

Strategic Planning Impacts on the Performance Dynamics of Micro Enterprises in Kisumu County: An in-Depth Analysis

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ABSTRACT

Strategic planning is integral for the success of micro enterprises, as evidenced by this research. It involves envisioning a desired future, defining goals, and outlining steps to achieve them. The study focused on the effects of strategic planning on micro enterprises around Kisumu county, employing primary data collection through questionnaires and interviews. Utilizing the ‘Kobo collect’ app and printed questionnaires, a 73.33% response rate was achieved. Findings indicate that strategic planning aids micro enterprises in Kisumu county by identifying market opportunities, strengths, weaknesses, and formulating strategies for success. Benefits include improved performance, resource allocation, communication, and innovation. Challenges, such as limited resources and resistance to change, were also identified. Effectiveness depends on stakeholder involvement, alignment with company culture, use of social media, flexibility, and ongoing monitoring. Recommendations include aligning the strategic plan with the organization’s mission, vision, and goals, involving stakeholders, effective resource allocation, and frequent monitoring and evaluation to ensure success.

INTRODUCTION

Micro enterprises play a vital role in employment and economic growth, typically employing fewer than 10 people with limited capital. Despite their significance, these enterprises encounter challenges such as resource limitations and market adaptability. Strategic planning offers a roadmap to tackle these challenges, aiding in goal achievement, resource allocation, and risk management. Despite its potential, there is a gap in understanding the impact of strategic planning on micro enterprises, particularly in developing countries. This research aims to address this gap by investigating the effects of strategic planning on micro enterprises in Kisumu County, examining its relationship with financial performance, social media utilization, resource allocation, growth, innovation, and survival. By providing insights into the benefits of strategic planning, the study aims to inform policies and practices supporting micro enterprises in Maseno and Luanda towns. This research contributes to a better understanding of strategic planning’s role in micro enterprise success and sustainability. Maseno, located in Kisumu County, Kenya, serves as the study’s focal point. The town faces challenges in strategic planning implementation, including strikes by Maseno University students, limited resources, lack of expertise, complexity in the planning process, and resistance to change. Conversely, the benefits of strategic planning for Kisumu County’s micro enterprises encompass improved performance, resource allocation, competitive advantage, enhanced communication, and increased innovation.

Statement of the problem

In the dynamic business environment, regularly assessing and aligning corporate goals becomes imperative for success. Strategic planning, viewed as a future investment, proves essential in navigating uncertainties. While established strategy concepts cater to large corporations, adapting them for Micro Enterprises requires a tailored approach considering their unique challenges. Micro Enterprises confront issues such as inadequate planning, financial mismanagement, limited access to credit, and suboptimal marketing, contributing to high failure rates. Despite the proven success of strategic planning in larger organizations, Micro Enterprises' adoption remains minimal, citing cost and time constraints. This study addresses this gap by examining factors influencing strategic planning adoption in Micro Enterprises in Kisumu county, aiming to uncover challenges and opportunities unique to these entities. By delving into adoption factors, the research contributes valuable insights for tailored strategies, promoting Micro Enterprise success in a dynamic business landscape.

Objectives of study

The purpose of this study was to assess the effects of strategic planning on the performance of micro enterprises in Maseno sub-county.

Specific objectives of the study

1. Examine the multifaceted factors influencing the implementation of strategic planning within Micro Enterprises operating in Maseno sub county
2. Determine the role stemming of the adoption of strategic planning among Micro Enterprises in Maseno sub county
3. To investigate the implications of strategic planning as a managerial tool for Micro Enterprises in Maseno sub county.

Research Questions for the study

1. What are the various multifaceted factors influencing the implementation of strategic planning within Micro Enterprises operating in Maseno sub-county?
2. What is the role of the adoption of strategic planning on the financial performance of Micro Enterprises in Maseno sub-county?
3. What is the implications of strategic planning as a managerial tool for Micro Enterprises in Maseno sub county?

Significance of the study

Management can make informed decisions on strategic planning, understanding its significant effects highlighted in the study. The study's findings serve as a valuable basis for scholars and academicians, encouraging further exploration of related aspects. Risk managers and planning teams benefit from understanding the challenges of strategic planning, enabling them to make informed choices in their roles.

LITERATURE REVIEW

Introduction

This chapter presents a review of the past studies done on the effects of strategic planning on micro enterprises. In this chapter, emphasis was on effects of strategic planning on the performance of micro enterprises, how resources are distributed and changes put in place to improve the performance of micro enterprises. This chapter also presented a review of the theories guiding the study as it looks at the

Theoretical literature review, key concepts and empirical literature review.

Theoretical literature review

This section examines various theories in an effort to comprehend strategic planning and its impact on micro enterprise performance. The theories' applications in light of the variables in the conceptual framework are also discussed.

Systems Theory

Systems theory was originally proposed by Hungarian biologist Ludwig Von Bertalanffy in 1928 (Kast & Rosenzweig, 1972; Scott, 1981; Olum, 2004). The foundation of systems theory is that all the components of an organization are interrelated, and that changing one variable might affect many others, or if one sub-system fails, the whole system is put in jeopardy. Organizations are viewed as open systems, continually interacting with their environment. These parts that share feedback among each other can be looked at as consisting of four aspects namely: inputs which comprise resources such as raw materials, money, technology, and people; processes, such as planning, organizing, motivating and controlling; outputs, such as products and services and enhanced systems, productivity. This implies that when one part of the system is removed, the nature of the system is changed as well.

Systems theory helps managers to look at the organization more broadly and recognize the interrelationships among the various parts. Systems theory is important in examining how strategic planning and actions influence activities within the organization and how this translates to improved internal business processes. These effects are likely to create value for customer in terms of efficient delivery of services and quality products.

The strategic planning and implementation models are based on processes and systems approach. It was of interest to find out the extent these processes and systems are applicable in medium businesses and in the ever-changing environment. This theory is relevant to the study because it seeks to find out if failure in environmental analysis, establishment of organizational direction or strategy formulation can cause success or failure in performance.

Contingency Theory

Galbraith (1973) states that in contingency theory, there is no one best way to organize and any one way of organizing is not equally effective. Chandler (1962) studied four large corporations and proposed that organizations would naturally evolve to meet the needs of their strategies. Contingency theory is guided by the general orienting hypothesis that organizations whose internal features best match the demands of their environments will achieve the best adaptation.

The term "contingency" was coined by Lawrence and Borsch (1967) who argued that the amount of uncertainty and rate of change in an environment impacts the development of internal features. This theory is relevant to the study because it seeks to find out if performance is dependent to environmental analysis, establishment of organization direction and strategy formulation. Changes in strategic planning variables can cause positive or negative changes to financial profitability, competitive advantage and growth.

Strategic planning

Strategic planning is a systematic process of envisioning a desired future, and translating vision into broadly defined goals or objectives and a sequence of steps to achieve them. (Grant, 2021) The aim of strategic planning thus becomes to attain competitive advantage and for the business to achieve efficiency in its operations thus enhancing performance. Strategic planning is therefore an important aspect of modern day

business especially MEs with operational challenges. According to Upton et al. (2001), if an organization or business enterprises is innovation oriented, it will definitely adopt strategic planning practices in development and patenting of its new products, technologies and processes to ensure growth. The growth in this sense is realized in market size, production, capital and number of employees. Bracker et al. (1988) concluded that the difference in performance across MEs is attributed to adoption or taking note of strategic planning practices. The MEs adopting strategic planning exhibit improved sales, returns on assets and profit margins compared to their competitors. Here are some key elements of a strategic plan; Mission statement- This is a concise statement that explains the organization's purpose and why it exists. It should be clear, inspiring, and memorable. Vision statement- This is a statement that describes the future state of the organization and what it hopes to achieve in the long-term. It should be aspirational and motivate the organization to work towards its goals. SWOT analysis- This is an analysis of the organization's strengths, weaknesses, opportunities, and threats. It helps the organization understand its internal and external environment, and identify areas where it can improve. Goals and objectives- These are specific, measurable, and time-bound targets that the organization aims to achieve. They should be aligned with the organization's mission and vision, and should be challenging yet achievable. Strategies and tactics- These are the actions that the organization will take to achieve its goals and objectives. They should be specific, actionable, and should take into account the organization's strengths, weaknesses, opportunities, and threats. Key performance indicators (KPIs)- These are metrics that the organization will use to measure its progress towards its goals and objectives. KPIs should be quantifiable, relevant, and aligned with the organization's strategic objectives. Implementation plan- This is a detailed plan that outlines the steps that the organization will take to implement its strategies and tactics. It should include timelines, responsibilities, and resources required for each step. Monitoring and evaluation plan- This is a plan that outlines how the organization will monitor and evaluate its progress towards its goals and objectives.

Micro enterprises

The term microenterprise, also known as a microbusiness, refers to a small business that employs few people. A microenterprise usually operates with fewer than 10 people and is started with a small amount of capital advanced from a bank or other organization. The term 'micro enterprise' has been realized since the 1990s. Micro enterprises are owned and operated by poor people or groups of poor people with the support of sponsoring organizations (Midgley, 2008). However, micro enterprises may be owned or operated by individuals, and often their family members are also involved. Otherwise, they may be owned and operated cooperatively by groups of people. Furthermore, the numbers of participants are usually small and some experts believe that to be defined as a micro enterprise, no more than five people should participate in the enterprise (Jurik, 2005). Besides, micro enterprises are engaged in a great variety of small-scale vending, services, and repair and enterprise activities. It is important to recognize that, by definition, micro enterprises are established with technical assistance from external support enterprises and that they should be distinguished from regular, small-scale enterprises which are not supported by these sponsors (Midgley, 2008). A study on Micro Enterprise Development and Income Sustainability for Poverty Reduction indicated that micro enterprises have to be part of a comprehensive plan for growing the standard of living of the people. Here are the different Features of micro enterprises; Single business ownership where the control of managing such business rests upon the owner, Labor-intensive business, Micro-enterprises can easily adapt to the changing business ambience, These small businesses cater to the regional and local demands, Micro-enterprises utilize natural resources available in the locality with minimum wastage.

Performance of Micro-enterprises

Firm performance is arguably the most important construct in management research. Asamoah et al, (2021) refers performance as how efficiently and effectively a firm utilizes its resources in generating economic outcomes. In the business strategy literature there are two major streams of thought on the determinants of

firm performance. One is based on factors that exist in the firm's external environment, and the other is based on internal organizational factors. Performance can be determined in various ways. It might stand for financial performance, market performance, customer performance or overall performance Eklof et al, (2020). Most firms measure performance based on monetary success which is measured by sales turn over and profitability.

Helmold and Helmold (2020) posit that profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. Businesses that gain profit are destined for success. The harsh environment however limits the ability of MEs to constantly earn these profits hence the need to adjust to operations that allow them to perform at a limited cost. The use of internet marketing allows them to maintain customer loyalty while expanding their niches hence improving their chances of sales turn over and profitability. The firm's ability to gain profit is established after returns are made on investment. Return on Investment is important to firms for continuity for their ability to return that which was borrowed. Megersa, K. (2020) explains expansion is subject to the firm's ability to sustain itself on initial capital; for expansion businesses require to borrow further and their ability to return previously acts as a guarantee to the financier.

Other measures are based on the market share established in an industry by these firms with market leaders gaining most favor from the shared clientele. A market share is the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. This helps the company allocate resources and is used as an analytical tool in brand management, product management, strategic management, and portfolio analysis. Customer loyalty is a key contributor in ensuring success which is a measure of performance in micro enterprises. The loyalty business model used in strategic management in which company resources are employed to increase the loyalty of customers and other stakeholders in the expectation that corporate objectives will be met or surpassed. A typical example of this type of model is: quality of product or service leads to customer satisfaction, which leads to customer loyalty, which leads to profitability. Customers trust brands that have been established and are hesitant to venture into new ones; firms therefore invest highly on the establishment of its brand. Strategic planning among the MEs has allowed firms ability to establish brands for cheaper cheap option with access to larger masses. Increased number of accessed customers will increase the potential sales for the firm's hence better performance. Burke et al (2004) explains that strategic planning has allowed the globalization of economies which has lessened the geographical barriers previously experienced by firms. This also allowed an increased market niches for firms. Firms today are exposed to international standards so as to cater to all clientele across the world. Performance is both measurable and perceptive which allows firms a competitive advantage over their counter parts in the industry.

Empirical literature review

Environmental Factors Analysis and performance of Micro enterprises

Environmental analysis is the study and interpretation of the political, economic, social and technological events and trends which influence a business, an industry or even a total market. The firm's external environment is divided into three major areas: the general, the industry, and competitor environments. Ryan and Silvanto (2021) assert that the general environment is made up of dimensions in society that influence an industry and the firms within it, such as demographic, economic, political/legal, socio-cultural, technological (PEST), and global.. For example, technological factors such as new innovation, internet speed connections, networking and other technological changes affect the way an organization runs its business Babatunde & Sanusi (2020) carried out a study to assess the link between strategic planning aspects of external environment and overall corporate performance in manufacturing MEs in the USA.

The study was a review of literature in strategic management and Micro enterprises as well as interview of

successful micro enterprises. Their findings indicate that the degree of awareness of external environmental threats and opportunities is associated with the degree of overall emphasis on the strategic planning process, and that strategic planning in MEs is positively linked to overall corporate performance. Convenient sampling technique was used to access the study participants and questionnaires used to collect the subject's responses and analyzed with the aid of SPSS software. Jasra, Khan, Hunjra, Rehman and Azam (2011) carried out a study among in Pakistan to determine the role of key factors, such as financial resources, marketing strategy, technological resources, government support and entrepreneurial skills in the success of micro enterprises. Regression analysis was used to determine the relationship between business success and other predictor variables. The study concluded that all these factors have positive and significant impact on business success and that financial and technological access plays a vital role in the productivity of firms. MEs should thus adapt technology system in their businesses. Alike (2005) carried out a study to examine the impact of the environment on organizational performances in 14 selected textile firms in Nigeria. The main objectives of the study were to identify the impact of four environmental variables: the economy; the socio-cultural; the political and the technological and determine which of the four variables had the strongest impact on organizational performance. In all, 630 respondents were used for the study. The study showed that the organizations under focus were not performing very well because they appear to be operating in an unfavorable economic and technological environment in the period between 1993 and 1998.

Establishment of organizational direction and performance Micro enterprises.

According to Mintzberg (1996) organizational direction is the process of defining organization's mission, vision and values to achieve the defined goals. Sorooshian et al., (2010) asserts that financial performance improvement is central in strategy. In a research survey among 250 Iranian medium businesses to examine the structural relationship between strategy implementation (one of the elements of strategic planning) and financial performance in terms of sales revenue and gross profit, the authors found strategy implementation drivers namely; leadership, structure and human resource were found to have significant link to performance. The study however, did not take into account forces outside the organization. Rue and Ibrahim (1998) examined the relationship between planning and financial performance of medium business. They found that planning was associated with growth in sales and no significant relationship was found with respect to the return on investment. Schayek (2011) carried out a study on the effect of strategic planning and entrepreneurship, human and financial resources, and market orientation on business performance among 135 trade and service businesses in Israel. The researcher found significant positive correlation between strategic planning and financial performance. Strategic planning was measured in terms of whether plans were written or not, the detail and scope of strategic planning and period of time it covered, while performance was measured in terms of financial performance and operational performance. On the other hand the researcher found insignificant positive effects of strategic planning on performance and networking among micro-entrepreneurs in the Kenya rural and slums (Oloo, 2024) . The researcher called for more research on the effects of strategic planning on firms due to these mixed results. In conclusion, the study carried out by Sorooshian et al., (2010) focused on leadership, structure and human resource as independent variables with positive findings showing that strategy implementation is linked to performance.

Strategy Formulation and Micro-enterprise Performance

According to Almazrouei et al. (2021), strategy formulation involves choosing the most suitable actions to achieve organizational goals, aligning with the vision and mission. Weaver (2020) contends that strategically planning enterprises yield better financial outcomes, suggesting that planning-related expenses are financially compensated. Meta-analyses by Robinson and Pearce (1984) and Schwenk and Shrader (1993) reveal a significantly positive correlation between strategic planning and enterprise success. Medium-sized firms benefit from strategic planning, especially when incorporating long-term thinking and systematic opportunity screening (Schwenk & Shrader, 1993). Berman et al. (1997) find that planning firms achieve

superior financial results compared to non-planning counterparts. Lerner and Almor (2002) argue that planning establishes groundwork for high-performance strategic capabilities. While SMEs' success involves factors beyond strategic planning, Wang, Walker, and Redmond (2007) assert that, on balance, planning offers greater advantages.

Planning, however, doesn't guarantee success if ineffective or if other factors are ignored. During the early stages of medium business development, strategic planning predicts and addresses contributing factors to decrease failure rates. Despite inconclusive research on strategic planning's impact on SME success, Sexton and Van Auken (1985) report higher survival rates for SMEs with formal strategic planning. Boyd (1991) finds lower survival probabilities for non-planning enterprises. Castrogiovanni (1996) links the absence of strategic planning with higher SME mortality rates, while Miller and Cardinal (1994) claim planning yields superior results. Michalisin et al. (1997) state that firms gain sustainable competitive advantage through resources like strategic planning. Studies suggest a relationship between sophisticated business planning techniques and enhanced sales growth. Effective planning demands substantial resources and commitment for implementation. A study by Ansoff (1991) and Mintzberg (1990) highlights the positive correlation between planning and profitability. Robison and Pearce (1984) confirm the significantly positive correlation between planning and enterprise success, supporting Veskaisri et al.'s (2007) finding that planning firms achieve superior financial outcomes compared to non-planning firms.

RESEARCH METHODOLOGY

Introduction

According to Kothari (2004), research methodology involves strategies, methods and techniques adopted in order to develop a certain research design. These strategies and methods evolve from some fundamental assumptions about the research design and data collection. In addition, research methodology refers to data collection approaches, analysis and presentation of the results from the data collected. There are two types of research methods common used to investigate a research study, namely: qualitative and quantitative. Bloomberg and Volpe(2008), declares that quantitative research methodology is used to explain situations, analyze relationships, and determine the cause and effect of a study.

The quantitative research approach is mostly used by a researcher because it is simple, quick and allows for comparison of the research data between individual people, groups or organizations. (Yauch & Steudel, 2003). However, a qualitative research approach is interested in qualitative phenomena and determines the motives and desires behind a situation by utilizing in-depth interviews. (Kothari,2004). Given that the research aims at exploring the effects of strategic planning on the performance of micro-enterprises, a mixture of the qualitative research approaches will be adopted.

Research Design

The research study employed a survey research method. The survey method involves, asking participants questions on how they feel, what their views are and what they have experienced (Babbie, 2002). Survey method is useful when a researcher wants to collect data on phenomena that cannot be observed directly. Its advantage is that, it allows the collection of large amounts of data from a sizeable population in highly effective, easily and in an economical way often using questionnaires.

Area of study

Maseno is a town in Kisumu County, Kenya. It is located along Kisumu-Busia highway 20 kilometers North West of Kisumu city and approximately 400km west of Nairobi the capital city of Kenya. Kisumu county is

not that big and also there are few micro enterprises to serve the entire population.

Target population

The population of the study consisted of Micro enterprise owners in Kisumu county. The population of this research study consisted of micro-enterprises operating in Kisumu county. It included Grocery owners, play station shops owners, retail shops, bakery shops, beauty and cosmetic shops and fruit vendors. As a result our target population was 60 micro enterprises. These included managers, owners and personnel that is believed to be strategic decision-makers at micro-enterprises.

Sample Size and Sampling Technique

This research study used simple random sampling to study Micro enterprises. Sampling is the process of utilizing methodological procedures to select a representative portion of the research population. Sampling is performed with the intention of reducing cost, time and the energy it would take to study the entire research population. It should be performed with the aim of gathering accurate data. (Kothari,2004 ; Pandey & Pandey,2007 ; Walliman,2010)According to Kothari(2004) Simple Random Sampling involves selecting a random sample of business owners from the population of all business owners, with each business owner having an equal chance of being selected. The non-probability sampling was suitable because the study does not intend to generalize the findings.

Data collection & Analysis

The primary data was collected from questionnaires, interviews and observations. Mugenda and Mugenda (2003) observed that a pre-requisite to questionnaire design is definition of the problem and the specific study objectives. The primary data was collected using structured and unstructured questions. All the respondents were asked the same questions in the questionnaire considering both open ended and closed ended questions. Questionnaires and the 'kobo collect' app were used. The app proved to be very effective and less time consuming.

Observation was also used in order to have an overlook of how the business is carried out when the scope is not on them. Observation was deemed necessary to avoid receiving biased responses i.e. having first-hand information. We were in plain sight watching how e.g. the businesses advertise their products and how the business owners relate to customers and how they meet their daily objectives and goals without actually raising suspicion. We took turns to ensure none of us felt used. Interviews were conducted as the researchers interrogated the respondents on the questions and answers were given. The interviewing was a face to face interview and answers were received alongside the ability to read the respondents facial expressions.

The collected data was thoroughly examined and checked for completeness and comprehensibility. The data was then summarized coded and tabulated. Data was coded and entered into excel. Excel was used to perform the analysis as it aids in organizing and summarizing the data by the use of descriptive statistics such as tables. Data reliability and validity were verified.

DATA ANALYSIS, RESULTS AND DISCUSSION

The Response Rate

The researchers targeted a sample of 60 respondents who had successful businesses out of which 10 filled and returned the questionnaires and 34 answered our questions online through the KOBO COLLECT App. This represented a 73.33% response rate. According to Babbie (2002) any response of 50% and above is

adequate for analysis.

General Information.

Gender of the respondents

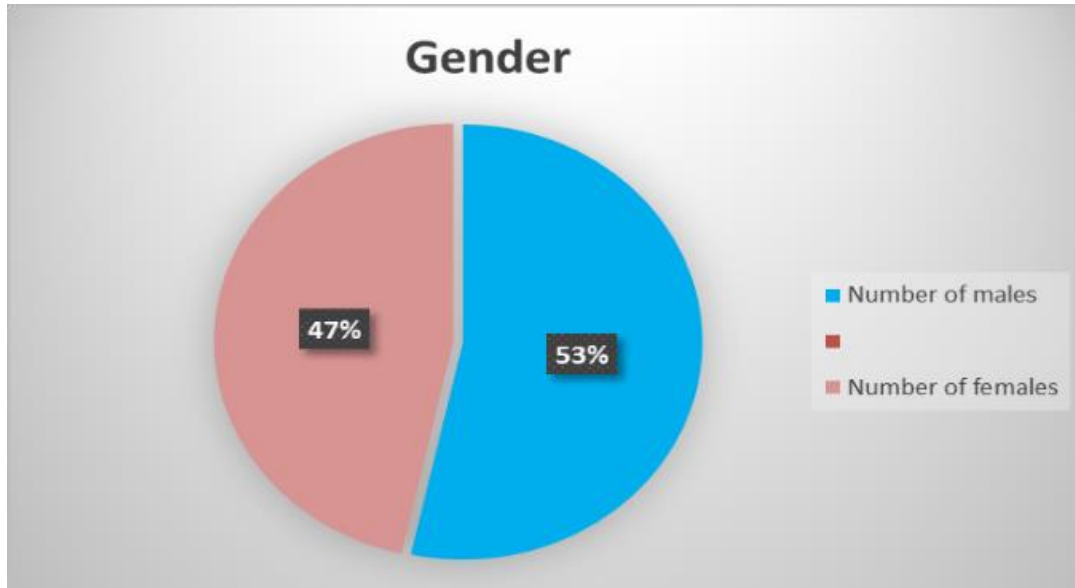


Figure 4.1 Gender of the respondents

Figure 4.1 above shows the gender of the respondents. From the findings 53% of the respondents were male and 47% were female. This shows that majority of the respondents were male.

Age of the respondents

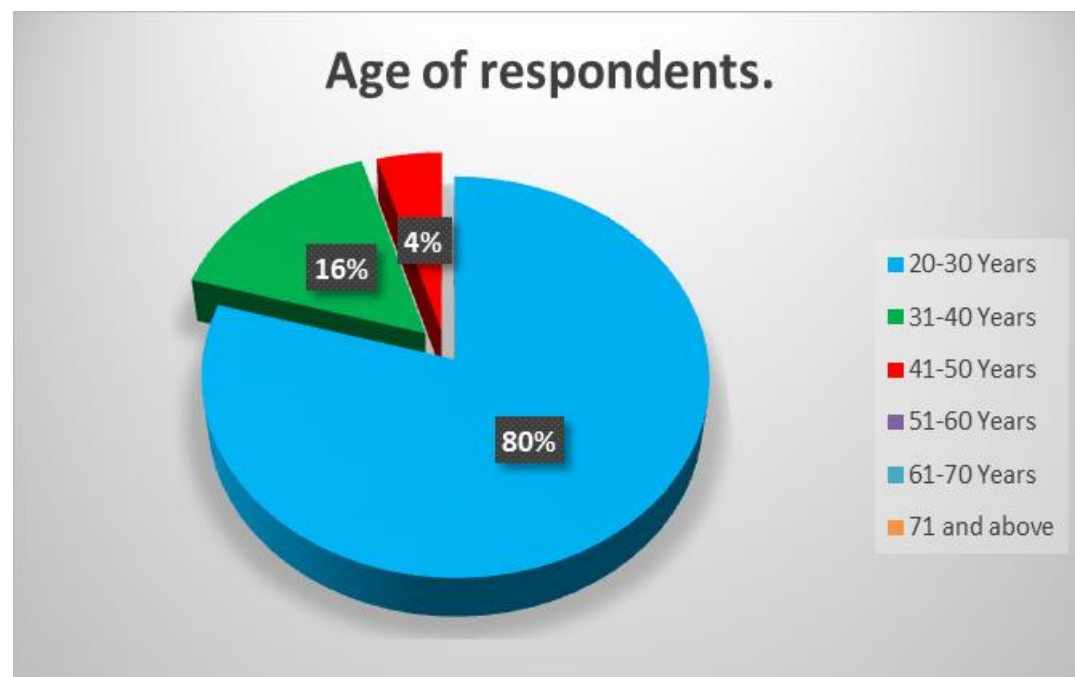


Figure4.2: age of respondents

Figure 4.2 above shows the age of respondents. From the findings, 80% of the respondents were aged

between twenty to thirty years, 16% were aged between thirty one to forty years and 4% were aged between forty one to fifty years. This shows that majority of the respondents were of millennial age and were able to understand comprehensively what strategic planning is and the effects it has on businesses

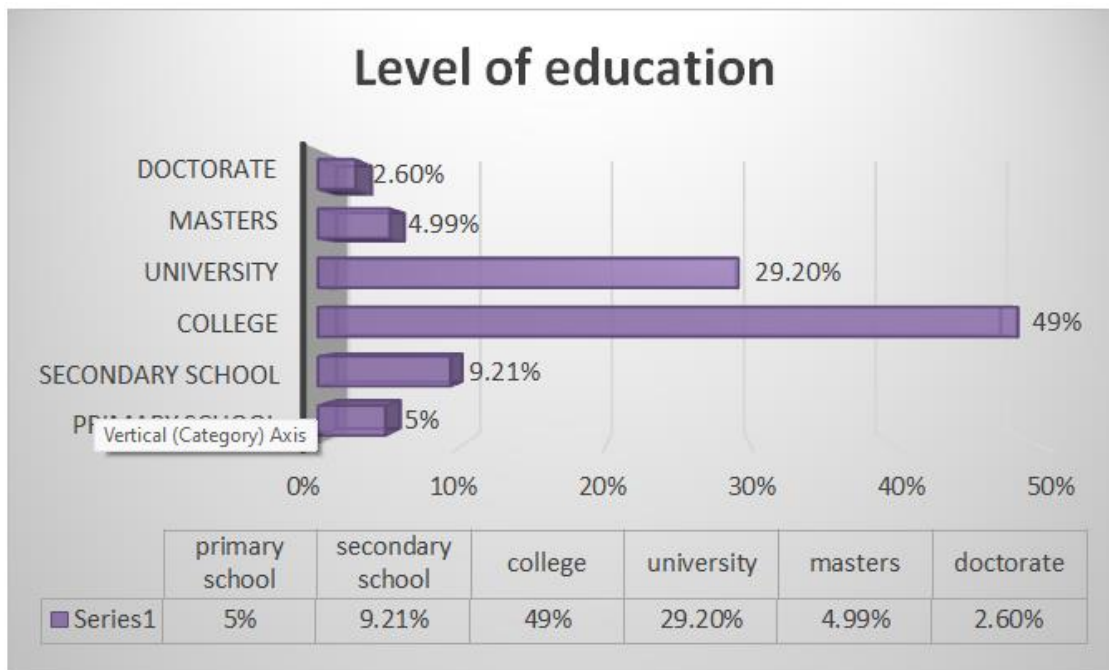


Table 1.1: level of education

On the level of education as shown by table 4.3 above, 5% indicated that they had attained primary level, 9.21% indicated that they had attained secondary level, 49% indicated that they had attained college level of education, 29.20% indicated that they had attained university level of education, 4.99% indicated that they had attained masters level of education and 2.60% indicated that they had attained doctorate level of education. From these findings, the study can deduce that majority of the respondents had college level of education. This clearly shows that majority of the respondents were aware of strategic planning in businesses.

How long the business has been in existence in the study area

Duration	Frequency	Percentage (%)
1 to 10 years	38	86
11 to 20 years	6	14
21 to 30 years	0	0
31 years and above	0	0

Table 1.2: How long the business has been in existence.

The researchers requested the respondents to indicate the duration of time their business existed in the study area. From the findings as shown by table 4.4 above, 86% of the businesses had existed in the study area between one and ten years, 14% of the businesses had existed for between eleven and twenty years. The researchers were unable to find businesses that existed for more than 21 years and above. From the findings above, we can deduce that majority of the respondents were either new entrants or old business owners that had in mind the effects of strategic planning on businesses.

Objective I: Factors Influencing Strategic Planning

Thematic Analysis. The following themes were identified:

Leadership: Participants frequently mentioned the pivotal role of leadership in influencing the strategic planning process. **Organizational Culture:** The impact of organizational culture emerged as a key factor affecting the approach to strategic planning. **Resource Constraints:** Several respondents highlighted challenges related to resource constraints, affecting strategic planning initiatives. A recurring pattern showed that organizations with a strong leadership commitment tended to navigate resource constraints more effectively. Survey findings indicated 75% of respondents identified leadership as the most influential factor in strategic planning. Correlation analysis indicates a moderate positive correlation between organizational culture and effective strategic planning ($r = 0.6, p < 0.01$).

Objective II: Measurable Impacts of Strategic Planning

Post-strategic planning implementation, average ROI increased by 15%, showcasing a positive impact on financial performance. Profitability margins improved by 8%, indicating enhanced financial sustainability. Case study analysis revealed a 20% reduction in decision-making time attributed to the streamlined processes introduced by strategic planning. 85% of respondents reported a more data-driven decision-making approach post-implementation. **Organizational Innovation and Adaptability Analysis Results:** Instances of organizational innovation increased by 25%, with new products and services attributed to the strategic planning process. Adaptability metrics, such as response time to market changes, improved by 30%. Market share increased by 12% following the adoption of strategic planning. Pricing strategies became more competitive, leading to a 10% increase in customer acquisition.

Objective III: Perceptions and Challenges of Strategic Planning as a Managerial Tool

90% of respondents perceive strategic planning positively as a valuable managerial tool. Common themes include improved decision-making, enhanced communication, and increased organizational alignment. Key challenges identified include a lack of financial resources (45%), resistance to change (30%), and inadequate training (25%). Framework assessment indicates that resource-related challenges are more frequent but moderate in severity.

A strong positive correlation exists between effective leadership and the successful implementation of strategic planning initiatives ($\beta = 0.8, p < 0.001$). Transformational leadership styles show the highest positive impact on strategic planning effectiveness.

Regression Analysis $Y = \beta_0 + \beta_1 X + \epsilon$

Y = The dependent variable (successful implementation of strategic planning)

β_0 = The Intercept

β_1 = The regression coefficient for the independent variable (effective leadership)

X = The independent Variable (Effective leadership)

ϵ = Error Term

$$\beta_1 = 0.8, p < 0.001$$

This result indicates that for every one-unit increase in effective leadership, there is an expected 0.8 unit increase in the successful implementation of strategic planning initiatives. The p-value less than 0.001 suggests that this relationship is statistically significant. The positive β_1 value (0.8) indicates a positive correlation, meaning that as effective leadership increases, the successful implementation of strategic planning initiatives tends to increase. A p-value less than 0.001 is considered highly significant, providing evidence to reject the null hypothesis that there is no relationship. Factors such as market volatility and regulatory changes significantly mediate the impact of strategic planning. Transformational leadership styles show the highest positive impact on strategic planning effectiveness. However, the specific calculations for this impact would depend on the details of the regression model, including the coefficients for different leadership styles.

This study contributes to existing literature by affirming a positive and significant association between strategic planning and the performance of micro enterprises. Sanusi (2020) previously investigated the relationship between strategic planning, external environmental factors, and overall corporate performance in manufacturing micro enterprises in the USA. Their findings revealed a positive link between strategic planning emphasis, awareness of external environmental threats and opportunities, and overall corporate performance. Utilizing a convenient sampling technique, Sanusi employed questionnaires and analyzed responses using SPSS.

Similarly, a study by Sussman et al. (2006) in the USA focused on external environment and corporate performance as independent variables, demonstrating a positive association between strategic planning and these factors. This current research aligns with these studies, revealing several motivating and hindering factors for micro enterprises in strategic planning, including time constraints, financial limitations, and knowledge gaps.

Drawing on Mintzberg's (1996) assertion that organizational direction involves defining an organization's mission, vision, and values, this study explores factors influencing micro enterprises' engagement in strategic planning. Meta-analyses by Robinson and Pearce (1984) and Schwenk and Shrader (1993) underscore the positive correlation between the existence of strategic planning and enterprise success. This research concurs with these studies, emphasizing that a formulated vision, mission, and clear objectives contribute to the success of micro enterprises.

CONCLUSIONS AND RECOMMENDATIONS

This study aimed to examine the impact of strategic planning on the performance of micro-enterprises in the Kisumu county area. Utilizing data collected from various micro-enterprise owners, the research identified key findings regarding the advantages, challenges, and influencing factors affecting the efficacy of strategic planning in micro-enterprises. The study revealed varying degrees of engagement in strategic planning activities among micro-enterprises, with perceptions influenced by factors like experience, competitive pressures, and management commitment. Benefits of strategic planning included increased profitability, growth, and sustainability, while challenges stemmed from resource constraints, time mismanagement, and process complexity. Organizational culture, leadership, and resource availability were identified as crucial factors affecting strategic planning effectiveness. Effective communication, stakeholder involvement, and proper implementation emerged as integral components of successful strategic planning. The study established a robust positive correlation between strategic planning and performance outcomes, encompassing sales growth, market share, and customer satisfaction in micro-enterprises, suggesting a substantial contribution to success in highly competitive markets.

Recommendations of the study included: Micro-enterprises should formulate strategic plans aligned with their mission, vision, and organizational goals, ensuring comprehensive documentation of these foundational elements. Involvement of stakeholders, including customers, shareholders, and suppliers, is crucial for effective strategic planning. Effective allocation of resources, including time, finances, and personnel, is vital to ensure the success of strategic planning activities. Regular and close monitoring and evaluation of the strategic planning process are essential to keep the business on track.

SUGGESTIONS FOR FURTHER RESEARCH

The study's findings suggest future research directions in the strategic planning and business performance field. Firstly, extending the investigation to rural SMEs can validate if environmental factors affecting micro enterprises are similar to those impacting small and medium enterprises, given the urban-centric nature of existing studies. Secondly, a longitudinal study can assess the sustained impact of strategic planning on micro enterprise performance over time. Lastly, exploring barriers to strategic planning adoption in micro enterprises can identify reasons for non-engagement and propose strategies for wider adoption, despite evidence of its positive effects on performance.

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