researcher sought to find out how the businesses in Mwembe market reach to their decisions and it was observed as follow. About involving other businessmen in decision making in matters of business performance, the majority of the respondents numbering 25 which represents 62.5% of the businesses in Mwembe were positive about involving other businessmen in decision making on matters of business performance.

The rest of the sample size, 15 respondents representing 37.5% do not share with other businessmen in decision making.

The table 4.4.3 below shows the level of participation in decision making.

Table 4.4.3: Participation in decision making

INVOLVEMENT OF OTHER BUSINESSMENT	FREQUENCY	PERCENTAGE
Positive	25	62.5
Negative	15	37.5

Source: Research Data (2009)

From table 4.4.3 above, the researcher found out that most businesses were not independent in decision making hence compromising the embracement of strategic management in business performance.

From the interviews and questionnaires filled, it was observed that businessmen in Mwembe who are engaged in sole proprietorship businesses play different roles to their business operations.

The majority of the sole business proprietors in Mwembe numbering 15 from the sample size representing 37.5% provide labour in their business operations. It was observed that ten respondents from the sample size representing 25% are business managers. The same number representing 25% of the sample size is involved in directing the businesses.

Only 2 respondents from the sample size representing 5% are assisting in their businesses as planners.

The researcher observed that the management of these businesses is that of owner manager businesses. Decision making, setting of goals, objectives and implementing is done by the owner thus compromising the elements of strategic management in the businesses. At the end, businesses fail on the way because they do not embrace strategic management. More often, very few businesses survive in the market because owners are rigid in decision making. Table 4.4.4 in the next page tabulates the position of owner managed businesses in their businesses.



Table 4.4.4: Roles played by businessmen

ROLES	FREQUENCY	PERCENTAGE
Owners provide labour at operations level	15	37
Manage	10	25
Direct	10	25
Plan	5	13

Source: Research Data (2009)

BUSINESS EMBRACEMENT OF STRATEGIC MANAGEMENT AND BUSINESS PERFORMANCE

MEANING OF STRATEGY IN BUSINESS

The researcher found that business strategy was a new term for most of the respondents who filled the questionnaire and those who were interviewed. According to the respondents, the majority did not understand what a business strategy is all about.

Out of the sample size of 40 respondents, 23 respondents representing 57.5% did not know what business strategy is all about. Another 12 respondents representing 30% of the sample size did not have a clearly defined business strategy/policy in their business. The rest of the respondents numbering 5 from the sample size representing 12.5% were aware and have a clearly defined business strategy/policy in their business. From the overview it was evident from the respondents that business strategies/policies are not clearly defined in their businesses. These findings are shown in the table 4.5. in the next page. From the interviews one would clearly note that most of these businessmen do not have clear objectives and goals for their businesses. It was also noted that they do not have any strategy at all. Most businesses have no mission and vision. The rate of collapsing is a clear indicator that goals and strategies to achieve the same are lacking.

Table 4.5.1: On meaning of strategy

Strategy	Frequency	Percentage
Have not heard about strategy in business	23	57.5
Have heard but not clear nor practicing it	12	30
Clearly defined and are practicing	5	12.5

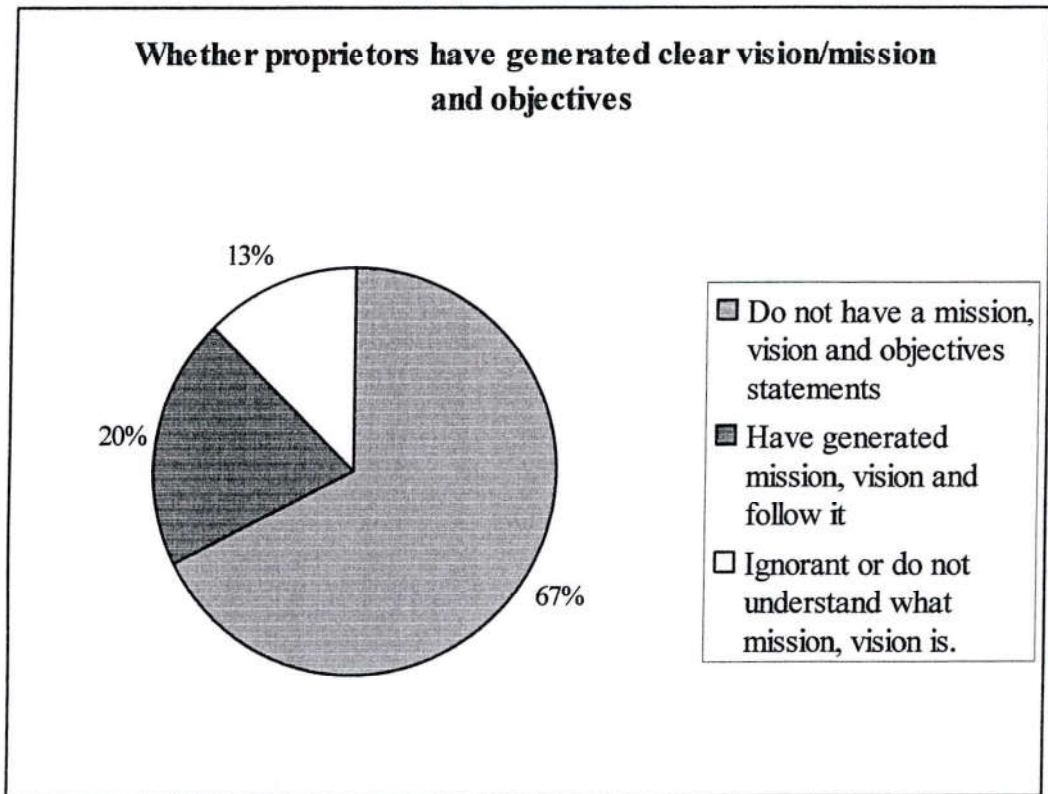
Source: Research Data (2009)

MISSION AND VISION

About mission/vision with set objectives to achieve, the majority of the respondents disagree as to whether their businesses operate with a clearly defined vision/mission with set objective to achieve. This was represented by 27 respondents representing 67.5%.

Twenty percent (20%) of the respondents representing 8 businessmen agreed that their businesses operate with clearly defined vision/mission with set objectives to achieve. Another 5 respondents representing 12.5% of the sample size did not agree with any of the above suggestions. They are either ignorant or disadvantaged to clearly understand what mission/vision and objectives are and the role they play as far as business performance is concerned. The researcher found that only 20% of businesses have generated a mission, vision. 80% do not have any mission or vision or are ignorant. Fig. 4.5.1 in the next page, shows whether proprietors have generated vision or mission for their businesses.

Fig. 4.5.1: Whether proprietors have vision and mission



Source: Research Data (2009)

This is an indication that businesses can only perform if there is a clear mission or vision and embracement of strategic management in the business. Only and only then can businesses achieve the desired goals and objectives.

STRATEGIES

On strategies employed to achieve desired outcomes, the respondents had chosen quite a number from the questionnaire even at some point combining some others to best suit their strategies.

However, from the observation, the majority of the respondents numbering 14 businessmen cited marketing as the best strategy they can employ to enable them achieve the desired outcomes. This represents 35% of the sample size.

Customer focus took a reasonable share where 12 respondents representing 30% of the businesses are of the opinion that customer care is the best strategy to employ to enable them achieve the desired outcomes.

Out of the 40 respondents who filled the questionnaire, 8 of them representing 20% of the businesses cited business promotions as the best strategy to employ in order to achieve the desired outcomes. Advertisement was cited as the best strategy to employ in order to achieve the desired outcomes by 6 respondents representing 15% of the businesses. The researcher observed that from the strategies mentioned, majority of the respondents identified marketing and customer focus as the best strategies in business performance. The mentioned strategies can only be realized if the businessmen in Mwembe embrace strategic management in totality. Table 4.5.2 below illustrates the strategies chosen by respondents.

Table 4.5.2: Type of Strategy

TYPE OF STRATEGY	FREQUENCY	PERCENTAGE
Marketing	14	35
Customer focus	12	30
Promotions	8	20
Advertisement	6	15

Source: Research Data (2009)

BUSINESS TACTIC AIMED AT ACHIEVING BUSINESS SUCCESS

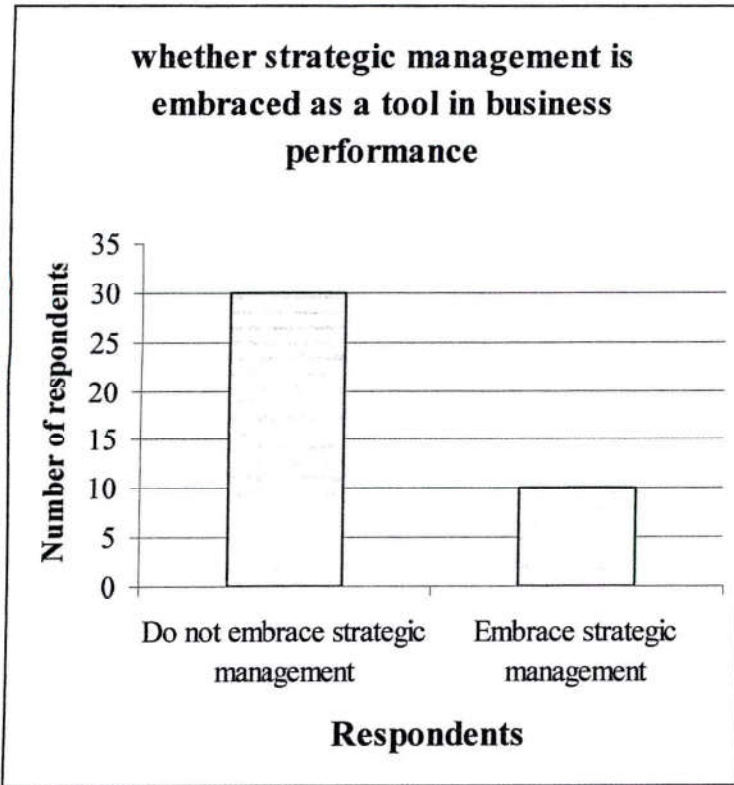
Regarding embracement of strategic management as a tool on business performance, the respondents had mixed feelings as to whether they have fully embraced or partly embraced or not at all embraced strategic management as a tool in business performance.

Among the respondents who were interviewed and answered the questionnaire, the majority of the respondents numbering 30, representing 75% of the sample size said no. They were of the opinion that they have not embraced strategic management as a tool on business performance in their business.

Another 10 respondents representing 25% of the sample size were of the opinion that they have fully or partially embraced strategic management as a tool on business performance in their businesses. The researcher found that most of the businesses do not embrace strategic management and this creates a gap on business performance. Most businesses at Mwembe have closed down

simply because they do not understand what strategic management is all about. They do not embrace strategic management as a tool in business performance. Fig. 4.5.3 below illustrates these findings.

Fig. 4.5.2: Whether strategic management is embraced



Source: Research Data (2009)

4.6 RELATIONSHIP BETWEEN ENVIRONMENTAL ASSESSMENT AND OBJECTIVES TO BUSINESS PERFORMANCE

Regarding the factors in the environment that affect performance, majority of the respondents represented by 57.5% identified competition as the factors of environment that affect business most, followed by lack of customers which was represented by 20%. Other factors include high purchase prices of goods represented by 15% and the other respondents representing 5% cited low profits. The researcher sought to find out whether the respondents real understand the environment in which they operated their businesses and from the observation, they gave different versions. The researcher expected the respondents to identify the internal environment and external environment and how they affect their businesses but little would yield. This is an indicator that

strategic management is crucial in the performance of businesses. Table 4.6.1 below shows the responses in the variable.

Table 4.5.3: Environment contribution to business performance

Reason for failure	Frequency	Percentage
Competition	23	57
Lack of customers	9	23
High purchase price	6	15
Low profits	2	5

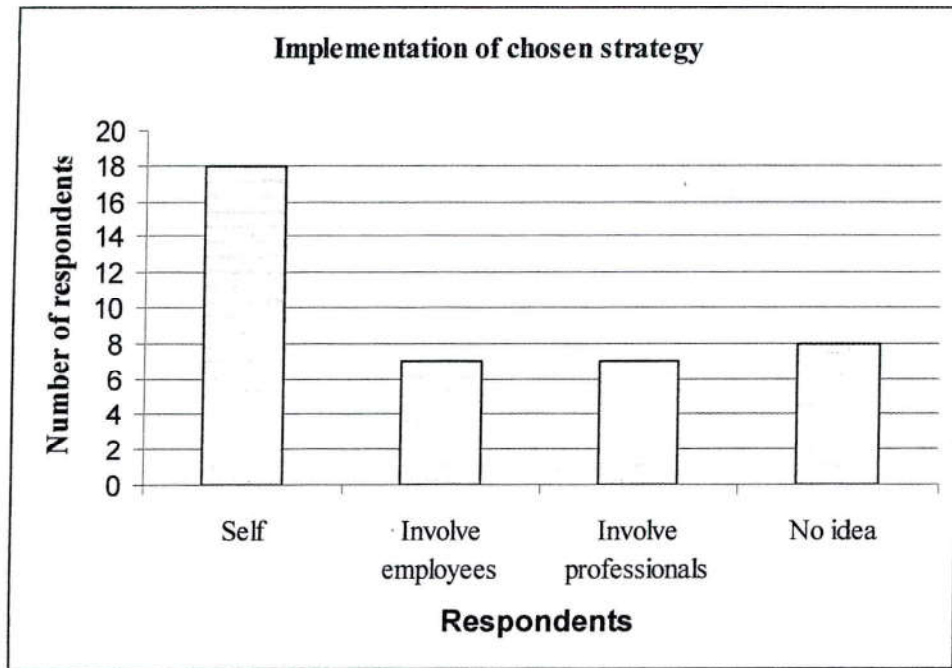
Source: Research Data (2009)

1.7 STRATEGIC IMPLEMENTATION AND BUSINESS PERFORMANCE

As regards to implementation and executing the chosen strategy effectively and efficiently, the majority of the respondents were of the opinion that the best way to go about it is to do it by themselves. This was represented by 18 businessmen representing 45% of the respondents .By involving employees was seen as the best option and it was represented by 7 businessmen translating to 17% respondents. The same percentage and number of respondents were of the opinion that they involve professionals in implementation.

Other respondents numbering 8, representing 20% were of the opinion that this can only be achieved by using the media and the rest had no idea at all. The researcher found out that the respondents had many ways in which they thought would be the best way to implement and execute the strategies. However, from the observations, all the respondents had an idea but it was felt that for the strategy to yield fruits, the whole strategic management tools should be embraced for the business to improve in performance. Fig. 4.7.1 in the next page illustrates the findings.

Fig. 4.7.1: Implementation of strategy



Source: Research Data (2009)

4.8 STRATEGIC MONITORING AND EVALUATION AND BUSINESS PERFORMANCE

Regarding feedback from monitoring and evaluation, it was observed that the majority of the respondents rarely or very rarely do their follow up and analyze performance feedback. It was found that 17 respondents representing 42.5% rarely receive feedback on monitoring and evaluation.

Another 10 respondents said they never follow up at all and this is represented by 25% of the sample size. Others do not know what in monitoring and evaluation feedback is all about and they are represented by 20% which translates to 8 respondents from the sample size. A negligible number accepted that they often receive feedback from monitoring and evaluation on business performance. In strategic Management, monitoring and evaluation is the core strategy in business performance. If a strategy is not monitored and evaluated, then the businessmen stand at no point to know how well is the business performing. According to the observations above and as tabulated in table 4.8.1 on the next page, 68% rarely or never follow up feedback on

monitoring and evaluation. This shows that the businesses at Mwembe have not embraced strategic management on business performance.

Table 4.8.1: Rate at which businessmen in Mwembe monitor their business performance

RATE MONITORING AND EVALUATION	FREQUENCY	PERCENTAGE
Very rarely	17	43
Never follow up on feedback	10	25
Do not perform monitoring and evaluation	8	20
Frequently perform monitoring and evaluation	5	12

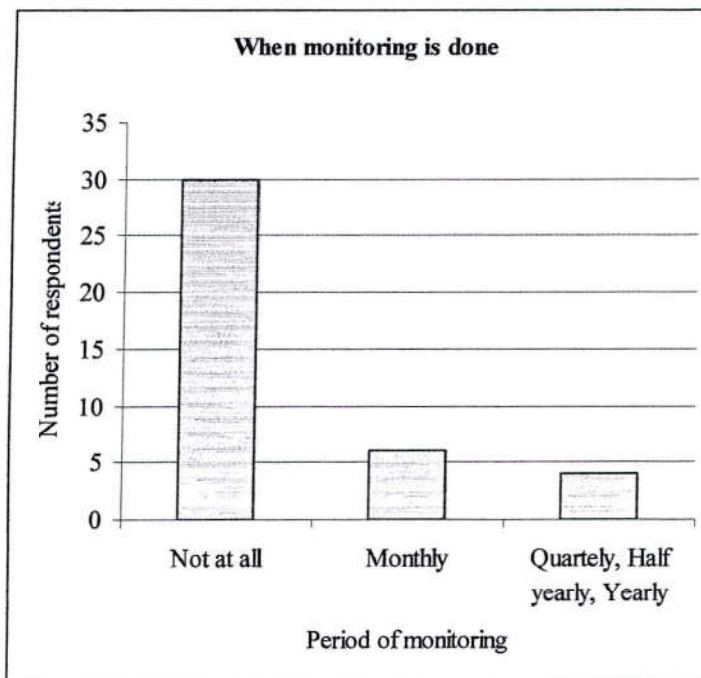
Source: Research Data (2009)

MONITORING OF BUSINESS

Monitoring the businesses to determine their performance was well covered and it was observed that most of the businessmen do not monitor the performance of their businesses. This was evident from the respondents from the data collected. In overall, 30 respondents, representing 75% were of the opinion that they never carry out any monitoring in business performance. Only 6 respondents representing 15% of the sample size were able to monitor their business in monthly basis.

The rest of the respondents representing 10% of the sample size do monitor their business performance quarterly, half yearly or yearly. These findings are shown in Fig. 4.8,2 on the next page.

The Fig. 4.8.2: Periodic Business monitoring



Source: Research Data (2009)

From Fig. 4.8.2, the researcher found out that the majority of businesses do not monitor their businesses. This is a clear indication that most of them do not embrace strategic management in their performance. This gives us a reason why businesses in Mwembe market are closing down

SATISFACTION OF BUSINESS PERFORMANCE

On the other hand, the respondents were asked about the satisfaction of their business performance and the response was as follows.

The majority of the respondents to a tune of 25 businessmen confirmed that they were not fully satisfied with their business performance. This represented 62.5% of the respondents.

Among the respondents who were positive that they were satisfied with their business performance were 15 respondents representing 37% of the sample size.

Table 4.8.1: Whether satisfied with current business performance

Whether Satisfied or not	FREQUENCY	PERCENTAGE
Not Satisfied	25	63
Satisfied	15	37

Source: Research Data (2009)

From table 4.8.1 above, 63% of respondents were not satisfied with their business performance.

DISSATISFACTION ABOUT BUSINESS PERFORMANCE

On the side of dissatisfaction about business performance, majority of the respondents cited competition and lack of adequate customers as the causes of dissatisfaction of business performance.

The following shows how the forty respondents were represented in their opinion. Thirty seven percent (37.5%) cited competition as the cause of dissatisfaction of business performance; 32.5% cited lack of adequate customers as the cause of dissatisfaction on business performance while five percent (5%) were of the opinion that the cost of high prices of goods is the cause of dissatisfaction in business performance. Other respondents representing 5% cited lack of adequate supply of goods and services as the cause of dissatisfaction on business performance.

Overall, the researcher found out that most of the businesses were faced with stiff competition as they did not understand the environment in which they were operating. There is need to embrace strategic management in order to turn around the businesses if they ought to survive. Table 4.8.2 below shows the causes of dissatisfaction as cited by the respondents.

Table 4.8.2: Business Dissatisfaction

CAUSES OF DISSATISFACTION	FREQUENCY	PERCENTAGE
Competition	19	47.5
Lack of adequate customers	13	32.5
High cost of goods	4	10
Lack of adequate supplies	4	10

Source: Research Data (2009)

4.9 STRATEGIC CONTROLS AND BUSINESS PERFORMANCE

On strategic controls and business performance, the researcher realized that most businesses have not put control measures in their businesses. This was evident from the respondents, numbering 35 representing 87.5 % of the sample population.

BUSINESS AUDIT

Business audit is an important area in business performance and the respondents had the following to answer. In this case, the majority of the respondents numbering 28 respondents representing 70% agreed that they do not carry out any business audit to determine the level business performance at any given time. A reasonable number of 11 respondents representing 27.5% do not know what business audit is all about.

The rest representing 2.5% of the respondents confirmed that they carry out regular business audit to determine the level of business performance. Table 4.9.1 tabulates the true picture of the findings on the issue of business audit on business performance.

Table 4.9.1: Business Audit

Audit as an activity	Frequency	Percentage
Do not audit	17	42
Do not know meaning of business audit	13	33
Audit regularly	10	25

Source: Research Data (2009)

The researcher found out from these data as represented in table 4.9.1, that the majority of the businesses representing 97% do not carry out audit to measure business performance at any given time. This shows that the majority of businesses do not real know they are in business. This confirms lack of strategic management on business performance.

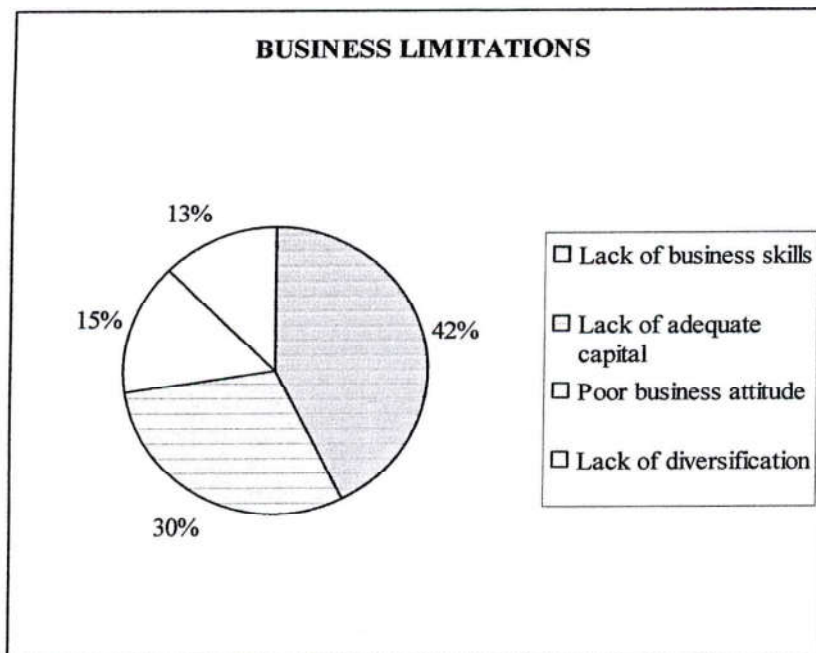
BUSINESS LIMITATIONS

Business limitations experienced by many business enterprises were observed in different perspectives.

The majority of the respondents were of the opinion that the major business limitations experienced by business enterprises is lack of business skills. This was evident from the respondents who numbered 17 representing 42.5% of the respondents. Twelve of the respondents representing 30% felt that lack of adequate capital would be the cause of the limitations and 3% of the respondents felt that the cause would be poor business attitude.

Involvement in diverse activities was seen by some respondents as the cause of business limitations experienced by many business enterprises and this was represented by 5 respondents from the sample size which translates to 12.5%. Fig. 4.9.1 below, shows limitations in business performance.

Fig. 4.9.1: Limitations in business performance.



Source: Research Data (2009)

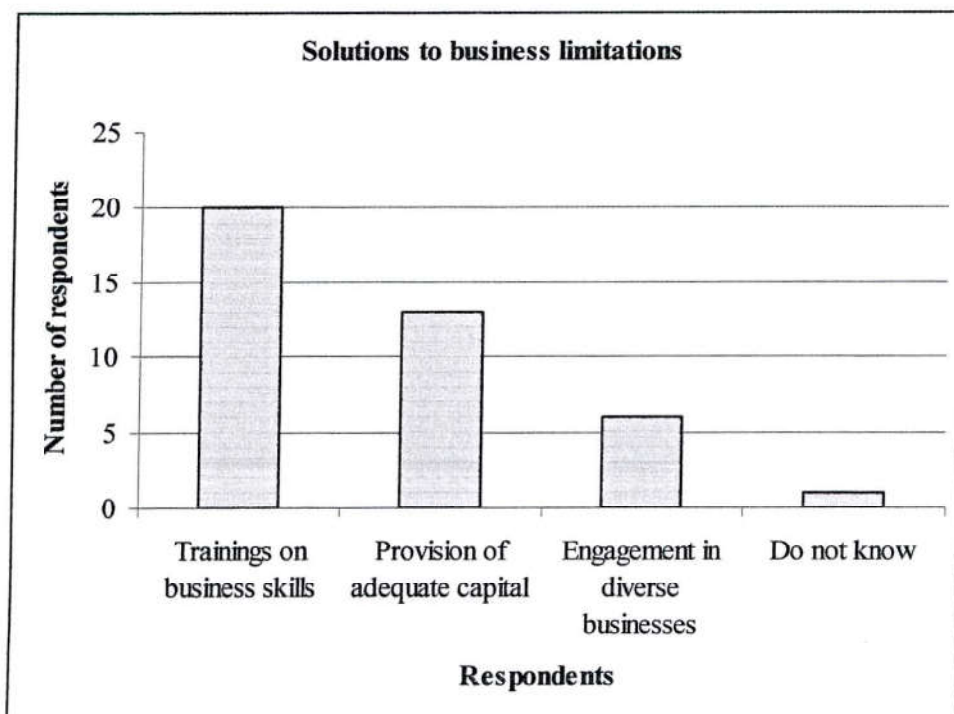
Lack of business skills, capital, poor business attitude and lack of diversification in one way or the other affects business performance. From the

observation above, lack of business skills and capital contribute 72% and this confirms why businesses in Mwembe market are closing down. A strategy must be in place to enhance business performance in general.

SOLUTION TO BUSINESS LIMITATION

The business limitations analyzed in 4.27 above, can be handled in various ways to achieve business success. Among the respondents who were interviewed, the majority were of the opinion that businessmen should be trained on business skills. Twenty respondents representing 50% felt that training in business is vital on business performance. 13 respondents representing 32.5% were of the opinion that if they can be provided with adequate financial support to business, this would uplift business performance. Others felt that in order to curb the limitations mentioned above and for the business to perform, they should engage in diverse business activities to supplement and inculcate appropriate business attitude in businessmen. This was covered by 8 respondents representing 15% of the sample size. Only 2.5% of the respondents did not know exactly what to say about the limitations mentioned above.

Fig. 4.9.2: Solutions to Business limitations



Source: Research Data (2009)

CHAPTER FIVE

5.0. Introduction

This chapter will cover the summary of the study findings conclusions and the recommendation for further research.

The purpose of this study was to establish the role of strategic management on business performance. It carried out investigation of sole proprietor business in Mwembe, Kisii. The study intended to document possible solutions and held for strategic management on business performance. The chapter is divided into two sections on (5.1) presents the summary of the findings based on the response. On the role of strategic management on business performance citing the mission/vision objectives strategies implementation, monitoring and valuation and section two (5.2) dwell on the conclusion and suggestions on areas of further research.

5.1. Summary of the study.

The purpose of the study was to establish the role of strategic management on business performance. The study established the role of strategic management on business planning, embracement of strategic management in businesses, the environment assessment and objectives, strategic implementation, monitoring and evaluation and strategic control.

The literature review which pared way for this study provided guidelines and laid down foundation for this research. It generally hosted into strategy – making, strategy implementing process consisting of five interrelated managerial task.

- Formulating a strategic vision of what the business's torture make up will be and where the business is headed.

- Setting objectives – converting the strategic vision into specific performance outcomes for the business to achieve.
- Crafting a strategy to achieve the desired outcomes.
- Implementing and executing the chosen strategy effectively.
- Evaluating performance and initiating corrective adjustments in vision long term direction, objectives, strategy, or implementation in light of actual experience, changing conditions, new idea and new opportunities.

The terms of methodology a description survey research design was adopted. This is because the research was to assess, identify and describe strategies management factors and other factors that influence on the performance of sole proprietor business entrepreneur in Mwembe.

The research involved 40 businesses out of the 425 businesses in Mwembe Market. This accounted for 10% of the businesses in Mwembe. The businesses include Retails, wholesalers, distributors and others. However 40 businesses men responded positively, which was 100% of the samples and this was a fair representation of the forged population.

Due to the large number of the sample self administration questionnaires were used as a research instruments. The validity is reliability of the instrument was taken after a pilot study.

The questionnaires were administered through individual visits to business and then collected on an agreed upon data. Most of them were placed after a week dully filled. Data was analyzed using description statistics. The research questions were answered, data was analyzed and results were then interpreted accordingly and conclusions drawn.

5.2. Summary of research findings/conclusions

5.2.1. Business planning

The research wanted to know whether businesses in Mwembe embrace strategic management and if so were there any business plans. Key among the findings obtained showed that 72.5% of the respondents had no plan at all. Those with business plans were represented with 27.5% this could pose a challenge towards the embracement of strategic management on business performance.

5.2.2. Business embracement of strategic management

The study also aimed at finding out the extent which strategic management is embraced in businesses. The researcher found out from the respondents that the majority did not understand what a business strategy is all about. This was represented by 57.5% and about 30% did not have a clear definition of business strategy. In a similar case the researcher wanted to know whether strategic management can be used as a tool on business performance and the request was 75% respondents said no indicating that strategic management has not been embraced as a tool on business performance.

5.2.3. Environmental assessment and business objectives.

The researcher also sought to find out whether the respondents really understand the environment in which they operate their businesses and the response was as follows; The majority would not be able to ascertain the difference between internal and external environment. This is clear indicator from the researcher's

point of view that strategic management has not been embraced on business performance.

5.2.4. Implementation and execution of a strategy.

The study further endeavored to find the impact of implementing and executing of a strategy. As regards, implementing and executing a chosen strategy efficiently and effectively. The majority of the respondents were of the opinion that the best way to go about it is to do by themselves. To involve employees in implementing a strategy was acceptable by any 17.5% professionals implementing and executing a business strategy were tied at 17.5%.

From the researchers overview implementing and executing a strategy is a business has not been well placed and that is why most businesses are closing down at Mwembe in Kisii. This one has if not done probably can easily impact negatively on business performance.

5.2.5. Monitoring and evaluation

The study also aimed at finding out the extent to which monitoring and implementation impacts on the success of business performance. From the respondents view, it was evident that very rare that business owners monitor and evaluate their businesses. Over 62.9% of the respondents do not monitor and evaluate their businesses. Businesses are at owners risk and it's hard to tell whether the business is performing or not.

This is the point where most businesses collapse because owners do not monitor and evaluate their businesses more often as required.

5.2.6. Controls

In business management, controls must be given an upper hand because in their absence, the direction of the business is compromised thus impacting negatively to the overall business performance.

5.3. Recommendations

In view of the research findings, the researcher wishes to make the following recommendations.

1. It was indicated that most businessmen about 70% do not embrace strategic management in their business. It is recommended that they should be trained in business so that they can be able to draw a business plan with clear vision and achievable goals and objectives with proper training the businessman will be able to implement, monitor, evaluate and control their businesses thus improving on business performance.
2. It was observed that most businessmen are in the retail business. This indicates that there is lack of capital and it is suggested that the government should assist businessmen by providing them with affordable loans so that they can boost their business. This will assist the businessmen engage in businesses like wholesale and distribution. This was evident from the respondents when it was confirmed that 57.5% of businesses are in retail business and 42.5% are in wholesale, distributor and others.
3. On factors of the environment, the government should ensure that the business operate in a conducive and free environment where market forces should dictate the existence of the businesses. This will improve in the quality and quantity of goods in the business. In this case both are manageable and acceptable through improving the performance on business.

4. The researcher found out that in most businesses, decision making is done by involving other businessmen and this was represented by 62.5% respondents. This shows that most business is not independent in decision making hence compromising the embracement of strategic management on business performance. It is recommended that decision making should be done by the management of the business because every business is unique in its set up.

5.4. Suggestions for further research

The following suggestions for further research, arising from the findings and conclusions of the study need to be looked into;

1. Further research need to be done to analyze the extent to where the role of strategic management on business performance has been implemented businesses in a view to identify successes or failures of the same.
2. Further research would also be done on the impact of the role of strategies management on business performance.

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APPENDICES

Appendix 1

**QUESTIONNAIRE FOR SOLE PROPRIETORSHIP BUSINESSES IN
MWEMBE MARKET, KISII TOWN**

Questionnaire No.....

Please answer all the questions honestly and exhaustively. All the information given will strictly be used for academic purpose/research only and will be treated with the utmost confidently.

PERSONAL DATA

Tick where appropriate (✓)

1. Sex
- a) Male
 - b) Female

2. Age in years
- a) 18-25
 - b) 26-35
 - c) 36-45
 - d) 46-55

3. Marital Status
- a) Single
 - b) Married
 - c) Others

specify.....

4. Level of education
- a) Primary
 - b) Secondary
 - c) Certificate/Diploma
 - d) Post Graduate
 - e) None of the above

5. Period in business
- a) 1-5 years
 - b) 6-10 years
 - c) 11-15 years
 - d) 16-20 years
 - e) Above twenty years

6. Type of business
- a) Retail
 - b) Whole sale
 - c) Distributor
 - d) Others specify.....

7. Current position.....
- Do you have some knowledge of what business is all about?
- a) Yes
 - b) No

8. Have you embraced business planning in your business?
- a) No
 - b) Yes

9. What in your understanding is the concern/purpose of business planning/management?
- a) Performance improvement
 - b) Business Development
 - c) Satisfying stakeholder/self needs
 - d) Improvement of communication

- 10 a) Does your business have a clearly defined business strategy/policy
- a) Yes
 - b) No
 - c) Do not know

10b) Which factors in your business environment affect the performance of your business?

- Competition
- Lack of market/Customers
- High purchase prices
- Low profits

10c) Poor business performance is due to lack of clearly set business goals?

- a) I agree strongly
- b) I agree
- c) I don't agree
- d) I don't know

11) Which is your business tactic aimed at achieving business success?

- a) Buying cheap quality goods
- b) Selling goods that are cheapest price in the market
- c) Selling High quality goods
- d) Supplying customers with unique products

12) Do you involve other business men in decision making on matters of business performance?

- a) Yes
- b) No

13. What is your role in the business operations?

- a) Provide labour
- b) Business Manager
- c) Directing the business
- d) Business Planner
- e) Others (Specify).....

14. How regular do you monitor the business to determine its performance

- a) Monthly
- b) Quarterly
- c) Half Yearly
- d) Yearly
- e) No at all

15a). Do you have a regular business audit to determine level of performance

- a) Yes
- b) No
- c) Do not know

b) As a proprietor, are you satisfied with the performance of your business?

- a) Yes
- b) No
- c) Do not know

16. If No, why are you not satisfied with the performance

- a) High Competition
- b) Lack of adequate customers
- c) High prices of goods
- d) Lack of adequate supply of goods/services
- e) Any other
specify.....

17. Has your business embraced strategic management as a tool in business performance?

- a) Yes
- b) No

18. Does your business operate with a clearly defined vision/mission with set objectives to achieve.

- a) Yes
- b) No
- c) Others

[Specify].....



19. Which strategies have you employed to enable you achieve the desired outcomes?
- a) Business marketing
 - b) Business Promotions
 - c) Advertisement
 - d) Customer Focus
 - e) Any other specify.....
20. How do you implement and execute the chosen strategy effectively and efficiently?
- a) By involving employees
 - b) By myself
 - c) Professionals
 - d) Use of media/publications
 - e) Others [specify].....
21. From monitoring and evaluation how often do you receive and analyse performance feedback?
- a) Quite Often
 - b) Often
 - c) Rarely
 - d) Very rarely
 - e) Never
22. What in your opinion are the major business limitations experienced by many business enterprises/
- a) Poor business altitude
 - b) Lack of business skill
 - c) Lack of adequate capital
 - d) Involvement in diverse activities
 - e) Lack of proper training/skills in business

23. How can the limitations identified above be handled to achieve business success?
- a) Train businessmen on business skills
 - b) Provide adequate financial support to business
 - c) Engage in diverse business activities to supplement
 - d) Inculcate appropriate business attitude in businessmen
 - e) Any other specify.....

APPENDICES II
INTERVIEW SCHEDULE

Day	Time	No of Respondents	Time	No of Respondents
1	9.00a.m-1.00p.m	5	2.00p.m-4.30p.m	5
2	9.00a.m-1.00p.m	5	2.00p.m-4.30p.m	5
3	9.00a.m-1.00p.m	5	2.00p.m-4.30p.m	5
4	9.00a.m-1.00p.m	6	2.00p.m-4.30p.m	6



APPENDIX III
QUESTIONNAIRE LETTER

Lawrence M. Otundo
21st September, 2009
Kenyatta University
Department of Business Administration
School of Business
P.O. Box 43844-00100

NAIROBI

Dear Respondent

This is to bring to your attention that I am a student from Kenyatta University, pursuing a MBA Executive Degree in Strategic Management on business performance. A case of sole proprietor businesses in Mwembe, Kisii.

The information that will be collected through this questionnaire will be used for academic purposes only and will be treated as confidential as much as possible.

I hereby request all those involved to assist with information by filing the attached questionnaire and returning it back within a period of one week from the date of this letter.

Thank you in advance for the anticipated co-operation.

Lawrence M. Otundo