



# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



## Effect of Strategic Management Practices on Growth of Small and Medium Enterprises in Kitui South Sub County

Beatrice Nzilani Makau, Jared Deya

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v9-i9/6279>

DOI: 10.6007/IJARBSS/v9-i9/6279

**Received:** 21 July 2019, **Revised:** 02 August 2019, **Accepted:** 23 August 2019

**Published Online:** 09 September 2019

**In-Text Citation:** (Makau & Deya, 2019)

**To Cite this Article:** Makau, B. N., & Deya, J. (2019). Effect of Strategic Management Practices on Growth of Small and Medium Enterprises in Kitui South Sub County. *International Journal of Academic Research in Business and Social Sciences*, 9(9), 165–181.

**Copyright:** © 2019 The Author(s)

Published by Human Resource Management Academic Research Society ([www.hrmars.com](http://www.hrmars.com))

This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: <http://creativecommons.org/licenses/by/4.0/legalcode>

Vol. 9, No. 9, 2019, Pg. 165 - 181

<http://hrmars.com/index.php/pages/detail/IJARBSS>

JOURNAL HOMEPAGE

Full Terms & Conditions of access and use can be found at  
<http://hrmars.com/index.php/pages/detail/publication-ethics>



# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



## Effect of Strategic Management Practices on Growth of Small and Medium Enterprises in Kitui South Sub County

Beatrice Nzilani Makau

Jomo Kenyatta University of Agriculture and Technology  
Email: niibeatrice@gmail.com

Dr. Jared Deya

Lecturer, Jomo Kenyatta University of Agriculture and Technology  
Email: jdeya@jkuat.ac.ke

### Abstract

Small and medium enterprises (SME) play a very important role in our day to day lives; they drive a countries economy, shape the world's economy and as a result make life easier, as a matter of fact flourishing organizations show how well a developing nation is doing. The purpose of this study was to uncover the effects of strategic management Practices on growth of Small and medium enterprises in Kitui south sub county. The study assessed the effect of corporate governance, strategic planning, corporate social responsibility and innovation and technology on growth of Small and medium enterprises in Kitui south sub county. The study is grounded on agency theory, resource-based theory, stakeholder theory and innovation diffusion theory. The study adopted a descriptive research design. The target population was owners and employees of Small and medium enterprises operating in Kitui south sub county. The sample frame for the study was drawn from Small and medium enterprises operating within Kitui south which are 418 registered SME's. From this a sample size of 83SME's was chosen using simple random sampling technique. To facilitate the process of data collection, questionnaires which contain structured and opened ended questions, were issued to the respondents and informal interviews was also conducted so as to ensure data accuracy. The data collected was then analyzed using descriptive and inferential statistics with Statistical Package for Social science (SPSS) and Microsoft Excel as tools of analysis. The data analysis involved tables, charts, frequency distribution charts, percentages, regression analysis and standard deviations and the data was presented inform of tables and figures. The study findings revealed that, all the four elements of strategic management practices considered in the study that is; Innovation and Technology (IT), Strategic Planning (SP), Corporate Governance (CG), Corporate Social Responsibilities (CSR), explain about 47.6% of the growth of small and medium enterprises in Kitui South Sub County, as represented by the Adjusted R

Square coefficient of multiple determinant = 0.476. The study further found that innovation and technology had the greatest influence on growth of SME's in Kitui county, it iterates that corporate governance has a positive influence on and that there is a strong relationship between corporate social responsibility and growth of SME's. Based on the results of the study, it is recommended that SME owners should consider having a well written down strategy for their SME to grow and their CSR activities to be enhanced in order to have a positive influence on the growth of the SME and business. This study recommends that further research be carried out targeting the small owner-managed companies as well as other organizations in Kenya to enable generalization of findings.

**Keywords:** Strategic Management Practices, Growth, Strategic Management Practices.

## **Introduction**

### **Background of Study**

Constituting over 90% of the world's economy SME'S assume a crucial job in molding world economies, associations are drawing in into complex business conditions with the goal of adaptability, development, expanding benefits and guaranteeing that they create and convey brilliant items that will fulfill and keep up their customers. All together for any association to accomplish ideal development and defeat misfortune and make progress, it concocts systems planned, new or understood that will direct them to counter the adjustments in nature so as to achieve upper hand over its rivals. Key Management is an idea that worries settling on choices and taking restorative activities to accomplish long haul targets and objectives of an association (Bakar, Tufail, Yusof, & Virgiyanti, 2011)it identifies with situating and relating a firm to its condition such that will guarantee proceeded success. Strategic the board practices can be characterized as an association's technique on how the executive's plays out a progression of assessment of the business condition or industry in which the association works in. Small and medium enterprises (SME's) have been perceived as a motor for the economy and a generator of work and growth. Administratively, the County has eight sub areas, to be specific Kitui Central, Kitui West, Kitui East, Kitui South, Kitui Rural, Mwingi North, Mwingi Central and Mwingi West. The capital is Kitui town, with the fundamental urban focuses been Kitui (109,568 individuals) and Mwingi (15,970 individuals).

### **Problem Statement**

Adoption of strategic management practices conceptually enables firms to understand their strategic position and identify how to make strategic choices for the future and manage strategy in action. Employing strategic management is critical to firm's growth(Johnson, Scholes, & Whittington, 2011)Strategic management requires efficient systems to counter unpredictable events, systems that can sustain company operations and minimize the risks involved (Wilson & Eilertsen, 2010)Strategic Management provides a framework for controlling managerial activities, allocating better resources, supporting objectives and decisions and enhancing growth.(Mosley, Maronick, & Katz, 2012)found that engaging in strategic management efforts allows organizations to deal with funding uncertainty; therefore Strategic management might assist SME not only to efficiently utilize limited resources, but also to support program and project effectiveness and efficiency. More often than not small and medium enterprises make decisions about managerial strategies by trying them out and if they work out, these strategies tend to stick if they don't they reevaluate and try new strategies, basically an "if it's not broken don't fix it" basis. These techniques tend to

focus on a more operational plan rather than strategic which doesn't tend to solve all the problems facing an organization and their techniques are not usually standard with those of other organizations and generally are not adequate enough in order to solve problems. SMEs find it difficult to use technologies for their businesses, and the biggest barrier to entry is the cost of buying into a new technology. But mobile phones are the poor man's computer available for SMES and the business managers need to find solutions focused on mobile phones to bring efficiency to business operations and increase connectivity. A handful of studies have been carried out in Kitui south sub county that covers the influence of strategic management practices on growth of SME's. This is what has motivated the need for the present study which seeks to fill the gap by establishing the effect of strategic management practices on growth of SME's in Kitui south sub county. Therefore this study will seek to establish the effect of services provided by SME's in Kitui South Sub County by examining how strategic planning, corporate governance, CSR and innovation and technology affects growth in terms of increase in profits, increase in sales turnover, increased asset ownership, employment opportunities among others.

### **Objectives**

The general objective of the study was to show the effects of strategic management practices on growth of SME's in Kitui south sub county

### **Specific Objectives**

- i. To determine the effect of corporate governance on growth of SME in Kitui County.
- ii. To determine the effect of strategic planning on growth of SME's in Kitui south sub county
- iii. To establish the effect of Corporate Social Responsibilities (CSR) practices on growth of SME's in Kitui south sub county.
- iv. To determine the effect of innovation and technology on growth of SME's in Kitui south sub county.

### **Literature Review**

#### **Theoretical Review**

There are several theories that have seen the evolution of strategic management. The theories below have helped anchor this research.

#### **Agency Theory**

It is the division among the board and proprietorship, where the executives settle on choices on the best way to run the organization for their proprietors, the chiefs secure the benefits or organization for the benefit of the shareholders. Agency hypothesis is worried about the clashing interests of principals and specialists. Jensen's and Meckling's (1976) model on office expenses and proprietorship structure holds a focal job in the corporate administration literature. Corporate administration is the framework by which an organization is coordinated and controlled. The goal is settling on better choices not just administrative issues but rather empower accomplishment for better basic leadership. Corporate governance of a SME is received as per their Corporate Governance Guidelines and Charters of the Board Committee. The Charters of the Board Committee give the system of the initiative structure. Agreeing to (Argenti, 2011), corporate administration is a key driver of development, corporate

development, long haul esteem creation, intensity and presents chances to oversee dangers. One issue with organization hypothesis is that it depends on a suspicion of self-intrigued specialists who look to amplify individual monetary riches (Bakar et al., 2011) the key is the progression of data between the investors and the board. The investors don't have the foggiest idea what occurs on an everyday premise of the association and thusly there is a learning hole or separation of partition which thus makes some question and this misconception can cause long haul vital and basic leadership issues between the investors and the board and this information hole should be settled, which is the premise of organization hypothesis. The chiefs attempt to educate the investors all the time by the utilization of budget summaries which organizations produce every year, the investors may not know whether the data is right because of this learning hole so they enlist an outer source to play out a review. (Koenig, 2018)

### **Resource Based Theory**

Assets are seen as the establishment of procedure, wellspring of bearing and the reason for corporate productivity. The asset based hypothesis abuses openings when they are at the organizations' transfer. As indicated by RBT the focused conduct of the firm isn't the aftereffect of an organizations situating yet of an organizations certain extraordinary highlights, it is essential to see how a firm increases upper hand. The rationale is the firm should search internally to find their very own assets and abilities and afterward find the business sectors where the recourses can be abused in this way it's an internal out methodology. Methodologies are actualized to guarantee effective usage of the association assets which will in the end result in an expansion in associations benefit also enhancing investors through the expanded market estimation of offers and profit for speculations (Mutemi et al., 2014) The assets, capacities and center skills in the organizations inside association are probably going to affect the presentation then the condition in the outside condition.

### **Stakeholder Theory**

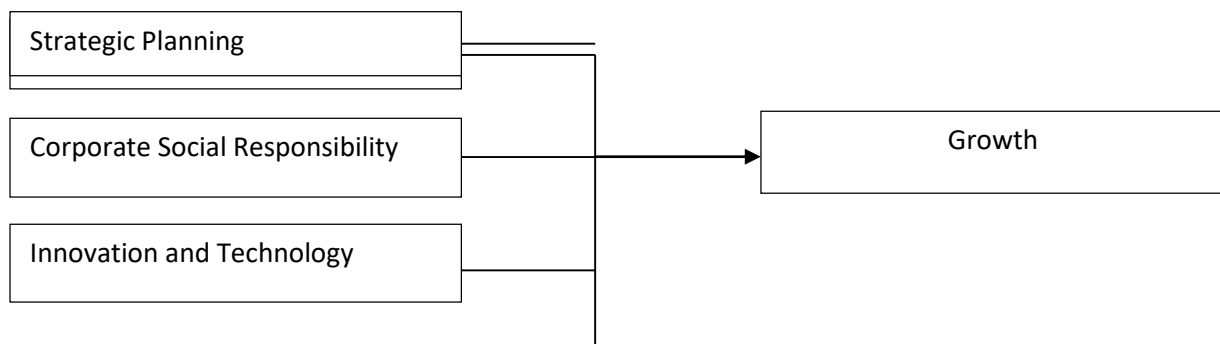
In 1984, R. Edward Freeman originally detailed the Stakeholder Theory of organizational management and business ethics that addresses morals and values in managing an organization. The traditional definition of a stakeholder is "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman 1984). The instrumental stakeholder theory deals with how managers should act if they want to flavor and work for their own interests, their own interest is conceived as the interests of the organization, which is usually to maximize profit or to maximize shareholder value. This means if managers treat stakeholders in line with the stakeholder concept the organization will be more successful in the long run. Based on the firm theory, some authors argue that companies have only one responsibility: maximizing their shareholders' or owners' benefits; they claim that social action does not concern business people (Freeman & Dmytriyev, 2017)The driving forces behind CSR were allegations made in the 1970's that business had little concern for the society during the Ford Pinto case where Ford produced a sub-compact car that ended up exploding due to a defective fuel system design. This led to more companies focusing in CSR and realizing that there is interdependence between society and business.



### Innovation Diffusion Theory

An innovation is a thought, practice or item that has discernible highlights seen to be new. Dissemination is a procedure by which the development is conveyed through specific channels after some time among the individuals from a social framework. It is reliant on the apparent attributes of a development. Everett Rogers (1983) proposed a hypothesis of dissemination, which featured five (5) development attributes that either increment or lessen the rate of acknowledgment of a mechanical advancement. As indicated by this hypothesis, the reception of development is clarified by five (5) advancement characteristics to be specific: relative focal points, similarity, unpredictability, preliminary capacity and watch capacity. As far as relative preferred position, it poses the inquiry, is the new innovation preferable or more terrible over what was there previously or as of now being utilized.

### Conceptual Framework



### Empirical Review

#### Corporate Governance

Strategic management practices add to development by producing significant data, making a superior comprehension of the earth and decreasing vulnerability. As per (Kemboi, 2012) in his examination of combination of corporate administration in Strategic management at the morals and hostile to defilement commission, board individuals are relied upon to be focused on their obligations, be straightforward and objective, responsible and straightforward in their dealings. By so doing, the board will serve the partners better by giving quality administrations, and putting more noteworthy accentuation on corporate qualities and moral lead. He further clarifies that A noteworthy issue in completing the Executive Board's conformance capacity is autonomy whether board individuals who are probably going to be additionally administrators can reasonably be relied upon to report straightforwardly on what is successfully occurring in association (their very own administration development), and be believed to do as such by those to whom they are responsible. (Jacob and Collins, 2016) studied the impact of Strategic management rehearses on execution of gardening firms in Kenya, these two researchers reasoned that senior administration ought to have talks with the lower the executives and managers before coming up or detailing plans that influence both long and short term objectives of SME's.

### **Strategic Planning**

It is characterized as a procedure of investigating the future and recognizing patterns and issues against which to adjust authoritative needs of the Department or Office. They are the means that you experience as an association to decide the course of your association (Its Vision), what you will do and for whom (Your main goal) and some approach to gauge it or to control you in a technique to arrive (Your objectives). Key arranging normally includes all divisions of a firm and is frequently a basic piece of the key administration process. Key arranging regularly prompts significant changes in the manner the venture is overseen and worked. Agreeing to (Poku, 2012) in the investigation of the impact of key anticipating the exhibition and activities of the rural advancement bank, the creator reasoned that initiative has a key job to play on key administration as far as key anticipating development, the examination further uncovered that if top administration of an association incorporate its employees in methodology arrangement process the it builds an associations opportunities to improve its budgetary position.

### **Corporate Social Responsibility (CSR)**

CSR is about how companies manage the business processes to produce an overall positive impact on society (Bakar et al., 2011). According to the European Commission, CSR is the responsibility of enterprises for their impact on society. According to (Vanhamme & Grobbsen, 2009) in their study on "Too good to be true": The effectiveness of CSR history in countering negative publicity, they iterated that a damaged reputation can significantly impact a company's profits and sales, they further iterate that consumers have become more negative toward the CSR activities companies have launched, especially in an industry such as beer and spirits (Illia, Zyglidopoulos, Romenti, Rodríguez-Cánovas, & Brena, 2013) (Szykman, Bloom, & Blazing, 2004) found that consumers who viewed an anti-drinking and driving message saw it as more self-serving when a beer company sponsored it. (Zafar, Nawaz, Farooqui, Abdullah, & Yousaf, 2014) in their paper on Corporate Social Responsibility in Small and medium enterprises to Achieve Organizational Benefits pointed out that most of the SME's are not much familiar with the concept of CSR particularly in Pakistan. In developing countries SME's are not properly engaged in CSR practices you find some Entrepreneurs are not well educated and trained and don't engage with the community therefore not making a meaningful impact. Enterprises should engage in CSR because it encourages employees to perform better business practices and as a result an enterprise has better staff retention because their welfare is put into account which leads to increased revenue, which is the ultimate growth goal of any SME.

### **Innovation and Technology**

Innovation means different things to different people, for this research Peter Drucker's meaning is used as a change that creates a new dimension of growth. Generally, the mobile-phone innovation in Kenya has resulted in efficient communication, payments and marketing systems for an increasing number of people (Rieger, Gewald, & Schumacher, 2013) The majority of Kenyans according to the central bank of Kenya has less than 1 million in their accounts and most of these poor and unbanked choose to use mobile money mostly MPESA to transfer services to bank and make payments because the service offer cheaper more reliable and readily available, more secure alternatives to the existing banking money transfer

channels and everyday transactions. This further emphasizes (Urbancova, 2013) highlight that the use of technology brings about customer satisfaction by improving service quality thereby offering new opportunities for companies. Moreover, (Apulu & Latham, 2011) in Drivers for Information and Communication Technology Adoption: A Case Study of Nigerian Small and Medium Sized Enterprises claim that innovation and technology enables customers to give immediate feedbacks that allow companies to react fast to customers' demands and recognize new market niches. This entails that organizations that are able to exploit the potentials offered by innovation and technology can handle various types of innovative processes in their businesses since ICT influences the growth of an organization in multifaceted ways.

### **Methodology**

The design of research is like an onion with multiple layers that are peeled in sequence to illustrate the issues underlying the choice of data collection method/s, and the timeline of the research (Saunders, Lewis, & Thornhill, 2016). The study followed the following steps approaches and processes that are used in collecting or gathering of data, approaches used in analyzing data and giving meaning to the data collected and finally presenting the data. The study employed a quantitative procedure of descriptive design as its research design to establish the relationship between strategic management practices to growth of Small and medium enterprises in Kitui south sub county. The target population consisted of all women owned and small and medium enterprises that have benefitted from microfinance services which totaled to 418 from the women enterprise Fund (WEF) in the sub-county. The study only considered women who owned SME'S that have a physical presence (shop, workshop, and house from where the business operates). This study sample size of 83 SME's in Kitui South. All 83 of the respondents that comprise the SME owners and from the registered SME's are from 5 major towns of Kitui south. With 95% confidence level the sample size used was 83. The instrument used for data collection from the staff was a questionnaire. Questionnaires were designed in a structured manner in which they captured all the variables under study. There were both open and closed ended questions which allowed various responses by the respondents. The questionnaire contained both quantitative data and qualitative data for wider explanations of the variables and good understanding of the relationship between the variables. The questionnaire targeted the SME owners and employees.

### **Findings**

Descriptive statistics is the analysis of data that helps describe, show or summarize data in a meaningful way. According to Kothari (2008) descriptive statistics is useful to summarize our group of data using a combination of tabulated description.



### Descriptive Statistics Corporate Governance

Descriptive Statistics	N	Mini mum	Maxi mum	Mean	Std. Deviation
The organization considers diversity as key requirement when constituting the board of management in your organization	77	2.00	5.00	4.5195	.69982
Our organization has a functional board of directors	77	3.00	5.00	4.2857	.68551
Our board has at least one third of female directors	77	3.00	5.00	4.2727	.73693
The composition of our board of management includes people of all ages	77	2.00	5.00	3.9870	1.00647
The minimum level of education of board members of our organization is a bachelor's degree	77	1.00	5.00	3.6234	1.14753
Does the company have a charter or articles of incorporation according to local legislation?	77	1.00	5.00	4.2208	1.00817
Management regularly reports to the board on key outcomes and targets that flow directly from the strategy.	77	1.00	5.00	3.4675	1.26267
Should the organization have a dedicated senior-level executive in charge of Ethical and compliance issues to whom sufficient and appropriate resources are allocated and who has the ability to report directly to the governance body?	77	1.00	5.00	3.4805	1.37277
Does the board meet frequently?	77	1.00	6.00	3.1558	1.19280
Does the board receive relevant, supported with relevant data up to date information before making decisions?	77	1.00	6.00	3.8052	1.76247
I am encouraged to think independently in the course of carrying out my duties	77	2.00	5.00	3.8831	.79429
Management regularly reports to the board on key outcomes and targets that flow directly from the strategy?	77	2.00	5.00	4.3896	.67191
<b>Valid N (list wise)</b>	<b>77</b>	<b>Grand</b>	<b>Mean</b>	<b>3.6001</b>	

From descriptive statistics in table 4.5, the respondents were asked to rate the extent to which they think corporate governance influence the growth of small and medium enterprises in Kitui South Sub County using a Likert scale of 1-5 where A grand mean of < 3 implies general agreement, while a mean of >2.9 imply a general disagreement. Accordingly, given the grand

mean of 3.6001, it is inferred that the respondents have generally admitted to the influence of the parameters of corporate governance on the growth of small and medium enterprises in Kitui South Sub County. The above findings were backed by (Maranga 2014) whose study established the effect of corporate governance on financial performance of Small and medium enterprises in Nairobi County. The study found out that the widespread neglect of corporate governance practices; with regard to SME's in Kenya bears some considerable risks such as increased financial difficulties, decrease public confidence with the SME, reduce profitability among others.

### Descriptive Statistics; Strategic Planning

Descriptive Statistics					
	N	Mini mum	Maxi mum	Mean	Std. Deviation
The company has deliberately set its strategic direction in form of vision statement, mission statement and core values	77	3.00	5.00	4.5584	.61758
The company analyzes / gathers information about its external environment to understand their implications	77	3.00	5.00	4.4935	.62034
SME owner or an assigned officer takes formal responsibility for the firm's strategic management planning	77	2.00	5.00	4.3247	.69664
Strategic Planning is a top priority activity at your SME	77	3.00	5.00	4.6623	.57607
Your firm's strategic behavior and choices are in line with environmental developments and this is incorporated with its strategy	77	1.00	5.00	4.2338	.93042
Members of staff are briefed and taken through the strategic management plan before implementation	77	1.00	5.00	3.7273	1.07160
Your SME identifies competitors and determine the reasons for success of competitors and consider this in strategy formulation	77	3.00	5.00	4.4416	.67849
Valid N (list wise)	77	<b>Grand</b>	<b>Mean</b>	<b>4.3488</b>	

The summary of responses as can be seen from a grand mean of 4.3488. Using a Likert scale of 1-5 where A grand mean of < 3 implies general agreement, while a mean of >2.9 imply a general disagreement. It can be deduced that majority of the respondents were in agreement that strategic planning share a relationship with the growth of small and medium enterprises in Kitui South Sub County. This position is in harmony with that of (Taiwo & Idunmu, 2010) study which examined the impact of strategic planning on organizational growth and survival.

The findings complimented the findings above by indicated that planning enhances better organizational growth, which in the long term impacts its survival and the adoption of superior strategic management practices provides small enterprises with improved tools that enable survival, growth and maintenance of a sustainable competitive advantage.

### Descriptive Statistics; Corporate Social Responsibility

Descriptive Statistics	N	Mini mum	Maxi mum	Mean	Std. Deviation
I understand the terminology Corporate Social Responsibility?	77	2.00	5.00	4.5065	.64120
Has your organization invested in education as part of its community investment initiatives	77	3.00	5.00	4.4935	.66141
The Manager speaks with Staff members individually to hear the other side of the story to an issue	77	1.00	5.00	4.2857	.85620
Has your organization invested in community development as part of its community investment initiatives	77	1.00	5.00	4.1169	.85800
Corporate social responsibility has made a significant contribution to growth in the company market share	77	2.00	5.00	4.2468	.79730
Corporate social responsibility has enhanced the company's reputation	77	1.00	5.00	4.1429	.96946
Corporate social responsibility is associated with attraction and retention of qualified employees	77	1.00	5.00	3.4935	1.22069
Do you think the employees are involved in the planning of CSR?	77	1.00	5.00	3.3506	1.15583
Increase in Profit	77	2.00	5.00	4.3247	.83416
Increase Awareness	77	2.00	5.00	4.1818	.89923
Community Pressure	77	1.00	5.00	4.0260	.97298
Vision of the company	77	2.00	5.00	3.8182	.82282
Image Building	77	1.00	5.00	4.3636	.72383
Valid N (list wise)	77	<b>Grand</b>	<b>Mean</b>	<b>4.1039</b>	

The summarized responses in the table 4.7 above indicate that majority respondents were in agreement that indeed Corporate Social Responsibility has influence on the growth of small and medium enterprises in Kitui South Sub County as shown by the grand mean of 4.1039. Using a Likert scale of 1-5 where A grand mean of < 3 implies general agreement, while a mean of >2.9 imply a general disagreement. It can be deduced that according to the respondents Corporate Social Responsibility has influence on the growth of small and medium enterprises in Kitui South Sub County. The above study findings are in support to those of

(Juárez, 2017) who established that there is indeed a strong relationship between social CSR activities and profitability in SME's. These results are also in line with integrative theories, such as the stakeholder theory addressed by (Illia *et al.*, 2013) and (Zafar *et al.*, 2014) which have argued that social CSR practices are vital for company growth and development, as well as for achieving more significant results in terms of profitability.

### Descriptive Statistics; Innovation & Technology

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
New goods have been introduced in the business in the last 6 months	77	1.00	5.00	3.7403	1.19651
Product innovation is part of the organization's vision and mission	77	3.00	5.00	4.3247	.65778
Is your organization in a collaboration or networking with another organization?	77	2.00	5.00	4.4416	.69762
Introduction of new systems leads to better cash flows	77	3.00	5.00	4.3377	.50290
There has been increase of sales after the organization introduce new systems of workflow management	77	1.00	5.00	4.2857	.85620
Has there been an invention developed at your place of work?	77	1.00	5.00	4.1169	.85800
Are there within your company explicit rewards for employees who (at least) have some share in the realization of patents?	77	2.00	5.00	4.2468	.79730
Does your organization use staff members past experience knowledge?	77	1.00	5.00	4.1429	.96946
There is sufficient access to information on what the competition is doing	77	1.00	5.00	3.4935	1.22069
Does your organization use its competitor's information?	77	1.00	5.00	3.3506	1.15583
The owner of the business allows communication within the business for new ideas	77	1.00	5.00	3.7143	1.04953
Do members of the public provide information about the products and services offered?	77	2.00	5.00	4.2857	.82489
Is customer feedback put into consideration?	77	2.00	5.00	4.2078	.87866
Valid N (list wise)	77	<b>Grand</b>	<b>Mean</b>	<b>4.0530</b>	

From the descriptive analysis in Table 4.08 above, majority of the respondents generally agreed that certainly, Innovation & Technology has influence on the growth of small and medium enterprises in Kitui South Sub County. Using a Likert scale of 1-5 where a grand mean

of < 3 implies general agreement, while a mean of > 2.9 imply a general disagreement. It can be worked out that the institution alignment influences employee performance as shown by the grand mean of 4.0530. The above findings are in collaboration with those of (Denning, 2011) study in which they proposed that, organizations which pursue continuous innovation and delighting customers as their goal are more successful and have profitability as a result.

### Growth

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Has there been an increase in the number of employees in the past 3 years? Kindly state by how many	77	1.00	5.00	3.8831	1.07574
Has there been an increase in assets in the past 3 years? Kindly state by how many	77	2.00	5.00	3.7273	.91243
Has there been an increase in the growth of sales in the past 3 years? Kindly state by how much	77	2.00	5.00	4.3247	.83416
Valid N (list wise)	77	<b>Grand</b>	<b>Mean</b>	<b>3.9784</b>	

### Inferential Statistics

Regression analysis was then computed considering all the assumptions of normality, linearity and collinearity diagnostics were fulfilled.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	.692	.431		1.605	.013
	Innovation & Technology	.299	.093	.298	3.214	.002
	Corporate Social Responsibilities	.138	.105	.143	1.316	.192
	Strategic Planning	.283	.080	.372	3.532	.001
	Corporate Governance	.156	.070	.200	2.241	.028

#### a. Dependent Variable: **Growth of SMEs in Kitui South Sub County**

The results show that innovation and technology and strategic planning have a statistically significant effect on the growth of SME's as shown by the t statistic value  $t(110) = 3.214$  and  $t(110) = 3.532$  respectively,  $p = 0.000$  at 95% level of confidence.

An extra development of market innovation would increase the performance of the SMEs by 0.523 units. This shows that increasing the market innovation and technology and proper strategic planning led to increase in the growth of the SMEs. Thus innovation and technology and strategic planning increase the growth of the SMEs



**ANOVAs Analysis**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.948	4	1.737	18.283	.000 <sup>b</sup>
	Residual	6.841	72	.095		
	Total	13.789	76			

a. Dependent Variable: Growth

b. Predictors: (Constant), Innovation and Technology (IT), Strategic Planning (SP), Corporate Governance (CG), Corporate Social Responsibilities (CSR),

In an attempt to test the significant of the model, the study used ANOVA. From the table above, the P-value is 0001<sup>b</sup> which is less than 0.05 thus the model is statistically significance in predicting the Independent variables influence on the growth of small and medium enterprises in Kitui South Sub County. The F critical at 5% level of significance is 2.45. Since F calculated (Value =18.283) is greater than the F critical, this shows that the proposed model fit well.

**Conclusion**

First the investigation results demonstrate a positive critical connection among advancement in innovation and development of SME's in Kitui County Kenya meaning that a selection of viable, secure and dependable development and innovation framework can offer an increase to development of SME's in Kitui County Kenya. Besides, think about outcomes indicated that strategic arranging decidedly and fundamentally impacted development of SMEs in Kitui South Sub County Kenya. From these discoveries it tends to be reasoned that, vital arranging is a significant part of vital administration polished by the SME's. Thirdly, corporate governance also had a positive noteworthy and critical impact on growth of SMEs in Kitui South Sub County Kenya. This shows that a positive reception of fitting corporate administrative practices would positively affect the development of SMEs in Kitui South Sub County Kenya. In conclusion, the examination results demonstrated a positive connection between corporate Social Responsibilities and development of SMEs in Kitui South Sub County Kenya. It was additionally noticed that the impact of corporate Social Responsibilities on development of SMEs in Kitui South Sub County Kenya had no huge effect on development of SMEs in Kitui South Sub County Kenya.

Similar studies can be replicated in other counties in Kenya, so as to compare results with the current study in Kitui County, also other studies can be can done by other sectors of SME's other than manufacturing and service sector discussed in the current study, so as to assess similarities and areas of improvements. Lastly, other studies can also be done to specifically evaluate strategic management determinants of growth of SMEs in Kenya.

**Recommendations**

First, the proprietors' and the management of the SMEs in Kitui South Sub County and Kenya in general, should embrace innovative endeavors' that are unique and customer focused. They should also professionally procure and install secure, reliable and cost effective electronic/digital systems in their businesses since this may improve efficiency in business operations and may improve the growth of the sector. Secondly, the proprietors' and the management of the SMEs in Kitui South Sub County and Kenya in general, should engage in strategic planning and strategically map out their business activities as this activity may aid in

improving the growth of individual businesses and the sector in general. Thirdly, the SME owners should consider appropriate corporate governance activities for their business as this may help improve the growth of individual SME businesses and the sector in general.

## References

- Apulu, I., & Latham, A. (2011). Drivers for Information and Communication Technology Adoption: A Case Study of Nigerian Small and Medium Sized Enterprises. *International Journal of Business and Management*.  
<https://doi.org/10.5539/ijbm.v6n5p51>
- Bakar, A. H. A., Tufail, M. A., Yusof, M. N., & Virgiyanti, W. (2011). Implementation of Strategic Management Practices. *Social Science*, 5(1), 140–154.
- Denning, S. (2011). The reinvention of management. *Strategy and Leadership*.  
<https://doi.org/10.1108/10878571111114428>
- Freeman, R. E., & Dmytriyev, S. (2017). Corporate Social Responsibility and Stakeholder Theory: Learning From Each Other. *Symphonya. Emerging Issues in Management*, 1, 7–15. <https://doi.org/10.4468/2017.1.02FREEMAN.DMYTRIYEV>
- Illia, L., Zyglidopoulos, S. C., Romenti, S., Rodríguez-Cánovas, B., & González del Valle Brena, A. (2013). Communicating Corporate Social Responsibility to a Cynical Public. *MIT Sloan Management Review*.
- Johnson, G., Scholes, K., & Whittington, R. (2011). Exploring Strategy, 9th edition. In *Chapter 9*.
- Mosley, J. E., Maronick, M. P., & Katz, H. (2012). How organizational characteristics affect the adaptive tactics used by human service nonprofit managers confronting financial uncertainty. *Nonprofit Management and Leadership*.  
<https://doi.org/10.1002/nml.20055>
- Rieger, P., Gewalt, H., & Schumacher, B. (2013). Cloud-computing in banking influential factors, benefits and risks from a decision maker's perspective. *19th Americas Conference on Information Systems, AMCIS 2013 - Hyperconnected World: Anything, Anywhere, Anytime*.
- Saunders, M., Lewis, P., & Thornhill, A. (2016). *Research Methods For Business Students* (7th ed.). Essex: Pearson Education Limited.
- Szykman, L. R., Bloom, P. N., & Blazing, J. (2004). Does Corporate Sponsorship of a Socially-Oriented Message Make a Difference? An Investigation of the Effects of Sponsorship Identity on Responses to an Anti-Drinking and Driving Message. *Journal of Consumer Psychology*.  
[https://doi.org/10.1207/s15327663jcp1401&2\\_3](https://doi.org/10.1207/s15327663jcp1401&2_3)
- Taiwo, A. S., & Idunmu, F. O. (2010). Impact of Strategic Planning on Organizational Performance and Survival \* Akinyele Samuel Taiwo and Fasogbon Olufunke Idunnu. *Research Journal of Business Management*.  
<https://doi.org/10.3923/rjbm.2007.62.71>
- Urbancova, H. (2013). Competitive Advantage Achievement through Innovation and Knowledge. *Journal of Competitiveness*. <https://doi.org/10.7441/joc.2013.01.06>
- Juárez, V. L. E. (2017). Corporate Social Responsibility: Its Effect on SMEs. *Journal of Management and Sustainability*, 7(3), 75. <https://doi.org/10.5539/jms.v7n3p75>
- Vanhamme, J., & Grobbsen, B. (2009). "too good to be true!". the Effectiveness of CSR history in countering negative publicity. *Journal of Business Ethics*.

- <https://doi.org/10.1007/s10551-008-9731-2>  
Wilson, J. W., & Eilertsen, S. (2010). How did strategic planning help during the economic crisis? *Strategy and Leadership*.  
<https://doi.org/10.1108/10878571011029000>
- Zafar, F., Nawaz, A., Farooqui, A., Abdullah, M., & Yousaf, I. (2014). Employees' Retention through Corporate Social Responsibility in Large Scale Organizations. *International Journal of Business and Behavioral Sciences*.
- Apulu, I., & Latham, A. (2011). Drivers for Information and Communication Technology Adoption: A Case Study of Nigerian Small and Medium Sized Enterprises. *International Journal of Business and Management*.  
<https://doi.org/10.5539/ijbm.v6n5p51>
- Bakar, A. H. A., Tufail, M. A., Yusof, M. N., & Virgiyanti, W. (2011). Implementation of Strategic Management Practices. *Social Science*, 5(1), 140–154.
- Denning, S. (2011). The reinvention of management. *Strategy and Leadership*.  
<https://doi.org/10.1108/10878571111114428>
- Freeman, R. E., & Dmytriyev, S. (2017). Corporate Social Responsibility and Stakeholder Theory: Learning From Each Other. *Symphonya. Emerging Issues in Management*, 1, 7–15. <https://doi.org/10.4468/2017.1.02FREEMAN.DMYTRIYEV>
- Illia, L., Zyglidopoulos, S. C., Romenti, S., Rodríguez-Cánovas, B., & Brena, G. D. V. A. (2013). Communicating Corporate Social Responsibility to a Cynical Public. *MIT Sloan Management Review*.
- Johnson, G., Scholes, K., & Whittington, R. (2011). Exploring Strategy, 9th edition. In *Chapter 9*.
- Mosley, J. E., Maronick, M. P., & Katz, H. (2012). How organizational characteristics affect the adaptive tactics used by human service nonprofit managers confronting financial uncertainty. *Nonprofit Management and Leadership*.  
<https://doi.org/10.1002/nml.20055>
- Rieger, P., Gewald, H., & Schumacher, B. (2013). Cloud-computing in banking influential factors, benefits and risks from a decision maker's perspective. *19th Americas Conference on Information Systems, AMCIS 2013 - Hyperconnected World: Anything, Anywhere, Anytime*.
- Saunders, M., Lewis, P., & Thornhill, A. (2016). *Research Methods For Business Students* (7th ed.). Essex: Pearson Education Limited.
- Szykman, L. R., Bloom, P. N., & Blazing, J. (2004). Does Corporate Sponsorship of a Socially-Oriented Message Make a Difference? An Investigation of the Effects of Sponsorship Identity on Responses to an Anti-Drinking and Driving Message. *Journal of Consumer Psychology*.  
[https://doi.org/10.1207/s15327663jcp1401&2\\_3](https://doi.org/10.1207/s15327663jcp1401&2_3)
- Taiwo, A. S., & Idunmu, F. O. (2010). Impact of Strategic Planning on Organizational Performance and Survival \* Akinyele Samuel Taiwo and Fasogbon Olufunke Idunnu. *Research Journal of Business Management*.  
<https://doi.org/10.3923/rjbm.2007.62.71>
- Urbancova, H. (2013). Competitive Advantage Achievement through Innovation and Knowledge. *Journal of Competitiveness*. <https://doi.org/10.7441/joc.2013.01.06>
- Juárez, V. L. E. (2017). Corporate Social Responsibility: Its Effect on SMEs. *Journal of Management and Sustainability*, 7(3), 75. <https://doi.org/10.5539/jms.v7n3p75>

- Vanhamme, J., & Grobbsen, B. (2009). "too good to be true!". the Effectiveness of CSR history in countering negative publicity. *Journal of Business Ethics*.  
<https://doi.org/10.1007/s10551-008-9731-2>
- Wilson, J. W., & Eilertsen, S. (2010). How did strategic planning help during the economic crisis? *Strategy and Leadership*.  
<https://doi.org/10.1108/10878571011029000>
- Zafar, F., Nawaz, A., Farooqui, A., Abdullah, M., & Yousaf, I. (2014). Employees' Retention through Corporate Social Responsibility in Large Scale Organizations. *International Journal of Business and Behavioral Sciences*.