

# **INVESTIGATION OF THE ADOPTION OF STRATEGIC PLANNING BY SMALL AND MEDIUM SIZED MANUFACTURING FIRMS IN KENYA**

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## **Abstract**

*The current business world has experienced rapid environmental changes due to the ever changing PESTEL factors that have resulted to provision of innovative products in the market and changing customers' demands. In order to survive, organizations constantly improve their performance by reducing costs, enhancing quality and differentiating their products and services by laying long term strategies that can only be realized by adoption of strategic planning. The research study aimed at investigating the adoption of strategic planning in both small and*

*medium sized manufacturing enterprises in Kenya. Specifically, the study aimed at investigating the rate of adoption of strategic planning by the small and medium manufacturing enterprises (SMEs). The target population was the 260 small and medium manufacturing firms that had been in operation for the last three years in Thika town- Kenya. Data was collected by use of questionnaires and an interview guide and was analyzed by both SPSS and Microsoft Excel. The statistical analysis tools that were used in data processing and analysis included: Probit model, Correlation analysis, Independent samples t- test, Paired t- test and One-way ANOVA. The research study found that the rate of adoption of strategic planning in small and medium manufacturing firms in Kenya was low compared to the large private and public firms in Kenya and the SMEs in the developed countries.*

*Keywords: Adoption, Strategic Planning, Small and Medium Enterprises, Manufacturing Sector, Private Sector*

## **INTRODUCTION**

The area of strategic planning has gained much attention in management literature since early 1960s. Many researchers have since then been arguing that strategic planning tool is a concept that should be reserved for large corporations with large specialized planning departments. Small and Medium enterprises (SMEs) from this argument are too busy dealing with operational problems and events on a day to day basis and devote no time to strategic planning (Hanlon & Scott, 1995). A clear strategy on the other hand might enhance business performance and is equally crucial to the SMEs as it is to the large organizations.

Strategic planning as a management tool has gained sustained prominence in the management of small and medium enterprises in the past two decades. It is practiced by 81% of the enterprises worldwide while 89% of the firms in the USA alone have adopted it as part of their management tools (O'Regan & Ghobadian, 2007). Comprehensive reviews of the small and medium businesses literature suggest that, *ceteris paribus*, strategic planning is generally more common in better performing enterprises (Hormozi *et al.* 2002). Gibson and Cassar (2005) argue that small and medium businesses that plan strategically are more likely to be innovative, achieve higher sales growth and higher returns on assets, higher profit margins and higher employee growth and above all gain competitive advantage.

In terms of clustering the SMEs, different methods of clustering have been adopted in different countries. Some countries cluster their various firms according to the invested capital and assets. Examples of such countries are India, Pakistan, Philippines and Taiwan. Other

countries such as Mexico and Portugal cluster the enterprises depending with the sales volumes (Prasad, 2004). In Kenya, classification of small and medium enterprises is primarily by the number of employees engaged by the firms (Mandal, 2007). In Kenya, the firms that engage less than five employees are referred to as micro-enterprises, while the that employ 5-49 workers and 50-99 workers are classified as small and medium sized enterprises respectively. Those firms with over one hundred workers are categorized as large scale enterprises.

SMEs are not just considered to be the driving force of economic development but they are also regarded as key contributors of growth in almost all the economies of the world (Garikai, 2011). The small and medium enterprises also contribute significantly to the employment opportunities, generate significant domestic and export earnings, contribute to the general health and welfare of economies and are key instruments in poverty reduction (Mephokee, 2004). SMEs have grown in importance in the global economy in the last decade. In the USA, SMEs contribute to 99.7% of all employment opportunities while in the European Union the sector contributes 99% of the opportunities available (Peacock, 2004). In Malaysia, SMEs represent 99.2% of all business establishments and account for 65.1% of the workforce (Leong, 2006). In Japan as at the year 2006, SMEs numbered 4.2 million and accounted for 99.7% of all firms compared to 0.3% of large firms, it employed 42 million people, which is 78% of the total employment and accounted for 47.7% of the total manufacturing volumes in the year 2006 (White, 2008).

Research studies have been done on the relationship between strategic planning and performance in different organizations across the world. In the USA, study findings have showed that strategic planning in small and medium firms has positive influence on the firm's performance (Baker *et al.* 1999). In connection to this, Kudla (1980) has outlined the characteristics of strategic planning to include: goals and objectives set for at least three years into the future, its relationship with the environment, a formal strategic plan consisting of written plans, identifying future resource requirements, encompassing procedures for on-going monitoring and modification as well as environmental scanning. Strategic planning is not a static product which once set stays as it is (Stopford, 2001). It is rather a constantly evolving process trying to follow the continual changes in the environment implying that change and strategy are inseparable (Delmar & Wiklund, 2008).

While strategic planning in large organizations has been researched extensively, resulting in many prescriptions, models and concepts, the use and application of the planning process in many SMEs is still the subject of on-going debate (Jennings & Beaver, 2000). Gathenya, Bwisa, & Kihoro, (2011) have analyzed strategic planning in terms of entrepreneurial orientation, scanning orientation, scanning intensity, planning flexibility, planning scope and

locus of planning. In many of the developing countries, little is known about the strategic management practices in SMEs as only a few studies have been done (Aldehayyat & Twaissi, 2011).

In Kenya, 74% of all employees are hired in the SMEs and the sector contributes over 18% of the country's GDP (Republic of Kenya, 2005). In this country, more than 90% of the businesses are found in this sector and in the year 2011, the Kenya Economic survey (2012) found that out of the 503,000 jobs that were created, 440,400 or 80% were created by the SME sector. It is acknowledged that small and medium scale enterprises including agriculture, manufacturing and ECT have contributed greatly to the Kenya's economic growth (Kombo, 2011).

Despite the crucial role that SMEs play in many economies, research shows that they have a myriad of challenges. Globally, more than one million SMEs are established every year. Out of these, 40% wind up within a period of one year and statistics indicate that in a span of five years, 80% of them are out of business, while by the tenth year, 96% usually close down their operations (Geber, 2001). In the USA, the SBA found that 24% of all new businesses in the country failed within the first two years and 63% failed within the first six years (Wheelen & Hunger, 2009). One of the main reasons for the large number of SMEs that fail to mature is lack of strategic planning as many use *ad hoc* methods in their planning processes.

In a bid to have a niche in the national as well as the international markets through production of world class products, many countries in Africa such as South Africa, Ethiopia and Kenya have adopted new industrial policies to ensure that they capitalize on their available strengths as well as take advantage of the available opportunities so as to be competitive in the global arena (Perez, 2009). One of the key policies that these countries have adopted is the growth of small and medium manufacturing industries as they have a myriad of advantages that are not existent in large industries. These advantages include: low capital requirements, support by the local governments and flexibility in regard to the customer requirements. As per the research findings by Bwisa *et al.* (2011) the seeds of future business performance are sown in the early stages of business life and the understanding of the same have a predictive value. One way SMEs have been sowing the seeds of future business performance is adoption of management tools such as strategic planning.

In Kenya, there are many SMEs spread across the different products and services sectors that provide employment to both low and middle level income sectors of the economy and this number has been rising every year. In this country, various studies have highlighted the role of strategic planning as critical to the survival of small and medium business enterprises. Recent scientific developments have indicated that attention towards individual actions in

strategic processes has increased in the recent past even though lack of strategic planning in SMEs is often reported (Wang *et al.* 2005). Kenya has experienced turbulent times in regard to the organizational practices in the last two decades and this has resulted in generally low profits across the economy (Namusonge *et al.* 2012) and this picture is fairly well articulated in the survival of small and medium enterprises in the country.

Past studies have generally shown that strategic planning is not only important for large organizations but SMEs as well (Al Ghamdi, 2005). Berman *et al.* (1997) found that firms that practice strategic planning produce better results than firms that do not. Every business regardless of size needs an effective, comprehensive business plan as the process of developing the strategic plan forces the entrepreneur to think about the harsh “reality” of the business world rather than the common dream world (Harrison, French, & Kelly, 2004). Lerner and Almor (2002) contended that planning lays the groundwork for developing the strategic capabilities needed for high performance in organizations. In his scholarly works, Bwisa (2013) asserts that strategic planning when applied even at county levels is of great importance to a country.

### **Rate of Adoption of Strategic Planning by the SMEs**

Several scholars have over the years carried out studies in regard to adoption of strategic planning and their research findings consistently showed that most SMEs do not engage in strategic planning (Robinson & Pearce, 1984; Sexton & Van Auken, 1985; Beaver, 2003). While strategic planning tool has been widely adopted in large organizations in the private sector and more recently in the public sector, it appears not to have found as much popularity in the SMEs (Bryson, 2011). Past researches have consistently shown that most SMEs do not engage in strategic planning and in most of the firms that claim to plan, the plans are frequently *ad hoc* and intuitive rather than formally written, and provide little basis upon which business performance can be measured or analyzed (Kelmar & Noy, 1990).

Various other research findings have found that firms that engage in strategic planning are less likely to fail in their operations as compared to those ones that do not (Robinson & Pearce, 1984; Sexton & Van Auken, 1985; Gaskill *et al.*, 1993; Perry, 2001; Beaver, 2003; Gibson & Cassar, 2005). Recent studies show that attention towards individual actions in regard to strategic planning has increased in many enterprises even though lack of strategic planning in the operations of SMEs is regularly reported (Wang *et al.* 2007). According to this study, there exists informal long term planning in the SMEs with individuals and small departmental groups in regard to their long term objectives but broad and long term planning encompassing the entire firm lack in many organizations.

Amongst the SMEs that employ strategic planning, Perry (2001) argue that they are less likely to fail in their operations. Okpara and Wynn (2007) carried out an exploratory study to examine the reasons for business failure in Nigeria and the study revealed that SMEs face major obstacles such as insufficient financial resources, lack of training, inadequate book-keeping and failure to adopt strategic management practices. Bowen, Morara and Mureithi (2009) in their scholarly studies observed that like many other developing countries, there are few studies carried out about adoption of strategic planning in the small and medium manufacturing sector in Kenya.

### **Statement of the Problem**

Strategic planning is a process that successful businesses ought to undertake if they are to work towards their future success paths. Some studies have been done in the past and found a positive relationship between adoption of strategic planning and improved performance in organizations. Comprehensive reviews of various SMEs show that a key determinant of business success lies in the presence or absence of strategic planning (McMinn & Lucio, 2002). Gibson and Cassar (2005) found that SMEs that use strategic planning effectively usually perform better than those who merely react to circumstances. Past studies of manufacturing firms have indicated that strategic planning results in superior financial performance, measured in terms of generally accepted financial measures such as ROA, ROE and ROI (Ansoff *et al.* 2001; Herold, 2001; Malik & Karger, 2000; Thune & House, 1999). Boyd (1991) found out that the probability of survival is substantially smaller for non-planning enterprises. The seeds of enhanced future business performance are sown in the early stages of business life and the understanding of the same has a predictive value (Bwisa *et al.* 2011).

In most developing countries, small and medium enterprises have formed the base for industrial structures and facilitated the process of industrialization irrespective of their stage of development (Balasundaram, 2009). In spite of the vital role played by strategic planning, there is evidence that strategic planning is rare in most SMEs in Kenya and that they tend to orientate towards short term operations rather than long term strategic issues, and that decision making in these firms tends to be reactive rather than proactive (Wang *et al.* 2007). In addition, the small and medium enterprises literature suggests that SMEs have not adopted strategic planning practices as quickly as the large firms (Beaver, 2003; Pearce & Robinson, 2011). In spite of their importance in the economic development of any given country, SMEs are plagued by high failure rates and high levels of poor performance (Jocumsen, 2004).

On the global front, many governments are increasingly promoting and supporting SME growth as part of their overall national development strategies (Abdullah & bin Bakar, 2000).The

government of Kenya too in keeping with the global trends has identified SMEs as one of the key economic drivers towards meeting its vision 2030 blueprint as well as attainment of the MDGs (Government of Kenya, 2007). In this regard, the more than 150,000 Kenyans who graduate from the universities and colleges every year are encouraged to establish SMEs and hence help in creating employment and consequently facilitate the government to achieve its objectives (Kaane, 2014). Achievement of this key objective highly depends with how well the entrepreneurs are able to plan in the long term. The question that then arises is: what is the rate of adoption of strategic planning amongst Kenyan manufacturing SMEs? It is evident that there is hardly any empirical literature that has outlined the specific rate of adoption of strategic planning in the manufacturing SMEs in Kenya and this study therefore is intended to fill this gap.

### **General Objective**

The general objective of the study was to investigate adoption of strategic planning by small and medium sized manufacturing firms in Thika town, Kenya.

### **Specific Objective**

The specific objective of the study was to investigate the rate of adoption of strategic planning tool by small and medium manufacturing enterprises in Kenya.

### **Conceptual framework**

A conceptual framework is a visual or written product, one that explains either graphically or in narrative form the main things that a researcher intends to study, key factors, concepts or variables and the presumed relationships amongst them (Miles & Huberman, 1994). There are several types of conceptual frameworks and these include: Working hypothesis- used in exploratory research; Descriptive categories- used in descriptive research; Models of operations research- used in decision making studies; Practical ideal type- used in gauging type of research and Formal hypothesis- used in explanatory or prediction research.

### **Working hypothesis**

A working hypothesis is constructed to facilitate research enquiry. It is a hypothesis that is provisionally accepted as a basis for further research in the hope that a tenable theory will be produced even if the hypothesis ultimately fails (Shields, 1998). It is constructed as a statement of expectations which can be linked to the exploratory research and is often used as an ideal conceptual framework in qualitative studies. In most exploratory studies, a working hypothesis is used as a means of determining facts and its chief function is the suggestion of the lines of

enquiry for the sake of facts. The research used the working hypothesis type of conceptual framework.

Q1. What is the rate of adoption of strategic planning by small and medium manufacturing enterprises in Kenya?

Ha1: Small and medium manufacturing enterprises in Kenya do not adopt strategic planning.

Ha2: The rate of adoption of strategic planning in small and medium manufacturing enterprises is low.

## METHODOLOGY

The study used two types of research designs incorporating both exploratory and descriptive survey designs. The study also used both qualitative and quantitative approaches as recommended by Thietart *et al.* (2001). A quantitative research refers to the systematic investigation of scientific or mathematical properties and their relationships. A qualitative approach refers to an in-depth investigation that is more descriptive than numerical.

In research, exploratory studies are used when the area of study is new and the researcher wants to do an exploration just to learn something about the dilemma facing the manager or the entrepreneur running an enterprise (Cooper & Schindler, 2006). It is used when little is known about the issue being investigated (Neuman, 1997). It can for example be used to explore relationships when the different variables are unknown, develop new measurement instruments after conducting initial qualitative analysis, generalize qualitative findings, as well as refine or test a developing theory. The study design was used as the rate of adoption of strategic planning in Kenya is not known.

Descriptive survey research design is a technique of gathering information by questioning those individuals who are the object of the research and belonging to a representative sample, through a standardized questioning procedure with the aim of studying relationships between variables (Corbetta, 2003). Descriptive survey design was chosen as the most appropriate method that would provide a broad overview of the sample taken that represented the small and medium manufacturing firms that would also allow for generalization.

In this research study, stratified random sampling and purposive sampling methods were used. Stratified sampling, a process by which the sample is constrained to include elements from each of the different segments was used to categorize enterprises in regard to the different sizes and segments. Purposive sampling method also known as deliberate sampling was used to enable the researcher select certain firms that were under-represented in the manufacturing sector as this would enable coverage of all the different sub-units that comprised the manufacturing industry ensuring inclusivity and proper achievement of the research objective.

The sampling frame was the list of all small and medium firms that were involved in manufacturing with a specific focus on the enterprises that were located in Thika town. The target population in this study was a total of 260 small and medium manufacturing firms that had been in operation for a minimum of three years. The population was from the small and medium manufacturing firms that had a workforce of 5-49 and 50-99 employees respectively.

A sample of 135 SMEs that represented 52% of the population was drawn from the twelve sub-units that composed the manufacturing industry this included: Construction and Mining, Chemical and Allied, Energy, Electrical and Electronics, Food and Beverage, Leather and Foot wear, Metal and Allied, Motor vehicle and Accessories, Paper and board, Pharmaceuticals and Medical Equipment, Plastics and Rubber, Textiles and Apparels as well as Wood and Furniture.

## ANALYSIS AND RESULTS

In the preliminary investigation of the rate of adoption of strategic planning tool in the manufacturing firms, the respondents were asked to indicate whether their firms had adopted strategic planning tool. In this regard, the question was put to the informants in the form that required a plain “Yes/No” response before further determination was done regarding the actual adoption of the strategic planning tool in the SMEs. The actual determination of the adoption of the strategic planning tool was consequently done by ascertaining the presence of the various sub-components that define effective adoption of strategic planning in any organization. In the preliminary investigation, the researcher found that 69.7% of the respondents gave the “Yes” response in regard to whether strategic planning tool had been adopted in their firms and 30.3% gave the “No” response.

Table 1. Adoption of strategic planning (Yes/No responses)

	Frequency	Percent
Yes	92	69.7
No	40	30.3
Total	132	100

The researcher further aimed at establishing the actual rate of adoption of strategic planning in the manufacturing firms through determination of the presence or absence of the sub-components that define strategic planning tool in any firm. This was done because there was a possibility of some informants indicating that their firms had adopted strategic planning whereas in the actual fact they had not. There was also some possibility that some few informants would

indicate that their firms had not adopted the strategic planning tool whereas the sub components of the strategic planning present indicated that the firms had adopted.

The actual adoption of strategic planning was determined by the presence or absence of the three sub-components that define adoption of the long term planning. The specific sub-components that define strategic planning and that the researcher used to judge whether the firms had adopted strategic planning were the presence of; Vision statement, Mission statement and Organizational goals. The decision by the researcher to use this criterion is supported by Bryson (2004) who provided a simple structure for the strategic planning process by defining the ABCs of any strategic planning. According to Bryson, A is where the organization is before any change is done, B is where the organization wants to be and C is how it would be able to get there. The vision, mission and organizational goals according to this argument help the organization to move from point A to B (adoption of strategic planning) while strategy formulation connects point A to C and strategy implementation connects B to C. In this aspect, the vision helps in infusing the organization with a sense of purpose and direction and the mission becomes the statement that broadly outlines the organizations future course and acts as a guiding concept. The firm's goals outline the benchmarks that the firm intends to achieve in the long term.

In this study, the firms that did not have a documented vision statement that clearly detailed current and future position of the firm, did not have a mission statement that clearly expressed the firm's purpose, philosophy and commitment and also lacked organizational goals that clearly defined the different targets the different firms had set in the long term were thus declared as having not adopted strategic planning. Using this method, statistical calculations showed that 58% of the manufacturing firms had adopted strategic planning while 42% had not adopted the long term planning tool as shown in table 2.

Table 2. Adoption of strategic planning

	Frequency	Percent
Yes	77	58
No	55	42
Total	132	100

Table 3. Sub-components of the strategic planning tool

Variable	Frequency	Percent
The firm has a documented and realistic vision statement	80	60.1
The vision statement clearly details current and future position of the organization	82	65.6
The firm has a mission statement	78	59.4
The mission statement include a clear and concise expression of the firm's purpose, philosophy & commitment	85	68.5
The firm has value statements governing the operations of the firm and its relationship with both internal and external stakeholders	88	66.6
The firm has set objectives to help it achieve its goals	105	79.8
The firm has developed strategies through which the mission and objectives will be achieved	110	83.3
The firm has set goals that are quantifiable, consistent realistic and achievable	113	85.6
Firm has action plans that include: what is to be done, when to be done and who is accountable each of actions being carried out	115	87.2
Management has carried out a SWOT analysis to gauge its Strengths, Weaknesses, Opportunities and Threats.	112	85.5
Management has identified its competitive advantage to identify what it is best at compared to its competitors	118	89.4
The management has developed a scorecard to report data on its KPI and track performance against monthly targets	94	71.8
The management carries out financial assessment based on historical records to help in its planning	120	92.3
The management carries out financial assessment based on future projections to help in its planning	111	86.7

The research findings thus clearly showed that the adoption rate of strategic planning in the manufacturing SMEs was low compared to large firms and public institutions. This research outcome is corroborated by Bryson (2011) who in his research studies found that strategic planning was widely adopted by large manufacturing organizations in the private sector and in the public sector but did not appear to have much popularity in the SMEs. Wang *et al.* (2007) found that strategic planning is rare or non-existent in most SMEs in Kenya and that most of them tend to orientate towards short term operations rather than long-term strategic issues and that decision making in these firms tend to be reactive rather than proactive.

The research study also found some significant difference between the percentage of the informants who indicated that their firms had adopted strategic planning in the "Yes/No"

question (69.7%) and the firms who had actually adopted the tool as per the statistical calculations done using the three sub-components that define adoption of strategic planning tool (58%). It was thus clearly evident that a sizeable proportion of the respondents in the research study indicated that their firms had adopted strategic planning tool but the actual strategic planning sub-components present showed that they had not adopted the long term planning tool.

This research finding is corroborated by Kelmar and Noy (1990) who found that most of the SMEs that claim to have strategic plans, have plans that are frequently *ad hoc* and intuitive rather than formally written, and provide little basis upon which business performance can be measured or analyzed. On the same line, O'Regan and Ghobadian (2007) in their scholarly works found that strategic planning has become an established management tool with many SMEs engaging in it formally but a good number of SMEs focus on drafting and crafting the plan and put in less effort in implementing it making the whole planning process a paper exercise. Johnson (1992) also found that in many organizations, more effort appear to go to producing the strategic plan as a finished publication than in the development of the content and as a result, adoption of the strategic plan is often ignored and thus ineffective in helping the firm adapt to major changes.

## SUMMARY OF FINDINGS

The research study aimed to first establish the number of manufacturing firms that had adopted strategic planning using the "YES/NO" question before further confirmation of the actual existence of the sub-components that define adoption strategic planning tool in any organization was done. The study used descriptive statistics to tabulate the rate of adoption of strategic planning in the manufacturing SMEs. Based on this, a total of 92 informants (69.7%) responded that their firms had adopted strategic planning and 40 firms that represented (30.3%) responded that they had not adopted. The researcher then proceeded to establish the actual rate of adoption of strategic planning tool based on the existence of the key sub-components of the long term planning tool (Vision statement, Mission statement and firms' goals). According to Bryson (2004), strategic planning process is defined by three stages that he classified as ABC. A is where the organization is before any change is done, B is where the organization wants to be and C is how the organization would be able to get there.

The vision, mission and goals help the organization to move from point A to B and the existence of the three sub-components of the strategic planning process were used to determine whether a firm had adopted strategic planning tool or not. Using this method, the researcher found that 58% of the manufacturing firms had actually adopted strategic planning

tool and 42% had not adopted. The difference in percentages between the firms that indicated that they had adopted strategic planning in the “YES/NO” question (69.7%) and the ones that had actually adopted (58%) supported earlier findings by Kelmar and Noy (1990) who found that many of the SMEs that claim to have strategic plans have plans that are *ad hoc* and intuitive rather than formally written.

O'Regan and Ghobadian (2007) in their scholarly works found that strategic planning has become an established management tool with many SMEs engaging in it formally but a good number of firms focus on drafting and crafting the plan and put in less effort in implementing it making the whole planning process a paper exercise. In this regard, Norman and Thomas (2003) argued that without a clearly defined strategy, a business has no sustainable basis for creating and maintaining a competitive edge in the market place.

## CONCLUSIONS

The results of the research study led to the conclusion that the rate of adoption of strategic planning in the small and medium manufacturing firms in Kenya is low (58%) compared to the adoption rate of large manufacturing firms in the private sector and the public institutions. The rate is also low compared to the adoption rate of the small and medium manufacturing firms in the developed countries. The study thus confirmed the study findings that have been carried out in other developing countries that found the adoption rate of strategic planning tool to be low in most SMEs.

In response to the general question (using the YES/NO answer format) as to whether the SMEs had adopted strategic planning tool, the study found that a higher percentage of the informants (69.7%) had adopted the long-term planning tool. A further enquiry that sought to determine the presence of the first three key sub components of strategic planning (vision, mission and goals) in the SMEs revealed that a slightly lower percentage (58%) had actually adopted strategic planning. The study therefore concluded that not all firms that start the process of adoption of strategic planning have plans that add value to their operations. This research finding supported earlier findings by Johnson (1992) who found that in many firms, more effort appears to go to producing the strategic plan as a finished publication than in the development of the content and as a result, adoption of the strategic plan is often ignored and thus ineffective in helping the firm adapt to major changes.

## RECOMMENDATIONS

The study recommends that the owners of the small and medium manufacturing firms give key focus to training on strategic planning tool to the senior managers as the adoption of strategic

planning tool is only possible when the managers possess the right long term planning skills. The senior managers in the small and medium manufacturing firms should give special focus to effective adoption of strategic plans as some of the manufacturing firms were found to claim that they had adopted strategic planning yet a closer review of the specific sub-components of strategic planning tool showed that the firms had not adopted the long term planning tool.

The small and medium manufacturing firms should also form strategic partnerships with the large firms in the value chain so as to gain from the advantage of benchmarking in regard to strategic planning. Many firms in the current business world are ready and willing to upgrade the operations of other supporting firms in their value chain to gain from the enhanced service levels both downstream and upstream. The small and medium manufacturing in Kenya can also aim at bench marking with large manufacturing multinationals such as Colgate Palmolive, Coca Cola and Toyota Inc who have been able to adopt and implement strategic planning tool with great levels of success over the years.

The study also recommends that the government of Kenya through the ministry of Trade and Industrialization should give more attention to adoption of strategic planning in the small and medium sized firms. The government of Kenya has been encouraging Kenyans to start SMEs and this can only succeed when the government supports the SMEs to adopt strategic planning through such measures as; subsidizing the training costs by the strategic management experts through such measures as tax waivers and also giving special recognition and awards to the manufacturing SMEs that excel in strategic planning.

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