Influence of Strategic Management Practices On Performance of Small Scale Enterprises in the County Government of Trans Nzoia County

Shimechero Imbuhira Sopha*, & Dr. Josphat Kwasira
Jomo Kenyatta University of Agriculture and Technology P.O Box 62000-00200, Nakuru

Abstract: *Small Scale Enterprises are often faced by diverse challenges that prevent their growth and optimum performance. These challenges are in diverse areas including access to information, access to credit facilities and finances, poor skills matrix, lack of skills required to cope with market demands and market linkages, and lack of access to business development services that are critical for their competitiveness as well as productivity. Other challenges include insufficient knowledge in strategic management, effects of dumping and low quality products, poor access to financial services, weak business linkages and lack of promotional services. These challenges when not addressed leads to a high level of collapse of the Small Scale Enterprises. Strategic management practices assist the Small Scale Enterprises address the challenges that limit their ability to perform optimally and grow. This occurs through understanding of their operating environment, develop strategies to undermine the threats in the environment and embrace the opportunities available in their environment hence leading to performance and growth. The strategic management practices therefore will assist the Small Scale Enterprises in the acquisition of external financial support, making a choice of the best way to respond to market dynamics, identifying key results areas, consideration of the various available alternatives and as a tool of communicating and controlling business factors of production. This study aimed at examining the influence of strategic management on performance of Small Scale Enterprises with a reference to Trans-Nzoia County. The variables of the study include competitive practices, strategic planning, strategic innovation and Total Quality Management (TQM). The study is based on the Resource Based View and the Dynamic Capabilities Theory. The descriptive research design was used. A sample size of 98 respondents was used. Questionnaire will be used as the means for data collection. The study found that there was statistical significance between strategic planning and performance of small scale enterprises in Kitale. The study also found a statistical significance between strategic TQM and performance of small scale enterprises in Kitale. The study found a statistical significant relationship between strategic innovation and performance of small scale enterprises in Kitale. Similarly, the study found a statistical significant relationship between between competitive practices and performance of small scale enterprises in Kitale. In order to investigate the cumulative effect of the four independent variables (Strategic Planning, Strategic Innovation, Strategic TQM, and Competitive Practices) on the performance of the small scale enterprises, the multiple linear regression analysis was undertaken. The multiple correlation coefficient (R) is positive indicating the cumulative effect Strategic Planning, Strategic Innovation, Strategic TQM, and Competitive Practices on the performance of the small scale enterprises is positive. The multiple correlation coefficient of 0.975 indicates a very strong positive correlation between Strategic Planning, Strategic Innovation, Strategic TQM, and Competitive Practices metrics and the performance of the small scale enterprises. The coefficient of determination (R Square) indicates the variance of the performance of the small scale enterprises that is determined or explained by the four independent variables. In this context, the coefficient of determination of 0.951 indicates that the four variables account for 95.1% of the variance in the small scale enterprises performance. Further studies should therefore be conducted to identify on why these metrics were not significant predictors of performance of small scale enterprises in Kitale.*

Keywords: *Strategic Planning, Strategic Total Quality Management, Strategic Innovation, Small Enterprises, Competitive Practices*

I. Introduction

There are diverse conceptualizations of performance within the context of Small Scale Enterprises. Wakaba (2015) argues that performance can be examined within the context of focusing attention on what makes, identifies and communicates the drivers of success, support organizational learning and provides a basis for assessment and rewards. Performance can also be examined within the context of a function of an organization's ability to meet its goals and objectives through exploiting the available resources in an efficient and effective way (Osoro, 2012).

On the other hand, Kirigo (2008) conceptualizes performance as the firm's ability to serve and produce what the market requires at a particular time and efficiency, which means achieving the objectives at the lowest cost possible with highest possible benefits. Given the diverse definitions, Abera (2012) notes that the performance has been conceptualized, operationalized and measured in different ways. There are diverse indicators of a firm performance including profitability, growth in employment, production level, and sales amongst other aspects. On the other hand, Nyaga (2013) indicates the businesses could measure their performance using the financial and non- financial measures. The financial measures include profit before tax and turnover while the non-financial measures focus on issues pertaining to customers' satisfaction and customers' referral rates, delivery time, waiting time and employees' turnover (Osoro, 2012). On the other hand, Amurle (2013) conceptualizes performance as achievement in the areas of four perspectives that comprise of learning and growth, internal business processes, competitive advantage and financial profitability. In this context, Ngugi (2013) noted that growth of the Small-Scale Enterprises is often viewed in terms of accumulation of assets, financial growth, employee growth, sales growth, return on assets and return on equity.

Strategic management is of critical importance to the performance and growth of the commercial enterprises such as Small Scale Enterprises (Otieno, 2010). The strategic management sets the direction of the firm enabling the organization to meet its financial and non-financial objectives, it enables the company to become competitive through response to market demands, and acts to respond to changing customer's demands and technology (Tsuma, 2013). According to Alese & Alimi (2014) strategic management practices also enables the Small Scale Enterprises to bring innovation to company which is needed for competition. Small scale enterprises sector is also characterized by unpredictable and rapid change, which increases uncertainty for individuals and firms operating within them. This requires strategic management practices in order to continuously deal with the changing environment. The strategic management practices also leads to prudent usage of resources in organizations. The strategic management assists in planning on adequate acquisition and usage of resources in a cost efficient manner and with the optimum level of output. Finally, Kasekende (2013) notes that Small Scale Enterprises benefit through the development, articulation and sustenance of the organization and its mission hence giving its a sense of purpose, direction and focus and enables an organization to adapt under conditions of externally imposed stress or crisis.

The Small-Scale Enterprises are often faced with diverse challenges that prevent their growth and optimum performance. These challenges are in diverse areas including access to information, access to credit facilities and finances, poor skills matrix, lack of skills required to cope with market demands and market linkages, and lack of access to business development services that are critical for their competitiveness as well as productivity. Other challenges include insufficient knowledge in strategic management, effects of dumping and low quality products, poor access to financial services, weak business linkages and lack of promotional services. These challenges when not addressed, leads to a high level of collapse of the Small-Scale Enterprises. Over 60% of the Small Scale Enterprises within Kenya are estimated to fail each year. People in Small Enterprises often have low education levels, poor management styles of their enterprises, lack of awareness on the strategic management practices, and challenges in acquisition of external financial support. There are diverse scholars who have examined the concept of strategic management in relations to diverse organizations or industries. The available literature doesn't examine strategic management practices within the context of Small Scale Enterprises in a largely agrocultural based economy as that of Trans Nzoia.

II. Literature Review
Theoretical Review

The theoretical review was based on the dynamic capabilities theory. The dynamic capabilities have been defined as the ability to integrate, build, and reconfigure internal and external competencies to address rapidly-changing environments (Stanley, 2015). The dynamic capabilities have also been defined as the capacity to renew competencies so as to achieve congruence with the changing environment by —adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competencies (Tesot, 2012).

The qualifying characteristic of the dynamic capability is that the capability not only needs to change the resource base, but it also needs to be embedded in the firm, and ultimately be repeatable. The need for the dynamic capabilities is informed by the permanent risk of erosion of superior firm-specific resources and competences in the contemporary business environment of hyper competition. The dynamic capabilities are built over time as they are organizational processes in which may have become embedded in the firm over time, and are employed to reconfigure the firm's resource base by deleting decaying resources or recombining old resources in new ways (Reneta, 2012).

This implies that dynamic capabilities are viewed to be essentially path dependent shaped by the decisions the firm has made throughout its history, and the stock of assets that it holds. Dynamic capabilities are argued to comprise of four main processes: reconfiguration, leveraging, learning and integration.

Reconfiguration refers to the transformation and recombination of assets and resources, such as the consolidation of manufacturing resources often occurring as a result of an acquisition. Leveraging refers to the replication of a process or system that is operating in one area of a firm into another area, or extending a resource by deploying it into a new domain, for instance applying an existing brand to a new set of products (Nyariki, 2013). As a dynamic capability, learning allows tasks to be performed more effectively and efficiently, often as an outcome of experimentation, and permits reflection on failure and success.

Finally, integration refers to the ability of the firm to integrate and coordinate its assets and resources, resulting in the emergence of a new resource base. The dynamic capabilities reflect on the firm's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions. The dynamic capabilities enable the firm to continuously renew its operational capabilities and hence sustaining its performance in the long term (Tesot, 2012).

The dynamic capability theory has been criticized for the lack of the rigorous attempts to operationalize the various dimensions of dynamic capabilities in a content-valid manner, avoiding the risk of tautological definitions and operationalize the construct in a way that allows to explicitly differentiate between dynamic capabilities' existence and their effectsThe dynamic capabilities theory is important to this study because the Small Scale Enterprises must be in a position to identify the opportunities and threats in their environment, seize these opportunities and maintain competitiveness in light of the changing business environment.

Strategic Planning and Performance of Small Scale Enterprises
Strategic planning is the development of the long range policies and plans for effective management of environment opportunities and threats, in light of corporate strengths and weaknesses (Naser, 2015). Strategic planning has been conceptualized as the designing and developing the company strategies (Mbwaya, 2014). Strategic planning has also been conceptualized as the determination of how the organization's mission, vision, goals and objectives, will be met (Kuria, 2014). Similarly, Ndung'u (2014) argues that strategic planning is the process of diagnosing an organization's external and internal environments, deciding on a vision and mission, developing overall goals, creating and selecting general strategies to be pursued, and allocating resources to achieve the organization's goals. On the other hand, Ngatia (2013) indicates that strategic planning involves the development of a vision and mission, identification of an organization's external opportunities and threats, determination of the internal strengths and weaknesses, establishment of long-term objectives, generation of alternative strategies, and choosing of the particular strategies to be pursued.

In this context, Mbogo (2013) argues that strategic planning decisions commit an organization to specific products, markets, resources, and technologies over an extended period of time and the identified strategies are aimed at determining long-term competitive advantages. Other activities undertaken under strategic planning include decisions on product or service acquisition or manufacture, deployment of physical resources, and relationships with key stakeholders (Alese & Alimi, 2014). The strategic planning is divided into three organizational groups that is operational, competitive, and corporate levels (Thagana, 2013). The operational strategic planning is often short term in nature and touch on diverse operational departments such as finance, and production amongst others (Sola, 2012). The operational strategy is concerned with the day to day operational aspects. On the other hand, the competitive strategic planning involves conceptualization of strategies to compete in certain business or industry in which an in-depth knowledge of the competitors is required in its formulation (Onyango, 2014).

According to Ochieng (2012) there several steps involved in strategy formulation. These steps include; environmental scanning, formulation of mission and vision statements, specification of achievable objectives, strategy development and setting of policy guidelines (Theuri, 2015). The environmental scanning (analysis) involves the process through which the organization management monitor the environmental sectors (economic, political/legal, social/cultural, technological or ecological) with a view of determining the organization's Strengths, Weakness, Opportunities and Threats (SWOT) (Mzera, 2015). Amongst the aspects that would be involved in the environmental scanning include the examination of shifting customer preferences. The shifting customer preferences are informed by changes in technology, habits, and new products in the market. The ability to note the changes in customer preferences and plan for the changes is critical in addressing such changes.

The mission statement is the firm's overall broad guiding statement of purpose that includes basic description of the firm, its nature and its philosophy. The mission statement defines an organization's scope of business that is product or service, markets, customers and philosophy. According to Kasekende (2013), the mission statement should be as precise as possible; indicate the major components of strategy; indicate how objectives are to be accomplished; define the firm's products and functions; designate markets to be reached, specify the means for financing operations; and describe how the goals might be attained. On the other hand, the vision a short, succinct and inspiring statement of what the organization intends to become and to achieve at some point in the future. The strategy development is often divided into two components that is intended

strategy and emergent strategy (Otundo, 2009). The intended strategy arises as result of careful consideration of the external environment while the emergent strategy do not develop on the basis of a grand plan but rather tend to emerge over time (Watuka, 2014).The setting of the achievable objectives is of importance to the strategic planning within Small Scale Enterprises.

The objectives have been defined as the long term results that an organization seeks to achieve through its basic mission or the end products of the planned activities that the organization seeks to achieve through its existence and operation (Ochieng', 2015). There are diverse ways in which the objectives assist in the performance of the organization. The objectives setting assists the firm to have a sense of direction, acts as a platform for setting performance targets and organizational synergy, and assist in forming a platform for the tracking of organizational performance and progress (Watuka, 2014). The organizational objectives should be specific, measurable, achievable, realistic and time bound. The strategic planning is critical to the Small Scale Enterprises. According to Kasekende (2013), the importance of the strategic planning within Small Scale Enterprises arise due to the fact that the firms offer diverse services and products with a view of enhancing their performance and hence providing a means of livelihood to the owners. In order to enhance their performance, the Small Scale Enterprises must continually adjust to meet the existing and emerging business challenges as well as utilizing the existing opportunities (Mwitari, 2014).

The strategic planning therefore enables the Small Scale Enterprises to align the available resources with the market demands in order to develop and sustain competitive advantage. The strategic planning enables the organizations to confront market forces that may undermine its performance including the threat of potential entrants, intensity of rivalry among industry competitors, bargaining power of suppliers, threat of substitutes, and bargaining power of buyers (Ncurai, 2013).

Competitive Practices and Performance of Small Scale Enterprises

There are diverse competitive practices that the Small Scale Enterprises may adopt in order to enhance their performance in terms of market share, growth, customer retention and profitability. The competitive practices that the firms may adopt include cost leadership, differentiation and focus (Dinga, 2012). The Small Scale Enterprises must make a choice on the type of the strategy it needs to pursue dependent on the industry in which it operates and what it intends to achieve from the competitive practice. The cost leadership strategy implies that the company works to achieve the lowest cost of production and distribution so that it prices its products much lower than competition hence gaining greater market share (Kagendo, 2013). In this strategy, the Small Scale Enterprises must continually seek to finds areas within its value chain in which it can reduce on the cost in order to have an overly lower production cost that competition.

This is a strategy ideal for the low margins and high volume business models such as wholesale shops and other types of shops where items can be sold in bulk. The cost leadership competitive practices works through acquisition of a huge market share in order for the model to work and to defray the lost economic opportunities through reduced pricing. In most cases, the cost leadership involves the sale of a standard or no frills product. The differentiation competitive strategy aims at creating an impression of being market leader through development of a highly differentiated product and services (Shaviya, 2013). The differentiation strategy could be in areas of service, product qualities, and distribution infrastructure. The Small Scale Enterprises pursuing this kind of competitive strategy must investigate the items in their value chain that the buyers place a premium importance on and position itself to meet those needs (Ndanu, 2014). The Small Scale Enterprises that have positioned themselves as the providers of the attributes the customers place a premium on are then able to serve a niche market.

The niche market on the other hand is able to pay a premium price to access the services from the small enterprise hence driving the performance of the small enterprise. The firm achieves the competitive advantage if the premium price exceeds the extra costs incurred in being unique (Thuku, 2009). The means of differentiation could be the product, customer service, delivery channel, and marketing approach (Wu, 2010). The differentiation strategy is ideal for the Small Scale Enterprises that serve a market need that requires high margins but low volumes such as consultancy services and some service oriented services. This means that the profitability per unit customer is extremely high compared to the cost leadership competitive practice. The final competitive practice involves the focus strategy in which the Small Scale Enterprises segments the market and opts to focus on a particular segment (Ndanu, 2014). The chosen segment could be attractive to the Small Scale Enterprises due to diverse reasons including low competition in the segment or high returns in the given segment. The small enterprise then seeks to tailor its operations, products and services to meet the needs of this select segment at the exclusion of other segments. The firm may therefore achieve the competitive advantage on the target market either through cost leadership or differentiation strategies (Mwanzia, 2012). The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments (Havarungsi, 2006).

Strategic Innovation Practices and Performance of Small Scale Enterprises

The strategic innovation practices refers to the firm's ability to seek new and better ways to identify, acquire, and implement ideas and tasks (i.e. management and administrative systems, internal cultures, processes, products, services, distributing channels, and marketing methods-segments) within the organization (Olusanya & Adegbola, 2014). The strategic innovation can be concerned with the inventions of diverse aspects within the value chain in a business which may be completely new, or an improvement of an existing product or system, and/or a diffusion of an existing innovation into a new application (Muguchu, 2013).

The innovation of the existing systems of services or goods production may lead to cheaper production process. The cheaper production process leads to lower costs of production and hence better pricing of the products. The business could also have new delivery model for their business leading to an increase in the market share of the organization. The strategic innovation may also lead to the creation of new businesses within the existing businesses or the renewal of ongoing business that have stagnated over time and in need of transformation. The small enterprise capability to undertake strategic innovation is related to the firm's ability to the firm's capacity to respond properly to changes in the environment (Kariuki, 2013).There are different sources of strategic innovation practices within the Small Scale Enterprises. These sources include harvesting of ideas and expertise from internal and external environment, possession of tacit knowledge, emerging knowledge and technology, academic and research institutions, customer feedback and observations, and external changes in the environment (Gică, 2011). In the context of the ideas harvesting from the environment, Al-ansari (2014) notes that systematic innovation can lead to the observation of different sources of innovative opportunities within and/or outside a firm.

These observations are critical in the identification of the unexpected (i.e. unforeseen opportunity), incongruity (i.e. opportunity between reality and behaviour), industry and market restructures, demographics (i.e. change in population and perception), process need, and localized, embedded, and research-based knowledge. In the context of the tacit knowledge as a source of innovation, Huang (2015) notes that the tacit knowledge which is an unspoken knowledge (i.e. observations, ingrained habits, inspirations, hunches, or other forms of awareness) that are typically not written down or codified providing the firm much of its distinctive edge over competitors. This is in comparison to explicit knowledge that is absorbed intellectually or delivered in trainings session. The strategic innovation practices are considered critical for the performance of the Small Scale Enterprises across the world. In this context, Al-ansari (2014) notes that innovation is considered to be of importance to the growth of firms, despite their size, with great leverage in creating economic values and competitive advantages and in driving changes. The strategic innovation can be inspired and affected by both macro (external-driven) and micro (internal-driven) environmental determinants. There are different ways in which the strategic innovation can be used to enhance the performance of the Small Scale Enterprises (Wanjau, Gakure, & Kahiri, 2012).

Strategic innovation within Small Scale Enterprises has been used to improve business operations, improve competitive advantages, and creation of the unique selling preposition (Majumdar, 2016). Within the context of improvement of business operations, innovation is related with the ability to seek new and better ways to identify, acquire, and implement ideas and tasks in an organization. The innovation is therefore used to enable faster operational processes in a cost efficient manner and with little manpower as possible thus improving the overall Small Scale Enterprises performance. Innovation is also associated with better resources utilization amongst the firms despite having a similar set of resources in order to deliver superior business performance of the Small Scale Enterprises (Alazem & Reid, 2016). In this context, Al-ansari (2014) noted that while a firm with a higher business growth performance is considered to have a competitive advantage due to its valuable, unique, and difficult to imitate resources and capabilities, the sustainability of its competitive advantage might depend on its innovative capacity.

Strategic Total Quality Management (TQM) Practices and Performance Of Small Scale Enterprises

The quality has been conceptualized as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. On the other hand, Quality Management (QM) is a method for ensuring that all the activities necessary to design, develop and implement a product or service are effective and efficient with respect to the system and its performance (Seila, 2014). The Total Quality Management (TQM) has been conceptualized as a total corporate focus on meeting and exceeding customer's expectations and significantly reducing costs resulting from poor quality by adopting a new management system and corporate culture (Swayer, 2014). On the other hand, Gitangu (2015) indicates that TQM is an approach which focuses on improving the organization's effectiveness, efficiency and responsiveness to customers' and other stakeholders' needs by actively harnessing people's skills and competencies in the pursuit of achieving sustained competitive advantage. The TQM has also been seen as a comprehensive and structured approach to organizational management that seeks to improve the quality of products and services through ongoing refinements in response to continuous feedback (Amurle, 2013).

The key component of TQM is that all the employees must actively be involved in the improvement of the quality of services and products of the company. The Total Quality Management (TQM) is critical to the performance of the Small Scale Enterprises in different ways. According to Olusanya & Adegbola (2014) has been used to ensure customer satisfaction and loyalty, improvement of products and service quality and reinforcement of the continuous improvement within Small Scale Enterprises. The TQM enhances the Small Scale Enterprises performance through enhancing customer satisfaction, customer comfort, accommodating the customer's preferences and expectations, and enhancing the customer relationship management (Olusanya & Adegbola, 2014). In the context of the customer satisfaction, TQM aims at improving quality, and identifies the best measure of quality as matching customer expectations in terms of service, product, and experience. Amongst the customer initiatives that the TQM introduces in order to enhance customer satisfaction include reduction of waiting time by changing the method of appointment scheduling or client handling; making changes to the delivery process so that the product reaches the customer faster; and better quality products requiring no repairs improving customer loyalty (Seila, 2014).

The customer satisfaction increases the profitability, market share, and return on investment which leads to competitive advantage. The TQM has also been associated with continuous improvements, meeting of customers' requirements, increased employee involvement/teamwork and problem-solving (Carlyle, 2013). The Total Quality Management (TQM) is also associated with organizational development through organizational culture change and amendment. The TQM promotes the concept of quality improvement for the business across its service and products through all the organizational employees (Seila, 2014). In this context, the TQM therefore improves on the teamwork and coordination amongst employees in different departments leading to cross-functional knowledge sharing (Gitangu, 2015). These interventions leads to improvement in communication skills of individual employees and overall organizational communication; knowledge sharing, resulting in deepening and broadening of knowledge and skill-set of team members, and the making of a learning organization; and flexibility for the organization in deploying personnel, contributing to rightsizing, and ensuring cost competitiveness (Swayer, 2014).

There are different TQM practices that Small Scale Enterprises often practice including management commitment, customer focus and satisfaction, benchmarking, relationship with suppliers, continuous improvement, employee empowerment, and quality focus (Ballard, 2008). The management commitment is key to the performance of the small enterprise as they formulate and help execute diverse strategies that the company needs to pursue in order to create and retain competitive strategy in its operations (Kangu, Wanjau, Kosimbei, & Arasa, 2013). In this context, Gitangu (2015) notes that in the top management typically acts as a leader or driving force in the implementation of the TQM such as creating values, goals and systems for customer's satisfaction.

In the context of the customer focus and satisfaction, the Small Scale Enterprises' customer have become diverse, segmented, expectant of consultation, and change has become pervasive, persistent, and faster within the business environment (Seila, 2014). The Small Scale Enterprises must use the TQM practices in order to keep on acquiring customers, retaining them, building relationships with them and discovering ways of being more valuable to them before the competition does (Chandra, 2013). In order to improve on its customer satisfaction, the company may undertake benchmarking activities in order to gain and retain competitive advantage in its area of operations. The benchmark refers to the measurement and analysis of products, services and techniques of competitors in the same sector (Kangu et al., 2013). The benchmarking activities can be used for the purposes of eliminating the weaknesses and threats within the business model while exploiting any strengths and opportunities available in the market. The role of the supplier in the services and products that the company offers is of critical concern with the view that the suppliers provide the inputs required for the diverse processes.

In this context, Mwanzia (2012) notes that the qualities of products manufactured or services provided depend on the extent of quality of the materials supplied or by flexibility, speed and cost of the services provided by the suppliers. In the context of the importance of the suppliers, the ability to maintain a good relationship with the supplier is of critical importance. The supplier relationship is a key relationship enabling the organization to deliver the quality services with ease. The concept of the continuous improvement is critical in ensuring that the organization keeps of meeting and exceeding the customers' expectations.In this context, Seila (2014) notes that the organizations need to improve the production and service systems consistently to improve quality and productivity, hence reducing costs. On the other hand, in the context of the employee empowerment, TQM principles notes that in order for the organization to meet the customer satisfaction then it must empower its employees through training (Mogeni, 2013). The training and development of employees enables the employees to meet customer demands in a professional manner. Finally, the small scale enterprises must have a focus on the quality of the product and services as it leads to higher customer satisfaction.

III. Objective of the Study

The specific objectives of the study included;

i) To establish the influence of strategic planning practices on performance of Small Scale Enterprises in County Government of Trans Nzoia.

ii) To examine the effect of competitive practices on performance of Small Scale Enterprises in County Government of Trans Nzoia.

iii) To examine the influence of strategic innovation practices on performance of Small Scale Enterprises in County Government of Trans Nzoia.

iv) To determine the effect of strategic Total Management Quality (TQM) practices on performance of Small Scale Enterprises in County Government of Trans Nzoia.

IV. Research Hypotheses

The study was guided by the following research hypotheses;

H_{01}: Strategic planning has no significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia.

H_{02}: Competitive strategies have no significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia.

H_{03}: Strategic innovation practices have no significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia.

H_{04}: Strategic Total Management Quality (TQM) practices have no significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia.

V. Methodology

This study used the descriptive research design. The descriptive research design has been conceptualized as a design used to describe characteristics of objects, people, groups, or organizations (Mugenda, 2003). In particular, the survey method of descriptive research design was used to enable getting of views from different small scale enterprises. Saunder, Lews, & Thornhill (2007) further indicates that the purposes of the descriptive method of research is used to gather information about the present existing condition where the researcher interacts freely with the respondents without undue influence; the emphasis is on describing rather than on judging. . The target population of this study was the managers or assistant managers of the Small Scale Enterprises within Kitale Town of Trans Nzoia County. There is an estimated 4,245 Small Scale Enterprises within Kitale town.

This study employed Nassiuma's (2009) formula to calculate the size of the sample. The formula to scientifically derive the sample from the target population is illustrated hereunder.

$$n = \frac{NC^2}{C^2 + (N-1)e^2} \quad \text{Where}$$

n = sample size
N = size of target population
C = coefficient of variation (0.5)
e = error margin (0.05)
Substituting these values in the equation, estimated sample size (n) will be:

n $= 4,245(0.5)^2 / (0.5^2 + (4,245-1)0.05^2)$
n $= 98$ respondents

One manager or assistant manager was drawn from each Small Scale Enterprise to make 98 respondents for the study .The simple random sampling was used for the purposes of the sampling of the SMEs managers or assistant managers. This is because the simple random sampling enables equal chance to all the respondents. Therefore, 98 questionnaires were returned. The constant reminders through telephone calls and short text messages saw a high number of the questionnaires being returned that is 90 questionnaires making a return rate of 91.8%. However, 7 questionnaires were rejected due to various issues such as incompletely filled questionnaires (5) and questionnaires with identifiers (2). Therefore, the analyzed questionnaires were 83 making a response rate of 84.6%. This is considered sufficient by Upagade & Shende (2012).

VI. Findings and Discussions

Strategic Planning Practices and Performance of Small Scale Enterprises

In order to investigate the effect of strategic planning practices on the performance of the small scale enterprises, the multiple linear regression analysis was undertaken. The individual metrics or indicators of the

strategic planning were regressed against the composite variable of the performance of the small scale enterprises. The multiple correlation coefficient (R) is positive indicating the cumulative effect of strategic planning practices metrics on the performance of the small scale enterprises. The multiple correlation coefficient of 0.978 indicates a very strong positive correlation between strategic planning exercises metrics and the performance of the small scale enterprises. The coefficient of determination (R Square) indicates the variance of the performance of the small scale enterprises that is determined or explained by the strategic planning practices. In this context, the coefficient of determination of 0.956 indicates that strategic planning practices account for 95.6% of the variance in the small scale enterprises performance.

Table 1; Model Summary of Strategic Planning Practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.978[a]	.956	.954	.13530

a. Predictors: (Constant), Identification of the Firm's Competitors, Identification of the Firm's Threats, Identification of the Firm's Weaknesses, Identification of the Firm's Opportunities , Identification of the Firm's Strengths

The null hypothesis (H_{01}) that is Strategic planning has no significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia was tested using one way ANOVA. Since the hypothesis testing was tested under a significance level of 0.05, then the p value of the strategic planning ANOVA table was compared with the significance level in order to make a reject or fail to reject the null hypothesis decision. In cases where the p value was less than the significance level, then the null hypothesis was rejected. The null hypothesis was rejected since $F_{(5, 77)} = 337.452$, $P<0.005$. Since p value is 0.000, it implied that there is a 0.000% likelihood or probability that the model will give a wrong prediction and therefore the model was found to a good fit of the data. Therefore, the alternative hypothesis that Strategic planning has significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia was adopted. An alternative way of testing the null hypothesis (which reinforces what has already being observed using p value) would be the examination of the F statistic that is F ratio. In this context, if $F_{Observed}$ (Degrees of Freedom (df) $_{Numerator (Num)}$, Degrees of Freedom (df) $_{Denominator (Demon)}$) $\geq F_{\alpha}$ (df $_{Num}$, df $_{Denom}$) then the null hypothesis is rejected. Thus since $F_{Observed}$ (5, 77) = 337.452 and F_{α} (5, 77) =2.33 (as observed from F distribution table), then $F_{Observed}$ (df$_{Num}$, df $_{Demon}$) $\geq F_{\alpha}$ (df $_{Num}$, df $_{Denom}$) thus leading to the rejection of the null hypothesis (H_{01}).

Table 2; ANOVA of Strategic Planning

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.887	5	6.177	337.452	.000[b]
	Residual	1.410	77	.018		
	Total	32.297	82			
a. Dependent Variable: Performance of SE						
b. Predictors: (Constant), Identification of the Firm's Competitors, Identification of the Firm's Threats, Identification of the Firm's Weaknesses, Identification of the Firm's Opportunities , Identification of the Firm's Strengths						

With a view of understanding the individual effect of the strategic planning metrics with the other the other metrics kept constant, then the unstandardized coefficients were examined. The five strategic planning metrics that is identification of the firm's strengths, weaknesses, opportunities, threats and competitors had positive effect (variance) on the performance of small scale enterprises as illustrated through the coefficients. In this context, the regression model was constructed as per below;

Performance of Small Scale Enterprises = 0.316+ 0.098 (x_1) + 0.193 (x_2) +0.137 (x_3) + 0.022 (x_4) + 0.283 (x_5) where

$x_1 =$ Identification of the Firm's Strengths
$x_2 =$ Identification of the Firm's Weaknesses
$x_3 =$ Identification of the Firm's Opportunities
$x_4 =$ Identification of the Firm's Threats
$x_5 =$ Identification of the Firm's Competitors

The coefficient for the intercept is 0.316 which indicates that if the strategic planning metrics are at zero then performance of small scale enterprises would stand at 0.316. The beta coefficient of identification of the firm's strengths is 0.098 indicating that a unit increase in the identification of the firm's strengths would lead to 0.098 increases in performance of the small enterprises. Similarly, a unit increase in identification of the firm's weaknesses would lead to a 0.193 increase in performance of the small scale enterprises. On the other

hand, a unit increase in identification of the firm's opportunities would lead to a 0.137 increase in the performance of the small scale enterprises.

Similarly, a unit increase in identification of the firm's threats would lead to 0.022 increase in performance of the small scale enterprises performance. Finally, a unit increase in the identification of the firm's competitors would lead to a 0.283 increase in the performance of the small scale enterprises. Therefore, the identification of the firm's competitors led to the biggest change in the performance of the small scale enterprises. The results of this section are in tandem with the broader literature review. This is because the identification of the firm's strengths, weaknesses, opportunities, threats, and competitors enables the organization to react to changes in its environment that affect its performance (Theuri, 2015). These changes include economic, political/legal, social/cultural, technological or ecological aspects (Mzera, 2015). Other aspects that can be examined include shifting customer preferences. The shifting customer preferences are informed by changes in technology, habits, and new products in the market. The ability to note the changes in customer preferences and plan for the changes is critical in addressing such changes.

The examination of whether each of the strategic planning metric is a significant predictor of the performance of the small scale enterprises was undertaken using both the critical value and the p value approach. An independent variable is a significant predictor of the dependent variable if the absolute t-value of the regression coefficient associated with that independent variable is greater than the absolute critical t-value that is $t_o > t_{\alpha/2, n-2}$. In this context the absolute value t_o of identification of the firm's strengths, identification of the firm's weaknesses, identification of the firm's opportunities, identification of the firm's threats, and identification of the firm's competitors were 3.230, 10.285, 4.243, 13.492, and 7.428 respectively. In all the cases, the absolute value t_o were greater than $t_{0.025, 3}$ which is 2.353 as derived from a t test table and therefore were significant predictor's of small scale enterprises performance.

The t test results tallied with the p value results in which the independent variable is a significant predictor of the dependent variable if the p value is less than the significance level of 0.05. In this context, the p values of identification of the firm's strengths, identification of the firm's weaknesses, identification of the firm's opportunities, identification of the firm's threats, and identification of the firm's competitors were all 0.000 except for identification of firm's strengths which was 0.002. Therefore, in all the cases the strategic planning metrics were significant predictors of the performance of the small scale enterprises.

Table 3; Coefficients of Strategic Planning

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.316	.106		2.991	.004
	Identification of the Firm's Strengths	.098	.030	.150	3.230	.002
	Identification of the Firm's Weaknesses	.193	.019	.301	10.285	.000
	Identification of the Firm's Opportunities	.137	.032	.153	4.243	.000
	Identification of the Firm's Threats	.222	.016	.338	13.492	.000
	Identification of the Firm's Competitors	.283	.038	.394	7.428	.000
a. Dependent Variable: Performance of SE						

i. ***Competitive Practices and Performance of the Small Scale Performance***

In order to investigate the effect of competitive practices on the performance of the small scale enterprises, the multiple linear regression analysis was undertaken. The individual metrics or indicators of the competitive practices were regressed against the composite variable of the performance of the small scale enterprises. The multiple correlation coefficient (R) is positive indicating the cumulative effect of competitive practices metrics on the performance of the small scale enterprises. The multiple correlation coefficient of 0.953 indicates a very strong positive correlation between competitive practices metrics and the performance of the small scale enterprises. The coefficient of determination (R Square) indicates the variance of the performance of the small scale enterprises that is determined or explained by the competitive practices. In this context, the coefficient of determination of 0.908 indicates that competitive practices account for 90.8% of the variance in the small scale enterprises performance.

Table 4; Model Summary of Competitive Practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.953[a]	.908	.902	.19683
a. Predictors: (Constant), High margins per customer, Distribution channel differentiation , Achievement of the highest market share , Product qualities differentiation , Service differentiation				

The null hypothesis (H_{02}) that is Competitive strategies has no significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia was tested using one way ANOVA. The individual metrics or indicators of the Competitive strategies were regressed against the composite variable of the performance of the small scale enterprises. Since the hypothesis testing was tested under a significance level of 0.05, then the p value of the Competitive strategies ANOVA table was compared with the significance level in order to make a reject or fail to reject the null hypothesis decision. In cases where the p value was less than the significance level, then the null hypothesis was rejected. The null hypothesis was rejected since $F(5, 77) = 151.329$, $P<0.005$. Since p value is 0.000, it implied that there is a 0.000% likelihood or probability that the model will give a wrong prediction and therefore the model was found to a good fit of the data. Therefore, the alternative hypothesis that competitive strategies have significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia was adopted.

An alternative way of testing the null hypothesis (which reinforces what has already being observed using p value) would be the examination of the F statistic that is F ratio. In this context, if F $_{Observed}$ (Degrees of Freedom (df) $_{Numerator\ (Num)}$, Degrees of Freedom (df) $_{Denominator\ (Demon)}$) $\geq$ F $_\alpha$ (df $_{Num}$, df $_{Denom}$) then the null hypothesis is rejected. Thus since F $_{Observed}$ (5, 77) = 151.329 and F $_\alpha$ (5, 77) =2.33 (as observed from F distribution table), then F $_{Observed}$ (df$_{Num}$, df $_{Demon}$) $\geq$ F $_\alpha$ (df $_{Num}$, df $_{Denom}$) thus leading to the rejection of the null hypothesis (H_{02}).

Table 5; ANOVA of Competitive Practices

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.314	5	5.863	151.329	.000[b]
	Residual	2.983	77	.039		
	Total	32.297	82			
a. Dependent Variable: Performance of SE						
b. Predictors: (Constant), High margins per customer, Distribution channel differentiation , Achievement of the highest market share , Product qualities differentiation , Service differentiation						

With a view of understanding the individual effect of the competitive practices planning metrics with the other the other metrics kept constant, then the unstandardized coefficients were examined. The five competitive practices metrics that is achievement of the highest market share, service differentiation, product qualities differentiation, distribution channel differentiation, and high margins per customer had positive effect (variance) on the performance of small scale enterprises as illustrated through the coefficients. In this context, the regression model was constructed as per below;

Performance of Small Scale Enterprises = 0.381+ 0.162 (x_1) + 0.121 (x_2) +0.331 (x_3) + 0.118 (x_4) + 0.194 (x_5)

where

x_1 = Achievement of the highest market share
x_2 = Service differentiation
x_3 = Product qualities differentiation
x_4 = Distribution channel differentiation
x_5 = High margins per customer

The coefficient for the intercept is 0.381 which indicates that if the competitive practices metrics are at zero then performance of small scale enterprises would stand at 0.381. The beta coefficient of achievement of the highest market share is 0.162 indicating that a unit increase in the achievement of the highest market share would lead to 0.162 increases in performance of small scale enterprises. The importance of the market share leading to improvement of the performance of the small scale enterprises is consistent with the available literature. The market share is often achieved through the cost leadership strategy. The cost leadership strategy implies that the company works to achieve the lowest cost of production and distribution so that it prices its products much lower than competition hence gaining greater market share (Kagendo, 2013). In this strategy, the Small Scale Enterprises must continually seek to finds areas within its value chain in which it can reduce on the cost in order to have an overly lower production cost that competition.

This is a strategy ideal for the low margins and high volume business models such as wholesale shops and other types of shops where items can be sold in bulk. The cost leadership competitive practices works through acquisition of a huge market share in order for the model to work and to defray the lost economic opportunities through reduced pricing. In most cases, the cost leadership involves the sale of a standard or no frills product. The differentiation competitive strategy aims at creating an impression of being market leader through development of a highly differentiated product and services (Shaviya, 2013).

Similarly, a unit increase in service differentiation would lead to 0.121 increases in performance of small scale enterprises. On the other hand, a unit increase in Product qualities differentiation would lead to 0.331 increase in the performance of the small scale enterprises. Similarly, a unit increase in distribution channel differentiation would lead to 0.118 increase in performance of small scale enterprises. The differentiation

whether of service, product qualities or distribution channel aims at creating an impression of being market leader through development of a highly differentiated product and services (Shaviya, 2013). The differentiation strategy could be in areas of service, product qualities, and distribution infrastructure. The Small Scale Enterprises pursuing this kind of competitive strategy must investigate the items in their value chain that the buyers place a premium importance on and position itself to meet those needs (Ndanu, 2014). The Small Scale Enterprises that have positioned themselves as the providers of the attributes the customers place a premium on are then able to serve a niche market.

Finally, a unit increase in high margins per customer would lead to 0.194 increase in the performance of the small scale enterprises. The high margins per customer are often achieved through the creation of a niche market. The niche market on the other hand is able to pay a premium price to access the services from the small enterprise hence driving the performance of the small enterprise. The firm achieves the competitive advantage if the premium price exceeds the extra costs incurred in being unique (Thuku, 2009). The means of differentiation could be the product, customer service, delivery channel, and marketing approach (Wu, 2010). The differentiation strategy is ideal for the Small Scale Enterprises that serve a market need that requires high margins but low volumes such as consultancy services and some service oriented services. This means that the profitability per unit customer is extremely high compared to the cost leadership competitive practice. Therefore, product qualities differentiation led to the biggest change in the performance of the small scale enterprises.

The examination of whether each of the competitive practices planning is a significant predictor of the performance of the small scale enterprises was undertaken using both the critical value and the p value approach. An independent variable is a significant predictor of the dependent variable if the absolute t-value of the regression coefficient associated with that independent variable is greater than the absolute critical t-value that is $t_o > t_{\alpha/2,\ n-2}$. In this context the absolute value t_o of achievement of the highest market share, service differentiation, product qualities differentiation, distribution channel differentiation, and high margins per customer were 4.169, 2.306, 7.287, 2.106, and 7.522 respectively. On the other hand, the critical t value that is $t_{0.025,\ 3}$ is 2.353. Therefore, achievement of the highest market share, product qualities differentiation, and high margins per customer were significant predictors of performance of small scale enterprises as their t values were greater than 2.353.

On the other hand, the Service differentiation and distribution channel differentiation had their t values less than 2.353 and as such were not significant predictors of performance of small scale enterprises. The t test results tallied with the p value results in which the independent variable is a significant predictor of the dependent variable if the p value is less than the significance level of 0.05. In this context, the p values of achievement of the highest market share, product qualities differentiation, and high margins per customer are 0.000 which are less than 0.05 and thus are significant predictors of performance of small scale enterprises performance. Service differentiation and distribution channel differentiation had their p values as 0.024 and 0.038 which were greater than 0.05 and as such were not significant predictors of performance of small scale performers.

Table 6; Coefficients of Competitive Practices

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.381	.141		2.696	.009
	Achievement of the highest market share	.162	.039	.236	4.169	.000
	Service differentiation	.121	.052	.188	2.306	.024
	Product qualities differentiation	.331	.045	.423	7.287	.000
	Distribution channel differentiation	.118	.056	.172	2.106	.038
	High margins per customer	.194	.026	.314	7.522	.000
a. Dependent Variable: Performance of SE						

ii. Strategic Innovation and Performance of the Small Scale Enterprises

In order to investigate the effect of strategic innovation practices on the performance of the small scale enterprises, the multiple linear regression analysis was undertaken. The individual metrics or indicators of the strategic innovation practices were regressed against the composite variable of the performance of the small scale enterprises. The multiple correlation coefficient (R) is positive indicating the cumulative effect of strategic innovation practices metrics on the performance of the small scale enterprises. The multiple correlation coefficient of 0.937 indicates a very strong positive correlation between strategic innovation practices metrics and the performance of the small scale enterprises. The coefficient of determination (R Square) indicates the

variance of the performance of the small scale enterprises that is determined or explained by the strategic innovation practices. In this context, the coefficient of determination of 0.878 indicates that competitive practices account for 87.8% of the variance in the small scale enterprises performance.

Table 7; Model Summary of Strategic Innovation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.937[a]	.878	.870	.22661
a. Predictors: (Constant), New delivery models , New markets for same products , New products/services , Cheaper production process, Renewal of stagnated business				

The null hypothesis (H_{03}) that is Strategic innovation practices have no significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia was tested using one way ANOVA. The individual metrics or indicators of the Strategic innovation practices were regressed against the composite variable of the performance of the small scale enterprises. Since the hypothesis testing was tested under a significance level of 0.05, then the p value of Strategic innovation practices ANOVA table was compared with the significance level in order to make a reject or fail to reject the null hypothesis decision. In cases where the p value was less than the significance level, then the null hypothesis was rejected. The null hypothesis was rejected since F (5, 77) = 110.382, P<0.005. Since p value is 0.000, it implied that there is a 0.000% likelihood or probability that the model will give a wrong prediction and therefore the model was found to a good fit of the data. Therefore, the alternative hypothesis that Strategic innovation practices have significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia was adopted. An alternative way of testing the null hypothesis (which reinforces what has already being observed using p value) would be the examination of the F statistic that is F ratio. In this context, if F $_{Observed}$ (Degrees of Freedom (df) $_{Numerator (Num)}$, Degrees of Freedom (df) $_{Denominator (Demon)}$,) $\geq$ F $_\alpha$ (df $_{Num}$, df $_{Denom}$) then the null hypothesis is rejected. Thus since F $_{Observed}$ (5, 77) = 110.382 and F $_\alpha$ (5, 77) =2.33 (as observed from F distribution table), then F $_{Observed}$ (df$_{Num}$, df $_{Demon}$) $\geq$ F $_\alpha$ (df $_{Num}$, df $_{Denom}$) thus leading to the rejection of the null hypothesis (H_{02}).

Table 8; ANOVA of Strategic Innovation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.343	5	5.669	110.382	.000[b]
	Residual	3.954	77	.051		
	Total	32.297	82			
a. Dependent Variable: Performance of SE						
b. Predictors: (Constant), New delivery models , New markets for same products , New products/services , Cheaper production process, Renewal of stagnated business						

With a view of understanding the individual effect of the strategic innovation practices metrics with the other the other metrics kept constant, then the unstandardized coefficients were examined. The five strategic innovation practices metrics that is new products/services, renewal of stagnated business, cheaper production process, new markets for same products, and new delivery models had positive effect (variance) on the performance of small scale enterprises as illustrated through the coefficients. In this context, the regression model was constructed as per below;

Performance of Small Scale Enterprises = 0.358+ 0.231 (x_1) + 0.037 (x_2) +0.294 (x_3) + 0.174 (x_4) + 0.192 (x_5) where

x_1 = New products/services

x_2 = Renewal of stagnated business

x_3 = Cheaper production process

x_4 = New markets for same products

x_5 = New delivery models

The coefficient for the intercept is 0.358 which indicates that if the strategic innovation metrics are at zero then performance of small scale enterprises would stand at 0.358. The beta coefficient of new products/services is 0.231 indicating that a unit increase in the new products/services would lead to 0.231 increases in performance of small scale enterprises. Similarly, a unit increase in renewal of stagnated business would lead to 0.037 increases in performance of small scale enterprises. On the other hand, a unit increase in cheaper production process would lead to 0.294 increase in the performance of the small scale enterprises. The innovation of the existing systems of services or goods production may lead to cheaper production process. The cheaper production process leads to lower costs of production and hence better pricing of the products. The business could also have new delivery model for their business leading to an increase in the market share of the organization. The strategic innovation may also lead to the creation of new businesses within the existing businesses or the renewal of ongoing business that have stagnated over time and in need of transformation. The

small enterprise capability to undertake strategic innovation is related to the firm's ability to the firm's capacity to respond properly to changes in the environment (Kariuki, 2013).

Similarly, a unit increase in new markets for same products would lead to 0.174 increase in performance of small scale enterprises. Finally, a unit increase in new delivery models would lead to 0.192 increase in the performance of the small scale enterprises. Therefore, cheaper production process led to the biggest change in the performance of the small scale enterprises.

The examination of whether each of the strategic innovation practices is a significant predictor of the performance of the small scale enterprises was undertaken using both the critical value and the p value approach. An independent variable is a significant predictor of the dependent variable if the absolute t-value of the regression coefficient associated with that independent variable is greater than the absolute critical t-value that is $t_o > t_{\alpha/2, n-2}$. In this context the absolute value t_o of new products/services, renewal of stagnated business, cheaper production process, new markets for same products, and new delivery models 5.765, 0.642, 8.281, 3.558, and 6.407 respectively. On the other hand, the critical t value that is $t_{0.025, 3}$ is 2.353. Therefore, the new products/services, cheaper production process, new markets for same products, and new delivery models were significant predictors of performance of small scale enterprises as their t values were greater than 2.353.

On the other hand, Renewal of stagnated business had it is t value less than 2.353 and as such was not significant predictors of performance of small scale enterprises. The t test results tallied with the p value results in which the independent variable is a significant predictor of the dependent variable if the p value is less than the significance level of 0.05. In this context, the p values of the new products/services, cheaper production process, new markets for same products, and new delivery models were all 0.000 except new markets for same products that had p value 0.001. Since, their p values were less than 0.05 then these metrics were significant predictors of performance of small scale. On the other hand, renewal of stagnated business had a p value of 0.523 which was more than 0.05 and therefore the renewal of stagnated business was not a significant predictor of performance of small scale enterprises.

Table 9; Coefficients of Strategic Innovation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.358	.178		2.008	.048
	New products/services	.231	.040	.275	5.765	.000
	Renewal of stagnated business	.037	.057	.055	.642	.523
	Cheaper production process	.294	.035	.445	8.281	.000
	New markets for same products	.174	.049	.301	3.558	.001
	New delivery models	.192	.030	.299	6.407	.000
a. Dependent Variable: Performance of SE						

iii. *Strategic Total Quality Management (TQM) Practices and Performance of Small Scale Enterprises*

In order to investigate the effect of strategic TQM practices on the performance of the small scale enterprises, the multiple linear regression analysis was undertaken. The individual metrics or indicators of the strategic TQM practices were regressed against the composite variable of the performance of the small scale enterprises. The multiple correlation coefficient (R) is positive indicating the cumulative effect of strategic TQM practices metrics on the performance of the small scale enterprises. The multiple correlation coefficient of 0.938 indicates a very strong positive correlation between strategic TQM practices metrics and the performance of the small scale enterprises. The coefficient of determination (R Square) indicates the variance of the performance of the small scale enterprises that is determined or explained by the strategic TQM practices. In this context, the coefficient of determination of 0.879 indicates that competitive practices account for 87.9% of the variance in the small scale enterprises performance.

Table 10; Model Summary of Strategic TQM

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.938[a]	.879	.872	.22490
a. Predictors: (Constant), Supplier Relationship , Continuous Improvement , Bench Marking , Customer focus and Satisfaction , Management Commitment to quality				

The null hypothesis (H_{04}) that is Strategic Total Management Quality (TQM) practices have no significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia was tested using one way ANOVA. The individual metrics or indicators of the Strategic Total Management Quality (TQM) practices were regressed against the composite variable of the performance of the small scale enterprises. Since the hypothesis testing was tested under a significance level of 0.05, then the p value of strategic Total Management Quality (TQM) practices ANOVA table was compared with the significance level in order to make a reject or fail to reject the null hypothesis decision. In cases where the p value was less than

the significance level, then the null hypothesis was rejected. The null hypothesis was rejected since F (5, 77) = 112.308, P<0.005. Since p value is 0.000, it implied that there is a 0.000% likelihood or probability that the model will give a wrong prediction and therefore the model was found to a good fit of the data. Therefore, the alternative hypothesis that Strategic Total Management Quality (TQM) practices have significant influence on performance of Small Scale Enterprises in County Government of Trans Nzoia was adopted. An alternative way of testing the null hypothesis (which reinforces what has already being observed using p value) would be the examination of the F statistic that is F ratio. In this context, if F $_{Observed}$ (Degrees of Freedom (df) $_{Numerator (Num)}$, Degrees of Freedom (df) $_{Denominator (Demon)}$) $\geq$ F $_\alpha$ (df $_{Num}$, df $_{Denom}$) then the null hypothesis is rejected. Thus since F $_{Observed}$ (5, 77) = 112.308 and F $_\alpha$ (5, 77) =2.33 (as observed from F distribution table), then F $_{Observed}$ (df$_{Num}$, df $_{Demon}$) $\geq$ F $_\alpha$ (df $_{Num}$, df $_{Denom}$) thus leading to the rejection of the null hypothesis (H$_{02)}$.

Table 11; ANOVA for strategic TQM

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.402	5	5.680	112.308	.000[b]
	Residual	3.895	77	.051		
	Total	32.297	82			
a. Dependent Variable: Performance of SE						
b. Predictors: (Constant), Supplier Relationship , Continuous Improvement , Bench Marking , Customer focus and Satisfaction , Management Commitment to quality						

With a view of understanding the individual effect of the Strategic TQM metrics with the other the other metrics kept constant, then the unstandardized coefficients were examined. The five Strategic TQM metrics that is management commitment to quality, customer focus and satisfaction, continuous improvement, bench marking, and supplier relationship had positive effect (variance) on the performance of small scale enterprises as illustrated through the coefficients. In this context, the regression model was constructed as per below;

Performance of Small Scale Enterprises = 0.594 + 0.194 (x_1) + 0.072 (x_2) +0.213 (x_3) + 0.167 (x_4) + 0.221 (x_5) where

x_1 = Management Commitment to quality
x_2 = Customer focus and Satisfaction
x_3 = Continuous Improvement
x_4 = Bench Marking
x_5 = Supplier Relationship

The coefficient for the intercept is 0.594 which indicates that if the strategic TQM metrics are at zero then performance of small scale enterprises would stand at 0.594. The beta coefficient of management commitment to quality is 0.194 indicating that a unit increase in the Management Commitment to quality would lead to 0.194 increases in performance of small scale enterprises. The management commitment is key to the performance of the small enterprise as they formulate and help execute diverse strategies that the company needs to pursue in order to create and retain competitive strategy in its operations (Kangu et al., 2013). In this context, Gitangu (2015) notes that in the top management typically acts as a leader or driving force in the implementation of the TQM such as creating values, goals and systems for customer's satisfaction.

Similarly, a unit increase in Customer focus and Satisfaction would lead to 0.072 increases in performance of small scale enterprises. This is in tandem with the reviewed literature. The TQM enhances the Small Scale Enterprises performance through enhancing customer satisfaction, customer comfort, accommodating the customer's preferences and expectations, and enhancing the customer relationship management (Olusanya & Adegbola, 2014). In the context of the customer satisfaction, TQM aims at improving quality, and identifies the best measure of quality as matching customer expectations in terms of service, product, and experience. Amongst the customer initiatives that the TQM introduces in order to enhance customer satisfaction include reduction of waiting time by changing the method of appointment scheduling or client handling; making changes to the delivery process so that the product reaches the customer faster; and better quality products requiring no repairs improving customer loyalty (Seila, 2014).

In the context of the customer focus and satisfaction, the Small Scale Enterprises' customer have become diverse, segmented, expectant of consultation, and change has become pervasive, persistent, and faster within the business environment (Seila, 2014). The Small Scale Enterprises must use the TQM practices in order to keep on acquiring customers, retaining them, building relationships with them and discovering ways of being more valuable to them before the competition does (Chandra, 2013).

On the other hand, a unit increase in continuous improvement process would lead to 0.213 increase in the performance of the small scale enterprises. The TQM has also been associated with continuous improvements, meeting of customers' requirements, increased employee involvement/teamwork and problem-solving (Carlyle, 2013). The Total Quality Management (TQM) is also associated with organizational

development through organizational culture change and amendment. The TQM promotes the concept of quality improvement for the business across its service and products through all the organizational employees (Seila, 2014).

Similarly, a unit increase in bench marking would lead to 0.167 increase in performance of small scale enterprises. In order to improve on its customer satisfaction, the company may undertake benchmarking activities in order to gain and retain competitive advantage in its area of operations. The benchmark refers to the measurement and analysis of products, services and techniques of competitors in the same sector (Kangu et al., 2013). The benchmarking activities can be used for the purposes of eliminating the weaknesses and threats within the business model while exploiting any strengths and opportunities available in the market. The role of the supplier in the services and products that the company offers is of critical concern with the view that the suppliers provide the inputs required for the diverse processes.

Finally, a unit increase in supplier relationship would lead to 0.221 increase in the performance of the small scale enterprises. In this context, Mwanzia (2012) notes that the qualities of products manufactured or services provided depend on the extent of quality of the materials supplied or by flexibility, speed and cost of the services provided by the suppliers. In the context of the importance of the suppliers, the ability to maintain a good relationship with the supplier is of critical importance. The supplier relationship is a key relationship enabling the organization to deliver the quality services with ease. The concept of the continuous improvement is critical in ensuring that the organization keeps of meeting and exceeding the customers' expectations. Therefore, supplier relationship led to the biggest change in the performance of the small scale enterprises.

The examination of whether each of the strategic TQM practices is a significant predictor of the performance of the small scale enterprises was undertaken using both the critical value and the p value approach. An independent variable is a significant predictor of the dependent variable if the absolute t-value of the regression coefficient associated with that independent variable is greater than the absolute critical t-value that is $t_o > t_{\alpha/2,\ n-2}$. In this context the absolute value t_o of management commitment to quality, customer focus and satisfaction, continuous improvement, bench marking, and supplier relationship were 2.903, 1.130, 8.036, 5.413, and 4.662 respectively. On the other hand, the critical t value that is $t_{0.025,\ 3}$ is 2.353. Therefore, management commitment to quality, continuous improvement, bench marking, and supplier relationship were significant predictors of performance of small scale enterprises as their t values were greater than 2.353.On the other hand, customer focus and satisfaction had it is t value less than 2.353 and as such was not significant predictor of performance of small scale enterprises. The t test results tallied with the p value results in which the independent variable is a significant predictor of the dependent variable if the p value is less than the significance level of 0.05. In this context, the p values of continuous improvement, bench marking, and supplier relationship were significant predictors of performance of small scale enterprise were all 0.000 except management commitment to quality that had p value 0.005. Since, their p values were less than 0.05 then these metrics were significant predictors of performance of small scale. On the other hand, customer focus and satisfaction had a p value of 0.262 which was more than 0.05 and therefore customer focus and satisfaction was not a significant predictor of performance of small scale enterprises.

Table 12; Coefficients for strategic TQM

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.594	.155		3.821	.000
	Management Commitment to quality	.194	.067	.285	2.903	.005
	Customer focus and Satisfaction	.072	.063	.107	1.130	.262
	Continuous Improvement	.213	.026	.330	8.036	.000
	Bench Marking	.167	.031	.266	5.413	.000
	Supplier Relationship	.221	.047	.299	4.662	.000
a. Dependent Variable: Performance of SE						

VII.   Recommendations

The study recommends that the strategic management principles should be used for the performance improvement of small scale enterprises.

References

[1]   Abera, A. (2012). Factors Affecting the Performance of Micro and Small Enterprises in Arada and Lideta Factors Affecting the Performance of Micro and Small Enterprises in Arada and Lideta Sub-Cities , Addis Ababa. *Journal of Accounting and Finance*, *2*(4), 15–27.

[2]   Al-ansari, Y. D. Y. (2014). Innovation practices as a path to business growth performance : a study of small and medium sized firms in the emerging UAE market. *International Business Research*, *2*(3), 365–374.

[3]   Alazem, A., & Reid, I. (2016). Empowering Small Enterprises by Driving Value and Flow Through Systemic Strategic Planning, (April).

[4]   Alese, J., & Alimi, O. Y. (2014). Relevance of Strategic Management Tools in the Development of the Nigerian Small and Medium Enterprises. *European Journal of Humanities and Social Sciences*, *1*(2), 35–40.

[5]   Amurle, S. (2013). The Role of Strategic Planning on the Performance of Small and Medium Enterprises Information Communication and Technology (ICT) Sector in Nairobi, Kenya. *Journal of Business and Management*, *2*(3), 45–51.

[6]   Ballard, K. (2008). Building a Strong Customer-centric Strategy to Enable CRM and Develop Customer Loyalty. *Applied Information Management*, *2*(3), 7–10.

[7]   Carlyle, P. E. (2013). Business Performance Measurement Use in Small To Medium Entreprise: A Case Study.

[8]   Chandra, P. V. (2013). A Study on Implementation of Total Quality Management in Businesses, *2*(3), 440–446.

[9]   Dinga, A. O. (2012). Assessment of Cost Leadership Strategy on Enhancing Competitive Advantage; A Survey of Kenya's Telecommunication Industry. *Journal of Business and Management*, *2*(4), 25–30.

[10]   Gică, O. A. (2011). Strategic Management Process in Small and Medium Seized Enterprises, 42.

[11]   Gitangu, I. (2015). Total Quality Management and Competitive Advantage of Small and Medium Enterprises in Nairobi City County. *International Journal for Management Science and Terchnology*, *2*(3), 54–60.

[12]   Havarungsi, N. (2006). The competitive advantage of Thai medical tourism industry. *International Journal of Bank Marketing*, *2*(3), 25–30.

[13]   Huang, Z. (2015). SME strategic management and innovation — a comparative study between Finland and China Abstract : *International Journal for Management Science and Technology*, *2*(3), 1–16.

[14]   Kagendo, C. (2013). Corporate Social Responsibility and Competitive Advantage by Commercial Banks in Kenya. *International Journal of Social Sciences and Enterpreneurship*, *2*(2), 45–49.

[15]   Kangu, M., Wanjau, K., Kosimbei, G., & Arasa, R. (2013). Customer relationship management practices as recipe for customer loyalty : A literature review. *Prime Journal of Social Science*, *2*(8), 2315–5051. Retrieved from www.primejournal.org/PJSS

[16]   Kariuki, G. (2013). An Assessment of Internet Usage on Small and Medium Enterprises (SMEs) in Nakuru Town Constituency. *International Multidisciplinary Journal*, *2*(3), 52–64.

[17]   Kasekende, L. (2013). The Effects of Strategic Management Practices on the Performance of Micro and Small Enterprises in Kampala. *Journal of Global Strategic Management*, *13*(1), 17–33.

[18]   Kirigo, H. V. (2008). Factors Influencing Credit Financing of Small and Medium Scale Enterprises; Case of SMEs in Nyeri Town. *Journal of Management Research*, *2*(3), 28–34.

[19]   Kuria, G. (2014). Strategic Management Practices Adopted by the Directorate of Vertinary Services, Ministry of Agriculture, Livestock and Fisteries, Kenya. *International Business Research*, *2*(4), 35–38.

[20]   Majumdar, J. P. (2016). Causes of reluctance of Indian manufacturing SMEs to implement Total quality management, *2*, 126–134.

[21]   Mbogo, R. W. (2013). Strategic Management Practices at General Motors East Africa Limited. *IOSR Journal of Business and Management*, *2*(3), 55–62.

[22]   Mbwaya, E. (2014). Strategic Management Practices at Barclays Bank of Kenya. *International Journal of Business and Public Management*, *2*(2), 45–50.

[23]   Mogeni, M. (2013). Factors in Training and Development Perceived to Influence Motivation in Selected Business Process Outsourcing Firms in Kenya. *The Journal of Human Resources*, *2*(3), 44–52.

[24]   Muguchu, M. (2013). The effect of access to credit and financial performance of small and medium enterprises in Nairobi, Kenya. *Journal of Emerging Issues in Economics, Finance and Banking*, *1*(1), 125–130.

[25]   Mwanzia, E. (2012). Creating Competitive Advantage Through Outsourcing: A Survey of Classified Five Star Business Hotels in Nairobi. *International Journal of Social Sciences and Enterpreneurship*, *2*(3), 4–10.

[26]   Mwitari, N. (2014). Strategic Management Practices of SMEs in the Wines And Spirits in Kenya. *IOSR Journal of Business and Management*, *1*(1), 84–89.

[27]   Mzera, J. (2015). Effect of Strategic Management Drivers on the performance of the hotel industry in Kenyan Coast. *Journal of Business Studies Quarterly*, *1*(2), 44–49.

[28]   Naser, A. (2015). in Management Change and Strategic Planning using BSC Perspectives. *International Journal of Business and Management*, *2*(3), 25–29.

[29]   Ncurai, M. (2013). Strategic Management Practices by Beach Management Units in Bondo Sub County, Kenya. *Journal of Business and Management*, *1*(1), 24–29.

[30]   Ndanu, R. (2014). Determinants of Competitive Advantage Among Private Universities in Kenya. *Journal of Economics and International Business Research*, *2*(2), 17–20.

[31]   Ndung'u, M. (2014). Strategic Management Practices in the Registered Filming Organizations in Kenya. *IOSR Journal of Business and Management*, *1*(1), 25–32.

[32]   Ngatia, E. (2013). Strategic Management At Kenya Rural Roads Authority. *Journal of Business and Management*, *2*(4), 77–82.

[33]   Ngugi, K. (2013). Influence of Intellectual Capital on the Growth of Small and Medium Enterprises in Kenya. *International Journal of Arts and Enterpreneurshi*, *1*(2), 16–19.

[34]   Nyaga, K. (2015). The impact of Mobile Money Services on the performance of Small and Medium Enterprises in an urban town in Kenya. *International Journal of Business and Management Invention*, *3*(2), 23–24.

[35]   Nyariki, R. N. (2013). Strategic Management Practices As a Competitive Tool in Enhancing Performance of Small and Medium Enterprises in Kenya. *Interdisciplinary Journal of Contemporary Research in Business*, *1*(2), 65–70.

[36]   Ochieng', P. (2015). The Effects of Strategic Management Practices on Performance in Secondary Schools in Kenya. *Journal of Business and Management*, *2*(2), 15–24.

[37]   Ochieng, E. (2012). Strategic Management Practices By Kenya Bureau Of Standards. *International Business Research*, *2*(3), 25–29.

[38]   Olusanya, S. O., & Adegbola, E. A. (2014). Impact of Total Quality Management Practice on Small and Medium Scale Enterprises in Nigeria . (A Case Study of Small Business Owners in Lagos). *IOSR Journal of Business and Management*, *16*(4), 39–45.

[39]   Onyango, M. C. (2014). Strategic Management Practices Adopted By Kenya Commercial Bank Limited. *Journal of Business and Management*, *2*(3), 79–84.

[40]   Osoro, W. N. (2012). Entrepreneurial Orientation Effects on Business Performance of Small and Medium Enterprises in Information Technology Sector in Nairobi, 166.

[41]   Otieno, G. (2010). The Role of Balanced Scorecard as a Strategic Management Tool in Kenya Commercial Bank. *Journal of Modern African Studies*, *1*(1), 25–32.

[42]   Otundo, L. (2009). The Role of Strategic Management on Business Performance : A Case of Sole Proprietor Business in Mwember, Kisii. *International Journal of Advanced Research*, *2*(3), 23–28.

[43]   Reneta, A. (2012). Strategic Management Practices in the City Council of Nairobi. *International Multidisciplinary Journal*, *1*(2), 33–37.

[44] Seila, S. (2014). The Impact of Globalization on the Leading Small and Medium Enterprises in Nairobi. *Journal of Business and Management*, *1*(2), 44–49.

[45] Shaviya, M. R. (2013). Outsourcing and Competitive Advantage at Safaricom Limited. *Journal of Business and Management*, *2*(1), 30–35.

[46] Sola, O. a. (2012). Strategic Management of Small and Medium Scale Enterprises ' (SMES) Demographic Profiles: A Factor Analytic View. *Business and Management Review*, *1*(12), 51–59. Retrieved from http://www.businessjournalz.org/bmr

[47] Stanley, C. (2015). Effect of Relationship Marketing on Customer Satisfaction in the Airline Industry in Kenya. *Journal of Business and Management*, *2*(2), 35–42. http://doi.org/10.1017/CBO9781107415324.004

[48] Swayer, J. (2014). Total Quality Management (TQM) Advancement and Critical Success Factors for Implementation in Manufacturing Small and Medium Sized Enterprise (SMEs). *Journal of Arts and Humanities*, *2*(3), 79–84.

[49] Tesot, M. C. (2012). Effects of Strategic Management Practices on Performance of Coffee Developmnt Fund, Kenya. *International Journal of Business Performance Management*, *2*(3), 45–49.

[50] Thagana, J. (2013). Strategic Management Intensity and Competitive Advantage of Commercial Banks in Kenya. *Journal of International Business Studies*, *2*(3), 74–79.

[51] Theuri, S. (2015). Strategic Management Determinants of Value Addition of Industrial Fish Processors in the Sea Food Processing Sub Chain in Kenya. *Journal of Management Research*, *1*(2), 58–64.

[52] Thuku, P. (2009). Direct Sales Strategy and Competitive Advantage among Commercial Banks in Kenya. *Journals in Business & Management*, *2*(2), 17–222.

[53] Tsuma, L. (2013). Im,pact of Strategic Change on Employee Performance at the Minsitry of Finance, Kenya. *International Journal of Business and Management Invention*, *3*(1), 5–10.

[54] Wakaba, S. (2015). The Effect of Microfinance Credit on the Financial Performance of Small and Medium Enterprises in Kiambu County, Kenya. *International Journal of Bank Marketing*, *2*(4), 45–50.

[55] Wanjau, K. L., Gakure, R. W., & Kahiri, J. (2012). The role of quality in growth of small and medium enterprises and economic development in Kenya. *Scientific Conference Proceedings*, *9*(7), 312–348.

[56] Watuka, J. (2014). Influence of Strategic Management Practices on the Growth of Commercial Banks in Kenya. *Interdisciplinary Journal of Contemporary Research in Business*, *2*(3), 65–70.

[57] Wu, M. (2010). The search for sustainable competitive advantage : A stakeholder management perspective. *Journal of Business and Management*, *2*(3), 45–50.