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THE EFFECT OF MANAGEMENT FUNCTIONS AS A STRATEGY FOR ORGANIZATIONAL EFFECTIVENESS: A CASE OF SMALL AND MEDIUM ENTERPRISES IN NAIROBI COUNTY, KENYA

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ABSTRACT

The general objective of this study was to evaluate the effect of management practices on organizational effectiveness in relation to SMEs in Kenya. Specifically, this study assessed planning, organizing, staffing and controlling as a strategic tool for organizational effectiveness in relation to SMEs in Nairobi County, Kenya. A review of various theories and conceptual framework, an understanding of management practices on through an in-depth analysis of empirical literature as well as linkages between the four variables and synthesis of literature and research gap analysis was undertaken. The study undertook a descriptive research design. The target population in this study comprised of all small and medium enterprises registered with Nairobi Municipal Council and operating in Nairobi County. Municipal Council of Nairobi d registered 34,242 SME's (Municipal Council of Nairobi 2015, Business activity code summary). The unit of inquiry was managers/owners of the firms. A sample of 340 SME's was selected from the list of registered businesses operating within Nairobi County, obtained from Municipal Council of Nairobi. Proportional allocation was used to determine the sample size from each stratum. Primary data was collected through a survey questionnaire. Document analysis involved reviewing the contents of target documents with the aim of adducing some relevant secondary data. The questionnaires were pre-tested in two SMEs outside Nairobi CBD to ensure that the instrument was reliable. Statistical Package for Social Science (SPSS) V.20 was used to analyze data using descriptive statistics. All the measures of central tendency and measures of dispersion were used. Data was then presented by way of tables and figures. Additionally, multiple regression was done to explore the association between different elements in a variable, and association between variables. The study established that management practices as strategic tools have a significant impact on organizational effectiveness of SMEs in Nairobi County, Kenya. Specifically, planning, organizing, staffing and controlling explain 70.8 percent of the variance in organization effectiveness.

Key Words: *Strategic Tolls Planning, Organizing, Staffing, Controlling, Organizational Effectiveness, SMEs*

INTRODUCTION

Management is a continuous process of putting in place various activities and harnessing resources necessary to achieve a stated and uniform objective. These resources include human, material and financial resources. Management is said to be effective when targets are met, and efficient when these targets are not only being met but also achieved with lesser resources put. For management to succeed, certain functions must be followed. The practices include planning, organizing, delegating, leading, staffing, and controlling.

Management functions are interdependent on each order such that planning leads to staffing and vis-a-vis. The staff and people do the planning. Without planning, there can be no basis for control which is ensuring that actual results meet with expected outcome (Cabantous and Gond, 2011). Planning includes identifying goals, methods, dates for completion of tasks and responsibilities (Netland, 2012). Organizing deals with arranging the organizational resources for the achievement of goals by delegating task and responsibilities to accomplish the goals and objectives in the planning process (Gorupić & Gorupić, 2010).

Staffing is a management practice through which a manager set the standards, then compares the performance of staff against these standards (Burchielli & Bartram 2009). The principle that exists today, is to employ only those people who are more profitable than computers and robots in their current stage of development. Controlling is the practice of monitoring job performance and making needed changes if necessary. Through controlling, managers can identify or figure out any potential problem, analyses them and take the necessary preventative action (Vijayakumar, 2009).

Mallik, Bibi and Rahim (2011) further assert that management functions are necessary strategies in promulgating successful management to enhance organization effectiveness. Organization effectiveness has been identified with the maximization of profits, high productivity, efficient service or good employee morale (Khan et al, 2012). To create organization effectiveness, businesses need to focus on aligning and engaging their people management systems, the structure and capabilities along with organizational culture to the organizational strategy using management practices.

Arasa and K'Obonyo (2012) conducted a study in Kenya and reported in their findings that the correlation analysis results indicate the existence of a strong relationship between strategic planning and firm performance. Further, all the strategic planning steps (defining firm’s corporate purpose, scanning of business environment, identification of firm’s strategic issues, strategy choice and setting up of implementation, evaluation and control systems) were found to be positively related to company performance.

Karabulut and Efendioglu (2010) in their study with 71 returned responses in Turkey purported that while observing the effect of different components/activities in a strategic process and their impact on company performance, the only two that were correlated (positively influenced) and statistically significant were “involvement of top management in the process” and “having a mission statement”. Both of these strategic process components identify and define the importance of the process in the organization and had significant impacts on the profitability of the firms in their study.

In Finland Kohtamaki, Kraus, Makela and Ronkko (2012) using data from 160 small and medium-sized Finnish IT companies presented in their results of study that participative strategic organizing positively affects personnel commitment to strategy implementation, which thereby increases company performance. However, according to their analysis, the participative strategic organizing does not impact organizational learning and although organizational learning does have a positive impact on company performance.

The study of Owolabi and Makinde (2012) in Nigeria conducted on employees of Babcock University revealed that there was a significant positive correlation between strategic organizing and corporate performance. Their study therefore, concluded that strategic organizing is beneficial to organizations in achieving the set goals and recommended that universities and other corporate organizations should engage in strategic organizing in order to enhance corporate performance.

Wijesinghe, Ten and Foreman (2012) conducted a study in Sri Lanka with 150 selected SMEs and eight case studies and concluded that less than 25% (32) of the respondents were using formal strategic staffing. As a result they reported that there was a high likelihood of those organizations stagnating or failing.

Maryan (2012) with 138 questionnaires conducted a study on 14 banks listed in the Amman Stock Exchange in Jordan and revealed a statistically significant relation between research and development processes and the “Central Bank Monitoring” with regard to competitive advantages of the bank. The study also recommends to provide financial allocations with the need to attract the human competences specialized and to provide modern technologies necessary for the success of strategic staffing processes.

In today’s complex and uncertain situations and environments throughout the world; the need for strategic management functions is widely accepted for smooth and successful operations of all kinds of business organizations. Strategic management functions constitutes an important path to successful business operations and is a part of every business. The studies reviewed above indicate the role played by management functions to enhance organization effectiveness, performance or profitability. The studies were carried out in developed and developing countries and touch on different business enterprises including SMEs.

There has been an increased interest in the role of Small and Medium Enterprises in job creation and economic growth globally. The small and medium sized sector is increasingly being recognized as the prime vehicle for economic development in both developed and developing nations (Zacharakis et al., 2012). It is a major source of employment, revenue generation, innovation and technological advancement (Kotey & Meredith, 2011). Therefore, SMEs have become a major asset in the economy. There was therefore a need for a study indicating the effect of management functions simultaneously on organization effectiveness of SMEs in a Kenyan context.

Statement of the Problem

Every business entity or organization, whether big or small, needs to develop and implement the basic four management functions. The success and effectiveness of any business organization depends on how the functions of management are implemented. These management functions allow an organization to handle its business strategy, tactical and operational decisions. Although, there are many advantages to use management functions as strategic tools to achieve organization effectiveness, there are still many SME organizations that resist using it, since some of them may think this process is only useful for larger organizations and due to this, they do not recognize that it’s also very helpful for SMEs as a whole (Levy and Powell, 2010).

Moreover, the fact that most SMEs in Kenya grow organically, following the vision of the founding entrepreneur, a lot of businesses in this sector are administered in a haphazard manner. Due to their origins and other circumstances under which they are founded, small and medium scale enterprises often run without following any plan or framework and sometimes without organizational structures (RBZ, 2009). The resulting effect is that most of such SMEs lack proper structures and management systems, while in some cases, the founding director is the one in charge of everything, from receipting cash, banking and withdrawals to more complicated entrepreneurial duties (Muranda, 2013).

A number of notable studies that have been conducted on management practices and organization effectiveness locally. Kiendi (2012) sought to examine the relationship between management practices and organizational performance in Compassion International. Paulina, Pawel and Marek (2011) undertook a study with an aim to optimize the quality production planning and control activities in India. Ondieri (2013) undertook a study to establish the Strategic Issue Management Practiced by SME's in, Mombasa County, Kenya. Heugens (2013) assessed whether planning activities contribute to corporate performance of Dutch food firms.

Based on the reviewed studies, none has looked at management practices and organizational effectiveness in SMEs in Kenya. This study therefore, sought to examine the effect of management practices as strategic tools for organizational effectiveness in relation to SMEs in Nairobi County, Kenya.

Objectives of the Study

The general objective of this study was to examine the effect of management functions as strategic tools for organizational effectiveness in relation to SMEs in Nairobi County, Kenya. The specific objectives ere:

- To assess planning as a strategic tool for organizational effectiveness in relation to SMEs in Nairobi County, Kenya.
- To evaluate organizing as a strategic tool for organizational effectiveness in relation to SMEs in Nairobi County, Kenya.
- To study staffing as a strategic tool for organizational effectiveness in relation to SMEs in Nairobi County, Kenya.
- To explore controlling as a strategic tool for organizational effectiveness in relation to SMEs in Nairobi County, Kenya.

LITERATURE REVIEW

Theoretical Review

Resource-Based View

Before the emergence of RBV, the importance of resources to a firm's competitive growth was firstly recognized by Penrose (1959). She contended that a firm consists of a collection of productive resources and its growth depends on the manner in which its resources are deployed. Following the early work in the emergence of RBV (Teece, 1982; Wernerfelt, 1984), Barney (1991) formalized a comprehensive theoretical framework from the resources based perspective. According to Barney (1991), firms can be conceptualized as bundles of resources (and capabilities) that are heterogeneously distributed among firms and are imperfectly mobile.

Resource-Based View is therefore, one of the various conceptions for strategic management which makes an attempt to clarify the background of enterprise existence as well as its various occurrences in broader outlines of the Theory of the firm. The adherent scientists of the Theory of the Firm developed their conceptions build on the work of Penrose (1959) who was the first to observe that company dependence on resource availability may differentiate significantly in the range of even a single field.

Consequently, an enterprise conception may not be reduced to a single production function and enterprise processes may not be considered only as a response to market situation. Quite the contrary, a company growth is claimed by the author to stem from a totality of management decisions that originate from the resources being at company disposal in return. Therefore, an enterprise growth is largely determined by company manager experience and information accessibility as well as by available resources of an enterprise that serve as a basis for further strategies and line of activity.

Planning management practices are one of the factors that would provide the SMEs with the opportunity to build the ability needed to be creative in the environment dominated by large firms. The study proposes that planning management practices if used as a strategic tool are able to unify and direct the entire organizational resources towards the achievement of set goals (Bass, 2000). This is taking into account that these are some of the intangible resources considered to meet much of the qualities under the resource based view of the firm qualities. As posited by Barney (2001) intangible resources are considered to provide more organization effectiveness compared to tangible resources.

Dynamic Capabilities Theory

Dynamic Capabilities Theory by Teece and Pisano (1994) focuses the ability of the firm to extend, modify and reconfigure internal and external competencies to meet the rapidly changing environment. Prieto and Smith (2006) add that the adaptation is not by necessarily undertaking constant change but rather in the firm's potential to extend, modify or create internal resources and routines as appropriate. In line with the above prepositions, Teece and Pisano (1994) argue that the ability of a firm to achieve a competitive advantage lie in its dynamic capabilities rooted in high performance routines found within the firm as reflected in the firm's processes. The implication is that those organization that are able to create value adding process can realize organization effectiveness.

This study argues that organizing as a strategic tool shapes organizational procedure, unifies organizational capabilities into a cohesive whole, and provides solutions to the problem faced by the organization, and, thereby, hindering or facilitating the organization's achievements of its goals. The management function is thus responsible for helping an organization to upgrade its ordinary capabilities, or to create new ones such as changing resource allocations, organizational processes, knowledge development and transfer, and decision making.

Knowledge Based Theory

Knowledge Based Theory as proposed by Grant (1996) explains that organizations exist in the way that they do because of their ability to manage knowledge more efficiently than it is possible under other types of organizational structures. He emphasized the firm as an institution for knowledge application devising mechanisms for integrating individual's specialized knowledge. This theory determines the competitive intensity and attractiveness of a market and help to identify where power that lies in a business situation. They are useful both in understanding the strength of an organization's current competitive position, and the strength of a position that an organization may look to move into the market.

In other words, organizations are social entities that use and store internal knowledge, competencies, and capabilities that are vital for the firm's survival, growth, and success. The theory emphasizes the organizational need for superior coordination and integration of learning by employees inside the organization and argues that heterogeneous knowledge bases and capabilities among firms are the main determinants of sustained competitive advantage and superior corporate performance. Knowledge and the management of knowledge appear to be regarded as increasingly important features for organizational survival Gurteen (1999). The Exploration of knowledge management with respect to its content, its definition and domain in theory and practice highlights the effect of staffing as a strategic tool. The main contribution of this paper was an extensive literature survey on staffing as a tool for organization effectiveness in SMEs.

Contingency Theory

Contingency theory by Fielder states that there is no one best style of leadership since each organization faces unique sets of internal and external constraints. Organizational success, therefore, will depend on the organization's ability to diagnose and understand situational factors like environment, and adopt organizational processes and structure that will enhance its effectiveness (Moorthy et al., 2012 and Ogbonna and Harris, 2000). Donaldson (2006) submits that an organization that is able to achieve a fit with its environment is able to enjoy higher effectiveness. This view is also shared by Lumpkins (1996) who asserts that the congruence between environment, structure and strategy is critical for realizing high effectiveness.

Contingency theory is an approach to the study of organizational behavior in which explanations are given as to how contingent factors such as technology, culture and the external environment influence the design and function of organizations. The assumption underlying contingency theory is that no single type of organizational structure is equally applicable to all organizations. Rather, organizational effectiveness is dependent on a fit or match between the type of technology, environmental volatility, the size of the organization, the features of the organizational structure and its information system.

According to the contingency perspective, organizational control is related to the identification of a suitable match between organizational characteristics and environmental features. Thus, the ability of SMEs to use the available resources in a manner that takes into account contingencies within its operating environment, with the understanding that no one situation fits all, will enable them attain increased organization effectiveness to ensure survival. Some of the factors that have been considered to help organizations achieve leverage in their environment as proposed by this study include controlling (Dashpande and Webster, 1989; and Ogbonna and Harris, 2000).

Conceptual Framework

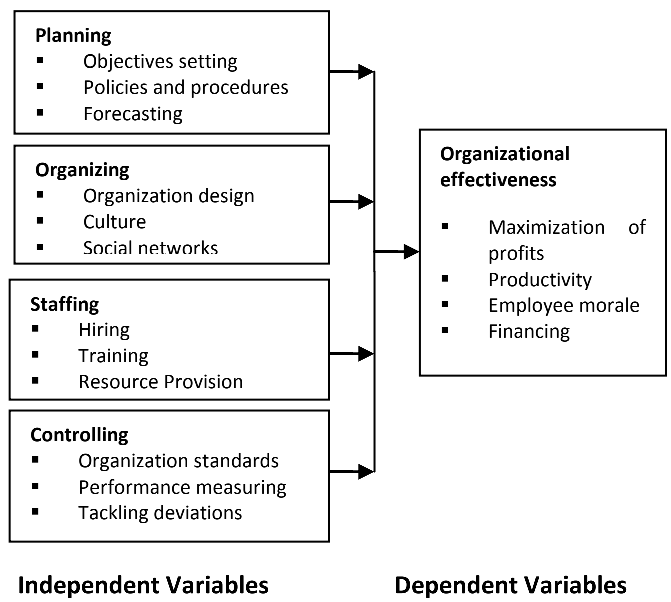

Figure 1: Conceptual Framework

Planning as a Management Strategy

Planning is the first step of the four functions in the management process. Simply, it is selecting priorities and goals, objectives, and how they will be achieved. Planning activities have gradually evolved from largely intuitive, command-oriented concept to the concept enhanced by modern technology, sophisticated equipment, and broader understanding of human-machine interaction in a larger system. The essence of the planning function will not change significantly in the future, but will continue to develop in line with the development of theories, methods and techniques for overcoming the future uncertainties (Wren, 2012).

Planning involves defining goals for future organisational performance and deciding on the tasks and use of resources needed to attain them. This involves understanding the enterprise's environment and how it is changing, including social, political, environmental and economic aspects. The management activity associated with planning is to select goals and the ways to attain them (Wren, 2012).

Strategic planning involves analyzing competitive opportunities and threats, as well as the strengths and weaknesses of the organization, and then determining how to position the organization to compete effectively in their environment. Strategic planning has a long time frame, often three years or more. Strategic planning generally includes the entire organization and includes formulation of objectives. Strategic planning is often based on the organization's mission, which is its fundamental reason for existence. An organization's top management most often conducts strategic planning (Mallik, Bibi and Rahim, 2011)

Planning can be used to help the organization map out a way to efficiently achieve their goals. The beginning of the planning process should include analyzing of the current situation. From this information the company can determine the goals and start to outline the steps that need to be taken to ensure that the goal will be met. Other planning activities that should be completed are determining the company's objectives and were they want to be in the future. This will help them to choose their business objectives and strategies. In addition, the company should look at the resources that they have available and determine if they are sufficient to achieve the organizations goals.

Organizing as a Management Strategy

Organizing is the second function and deals with arranging the organizational resources that they help in achievement of goal. Organizing is a about delegating task and responsibilities to individual that work together to accomplish the goals. In terms of methodology, activities of organization have developed from an ad-hoc approach and improvisation to a systematic approach to organizational design. In terms of structural development, organizations started from one (functional) through a number of organizational structures to process and network organizational structures (Gorupić & Gorupić, 2010).

Organising typically follows planning and reflects how the organisation will attempt to accomplish its plans. Organising is concerned with assigning tasks and responsibilities for task accomplishment, grouping tasks into departments, and allocating resources to departments. The management activity associated with organising is to assign responsibility for task accomplishment (Gorupić & Gorupić, 2010).

Organizing is the function of management that involves developing an organizational structure and allocating human resources to ensure the accomplishment of objectives. The structure of the organization is the framework within which effort is coordinated. The structure is usually represented by an organization chart, which provides a graphic representation of the chain of command within an organization. Decisions made about the structure of an organization are generally referred to as organizational design decisions (Netland, 2012).

Organizing also involves the design of individual jobs within the organization. Decisions must be made about the duties and responsibilities of individual jobs, as well as the manner in which the duties should be carried out. Decisions made about the nature of jobs within the organization are generally called “job design” decisions (Netland, 2012).

Organizing is done through assembling and coordinating financial, human, physical, informational and other resources need to achieve the goals. (Bateman & Snell, 2004) Recruiting is a large part of organizing. Human resources are an important role. The company must try to attract the people needed to properly staff the organization to be able to meet the goals. The employees in an organization can be considered the most valuable asset at times. In addition, by specifying job tasks and grouping them into work units it helps to better organize the work load and resources. In order to do this the organization must management the tasks and personnel.

Staffing as a Management Strategy

Staffing is the third element. It is the management function through which a manager sets the standards, then compares the performance of staff against these standards. If required, corrective action must be taken. The principle that exists today, although it is not given much thought, is to employ only those people who are more profitable than computers and robots in their current stage of development. It becomes clear that computers can (or will soon be able to) perform almost all the tasks better than people. Even today, a large number of professions are dying out and employees therefore have to be innovative, creative, multidisciplinary (Burchielli & Bartram, 2009).

Controlling as a Management Strategy

Bateman (2012) states that controlling is the function or process of monitoring job performance and making needed changes if necessary. It is the function that makes sure the organized plans are being implemented correctly and properly. It includes establishing performance standards, evaluating and reporting job performance. Through controlling, managers can identify or figure out any potential problem, analyses them and take the necessary preventative action. Controlling is a process that is used to establish performance standards, measuring and reporting, comparing, and taking corrective action if necessary

Controlling means monitoring employees’ activities, keeping the organisation on track toward its goals, and making corrections as needed. Today’s organisations tend away from top-down control towards trust and empowerment by training their employees to monitor and correct themselves. The management activity associated with controlling is to monitor activities and make corrections (Bateman, 2012)

Controlling involves ensuring that performance does not deviate from standards. Controlling consists of three steps, which include (1) establishing performance standards, (2) comparing actual performance against standards, and (3) taking corrective action when necessary. Performance standards are often stated in monetary terms such as revenue, costs, or profits but may also be stated in other terms, such as units produced, number of defective products, or levels of quality or customer service (Pieters & Van Raaij, 2014).

The measurement of performance can be done in several ways, depending on the performance standards, including financial statements, sales reports, production results, customer satisfaction, and formal performance appraisals. Managers at all levels engage in the managerial function of controlling to some degree (Mallik, Bibi and Rahim, 2011)

The managerial function of controlling should not be confused with control in the behavioral or manipulative sense. This function does not imply that managers should attempt to control or to manipulate the personalities, values, attitudes, or emotions of their subordinates. Instead, this function of management concerns the manager's role in taking necessary actions to ensure that the work-related activities of subordinates are consistent with and contributing toward the accomplishment of organizational and departmental objectives (Mallik, Bibi and Rahim, 2011)

Effective controlling requires the existence of plans, since planning provides the necessary performance standards or objectives. Controlling also requires a clear understanding of where responsibility for deviations from standards lies. Two traditional control techniques are budget and performance audits. An audit involves an examination and verification of records and supporting documents. A budget audit provides information about where the organization is with respect to what was planned or budgeted for, whereas a performance audit might try to determine whether the figures reported are a reflection of actual performance. Although controlling is often thought of in terms of financial criteria, managers must also control production and operations processes, procedures for delivery of services, compliance with company policies, and many other activities within the organization (Pieters & Van Raaij, 2014).

Demographic Characteristics of Owners/Managers

The demographic characteristics of people also shape their behaviors towards entrepreneurship. Many studies have highlighted the role of demographic characteristics such as age, religion, gender, experience, background and education of entrepreneurs towards their entrepreneurial behaviors and firm's performance (Welmilla et al., 2011). Instead of the all components of demographic characteristics, this study explored only gender, age, education and working period.

Traditionally, the age has been used as one of the important variables in contemporary social science research to categorize individuals and explain differences among them (Aapola, 2002). Age is a time of life and particular power or qualification arises as the age increases. The skills of people might improve with the age (Welmilla et al., 2011), because they learn to manage time effectively. According to many previous studies, the person's age has been considered as a key demographic characteristic in understanding his or her entrepreneurial behaviors and intentions (Reynolds, 2012). Research has highlighted that most active entrepreneurship is over the age of 25 (Lévesque & Minniti, 2016). According to Tanveer et al., (2013), age is a controversial factor. According to them, there is less chance to become an entrepreneur as the age increases, but age is positively related to a firm's success.

A number of studies have investigated the role of gender in the field of entrepreneurship and venture success. For instance, Ferk et al., (2013) analyzed the abilities of male and female regarding leadership and management and concluded that females can be better entrepreneurs because of their more managerial competencies than males. Whereas, Zeffane (2012) provided statistical evidence that both males and females have same overall entrepreneurial potentials. Nevertheless, a few recent studies focusing on female entrepreneurship revealed that females are taking more interest in the entrepreneurial activities in Middle East and other developing countries (Madichie & Gallant, 2012).

Education is one of the key components of human capital. This component is the source of knowledge, skills, discipline, motivation and self-confidence. Building upon the human capital theory, much research has been done to examine the effect of education on the performance of SMEs. The assumption lies in the notion that individuals with a higher level of education are able to manage their firms more effectively than individuals with a lower level of education (Trulsson, 2010; Wiklund & Shepherd, 2013). Empirically, the effect of education has been widely studied with mixed results.

Length time in operation may be associated with learning curve. Old players most probably have learned much from their experiences than have done by new comers. Kristiansen, Furuholt, & Wahid (2013) found that length time in operation was significantly linked to business success. Moussavi (1988) in his unpublished PhD thesis stated that experience on the part of the owner/manager factor contributing to the survival of businesses. In their study of new small firms, Duchesneau and Gartner (2010) found that lead entrepreneurs in successful firms were more likely to have been raised by entrepreneurial parents, to have had a broader business experience and more prior startup experience.

Empirical Review

Planning as a Management Strategy

Paulina, Pawel and Marek (2011) undertook a study with an aim to optimize the quality production planning and control activities. On the basis of conceptual framework presented in their paper, an IT solution called Prograph 0.99 had been elaborated. The preliminary results show that the indicators proposed by the authors are suitable for appropriate evaluation of performance management. The software due the wide range of analyzing abilities is suitable for application at massive production databases for identification of problematic areas within manufacturing system and allows undertaking actions to improve the quality and reliability of sequencing.

Taiwo and Idunnu (2010) examined the effect of strategic planning on organizational performance and survival. The study evaluated the planning-performance relationship in organization and the extent to which strategic planning affected performanceof First Bank of Nigeria. The findings indicated that planning enhances better organizational performance, which in the long term impacts its survival. Bakar et al, (2011) studied the practice of strategic management in construction companies in Malaysia. The findings of the research showed that most of the firms practicing strategic management had a clear objective, a winning strategy to achieve the objective and a sound mission statement to guide the organization towards success.

Kendi (2012) sought to examine the relationship between management practices and organizational performance in Compassion International. The study found job design, teamwork, participatory decision making and organizational communication to have a positive relationship to organizational performance in Compassion International. Overall, job design had the least effect on the organizational performance in Compassion International, followed by participatory decision, then team work while organizational communication had the least effect to the organizational performance in Compassion International.

Another study by Christine (2012) addressed the importance of the manager's role in the development and maintenance of organizational culture. The study found out that managers are always under the magnifying glass, with each action carefully scrutinized by subordinates. They must exercise caution when making decisions, ensuring that fairness and equitability exists among staff, and that ethical standards are upheld on a continual basis. The four cultural components, viewed as managerial traits of trust and trustworthiness, empowerment, consistency and mentorship coexist at all times regardless of the type of culture.

Organizing as a Management Strategy

Ondieri (2013) undertook a study to establish the strategic issue management practiced by SME's in, Mombasa County, Kenya and identify factors influencing Strategic Issue Management Practices by SME's in Mombasa County, Kenya. The result of the study revealed that profitability was considered as the most important performance measure in SME's, followed by market share, innovation and liquidity respectively. Most SME's in Mombasa County practice SIM partially. The study was also able to identify, environmental as well as managerial factors influencing Strategic Issue Management Practices by SME's in Mombasa County, Kenya.

Heugens (2013) in his study on strategic management practices and organizational outcomes assessed whether planning activities contribute anything worthwhile to corporate performance by reporting two studies on the issues management strategies of Dutch food firms during the recent introduction of genetically modified ingredients. He concluded that the implementation of planning activities by firms that are exposed to societal or political predicaments significantly and positively impacts organizational outcome variables. Perrott (2011) documented Ramsay healthcare a case example of how a health care organization implemented the process of planning management practices.

In Kenyan context, the subject of management practices has been studied by Ali (2008) in his study of Strategic management practices by Commercial Banks in Kenya, found out that Management understand how critical it is to address controlling management practices and that in order to be able to effectively deal with the discontinuous and surprising environment organization should embrace control practices in the organization to enhance their capacity to adapt and learn. Wambutura (2010) studied management practices in Kenya Maritime Authority and recommended that all the practices of planning, organizing, controlling, staffing be adopted and should be highly implemented in public institutions for them to realize their set goals and objectives. Chembalain, (2012) studied management practices by shipping companies in Kenya and recommends consistent application of management practices and a regular review of the techniques in order to match the environmental changes both locally and globally.

Kinyua (2014) researching on factors affecting the performance of small and medium enterprises in the Jua Kali Sector in Nakuru town, Kenya with objectives to investigate the role of finance, management skills, macro-environment factors and infrastructure on performance of small and medium-sized enterprises in the Jua Kali sector in Nakuru town. The findings indicated that; that access to finance had the potential to positively affect performance of SMEs; management skills were found to positively and significantly affect performance of SMEs; macro environment factors were found to significantly affect performance and Infrastructure did not significantly affect performance of SMEs in the study area.

Karendi (2015) did a study on Strategic management practices and performance of Small and Medium Sized Enterprises in Kenya. The study found that that top one hundred SMEs had adopted strategic management practices relation to situational analysis, strategy formulation, implementation and evaluation. All the SMEs had written mission and vision statements and paid a lot of attention to strategy formulation, implementation and evaluation. The SMEs had adopted participatory mechanisms in strategic management practices and hence ensuring success of strategic management practice.

Staffing as a Management Strategy

Tan and Nasurdin (2011) examined the direct relationship between human resource management practices and organizational innovation in Malaysia manufacturing firms by assessing the knowledge management mediating role. The results showed that human resource impact positively on innovation within the organization. Training was identified to impact positively on innovations and that performance appraisal also impact positively on administrative innovation.

Mbugua (2014) did a descriptive survey research design on employees perception of the influence of human resource management practices on performance of kengen. The results of the study also revealed that performance targets of employees are linked to the overall corporate objectives however the performance management system and evaluation process is not focused to ensure that employee performance is delivering on the performance of Kengen. The study revealed that the reward management policy framework, bonuses, promotions and employee recognition schemes do not enhance employee performance, motivation and retention to drive organization performance in Kengen. In addition the study revealed that employee and industrial relations have direct impact on the performance and that there is an established framework to facilitate good employee and industrial relations to reduce disruption and enhance productivity in Kengen.

Muindi (2012) did a descriptive study employees' perception of the effectiveness of performance management practices at Harambee Sacco Ltd. The study established that there is positive relationship between performance management practices and the employees' perception about the effectiveness in the organization. Performance management practices enhances employee motivation, career, allows employees to take higher responsibilities, enhance commitment to work and promote relations among employees and also between the employees and the management. Performance management practices if well integrated with organizational objectives leads to high efficiencies and effectives in the performance of the employees hence improving quality and productivity. Kazira (2014) conducted a descriptive survey on the relationship between human resource management practices and employee commitment in retail banking of standard chartered bank of Kenya. The study findings that employee commitment is positively related with recruitment and orientation, performance management, reward management, training and, job analysis and job design health and safety and career development.

Khalumba (2012) conducted a study on the influence of human resource management practices on financial performance of commercial banks in Kenya. The study found that most commercial banks lacked effective human resource plans, employed ineffective recruitment and selection procedures, lacked effective reward management systems, lacked effective training and development programs and career development programs. The study thus concluded that the major human resource management practices that affected the financial performance of commercial banks included human resource planning, recruitment and selection, reward management, training and development, career planning and employees relations. Njenga (2012) conducted a comparative analysis of management of human resource adopted by international organization for standardization certified and non-international organization for standardization certified commercial banks in Kenya. This study used cross-sectional descriptive survey design. The population of this study was comprised all commercial banks in Kenya. Primary data was collected using a semi-structured questionnaire. International Organization for Standardization certification enables commercial banks to adopt human resource management practices. The findings conclude that there is a significant difference between firms with and without International Organization for Standardization 9000 certification with respect to the human resource management practices.

Controlling as a Management Strategy

Mawanda (2008) conducted a research on effects of internal control systems on financial performance in institution of higher learning Uganda. In his study he investigated and sought to establish the relationship between internal control systems and financial performance in an Institution of higher learning in Uganda. Internal controls were looked at from the perspective of Control Environment, Internal Audit and Control Activities whereas Financial performance focused on Liquidity, Accountability and Reporting as the measures of Financial performance. The Researcher set out to establish the causes of persistent poor financial performance from the perspective of internal controls. The study established a significant relationship between internal control system and financial performance. The investigation recommends competence profiling in the Internal Audit department which should be based on what the University expects the internal audit to do and what appropriate number staff would be required to do this job. The study therefore acknowledged role of internal audit department to establish internal controls which have an effect on the financial performance of organizations.

Ewa and Udoayang (2012) carried out a study to establish the effect of internal control design on banks‟ ability to investigate staff fraud and staff life style and fraud detection in Nigeria. Data were collected from 13 Nigerian banks using a four point likert Scale questionnaire and analyzed using percentages and ratios. The study found that Internal control design influences staff attitude towards fraud such that a strong internal control mechanism is deterrence to staff fraud while a weak one exposes the system to fraud and creates opportunity for staff to commit fraud.

Olumbe (2012) conducted a study to establish the relationship between internal controls and corporate governance in commercial banks in Kenya. The researcher conducted a survey of all the 45 commercial banks in Kenya. It was concluded that most of the banks had incorporated the various parameters which are used for gauging internal controls and corporate governance. This was indicated by the means which were obtained enquiring on the same and this showed that the respondents agreed that their banks had instituted good corporate governance with a strong system of internal controls and that there is a relationship between internal control and corporate governance. A study concted by Wainaina (2011), examined the internal control function. He established that, other than the prevention and detection of fraud, internal controls should reflect the strength of the overall accounting environment in an organization as well as the accuracy of its financial and operational records.

RESEARCH METHODOLOGY

The study adopted a descriptive research design to assess the effect of management practices on organizational effectiveness in relation to SMEs in Nairobi County, Kenya. The target population in this study comprised of all small and medium enterprises registered with Nairobi Municipal

Council and operating in Nairobi County. Municipal Council of Nairobi had registered 34,242 SME's (Municipal Council of Nairobi 2014, Business activity code summary). The unit of inquiry were managers/owners of the firms.

Multiple regression model was presented below:

$Y = \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\varepsilon$

Where: Y = Organizational Effectiveness

X_1 = Planning

X_2 = Organizing

X_3 = Staffing

X_4 = Controlling

$\{\beta_i; i=1,2,3,4\}$ = The coefficients representing the various independent variables.

$\{X_i; i=1, 2, 3, 4\}$ = Values of the various independent (covariates) variables.

ε is the error term which is assumed to be normally distributed with mean zero and constant variance.

RESULTS

Impact of Planning on Organizational Effectiveness of SMEs in Kenya.

The first objective of the study was to assess planning as a strategic tool for organizational effectiveness in relation to SMEs in Nairobi County, Kenya. The study in this area asked the respondents to state whether their organization had undertaken planning and the extent to which planning was undertaken. The responses were rated on a five point Likert scale where: 1=very low extent, 2=low extent, 3=Moderate, 4= high extent, 5= very high extent.. Findings are presented in Table 1.

Majority (67%) of the respondents agreed that their organization had undertaken planning in their SMEs while 33% of the respondents disagreed to this.

Table 1: Extent to which Planning was Undertaken at Respondents Organization

Statement	Mean	SD
The management identifies alternative courses of action for achieving objectives.	3.66	.171
The management formulates necessary steps and ensure effective implementation of plans.	3.69	.331
The management is aware of environmental conditions facing my organization and forecast future conditions.	3.71	.714
The management constantly evaluates the success of its plans and takes corrective action when necessary.	3.77	.431
The management analyzes competitive opportunities and threats, as well as the strengths and weaknesses of the organization, and then determining how to position the organization to compete effectively in their environment.	3.81	.197
The management has designed and developed a relatively concrete and specific procedure to implement the strategic plan.	3.83	.166
The management has developed specific procedures that support the tactical plans.	3.87	.513
The management has established objectives of what needs to be achieved and when for the organization.	3.94	.225

From the findings, majority of the respondents agreed that the management had established objectives of what needs to be achieved and when for the organization (3.94), Management had developed specific procedures that support the tactical plans (3.87), Management had designed and developed a relatively concrete and specific procedure to implement the strategic plan (3.83), Management analyzed competitive opportunities and threats, as well as the strengths and weaknesses of the organization, and then determining how to position the organization to compete effectively in their environment (3.81), Management constantly evaluated the success of its plans and took corrective action when necessary (3.77), Management as aware of environmental conditions facing my organization and forecast future conditions (3.71), management formulated necessary steps and ensured effective implementation of plans (3.69). Finally, respondents agreed that management identified alternative courses of action for achieving objectives (3.66).

This implied that planning generally influenced organizational effectiveness of SMEs in Kenya especially with regard to achieving organization objectives. Likewise, Heugens (2013) concluded that the implementation of planning activities by firms that were exposed to societal or political predicaments significantly and positively impacted organizational outcome variables.

Impact of Organizing on Organizational Effectiveness of SMEs in Kenya.

The second objective of the study was to evaluate organizing as a strategic tool for organizational effectiveness in relation to SMEs in Nairobi County, Kenya. The respondents were asked a series of questions relating to the adoption of organizing as well as the level of practice in their organization.

When asked if their organization had adopted organizing as a strategic tool, majority (79%) of the respondents agreed that they had whereas only 21% disagreed to this.

Table 2: Extent to which Organizing was Undertaken at Respondents Organization

Statement	Mean	SD
The management has departmentalized the organization by geography	3.31	.584
The management has departmentalized the organization by customer.	3.36	.881
The management has departmentalized the organization by product	3.59	.671
The management designs jobs based on the principle of empowerment	3.63	.469
The management has organized job to most effectively use human resources.	3.72	.331
The management designs individual jobs within the organization	3.73	.267
The management attempts to strike a balance between the need for worker specialization and the need for workers to have jobs that entail variety and autonomy.	3.77	.297
The management designs jobs based on the principle of job enrichment	3.79	.557
The management has departmentalized the organization by function	3.81	.188
The management designs jobs based on the principle of teamwork.	3.81	.747
The management decides how best to cluster, jobs into departments to coordinate	3.85	.455

effort effectively.		
The management establishes the manner in which the duties should be carried out.	3.91	.401

Based on the findings, majority of the respondents strongly agreed on the extent to which organizing was practiced in their organization, as portrayed by; management establishes the manner in which the duties should be carried out (3.91). The management decided how best to cluster, jobs into departments to coordinate effort effectively (3.85). The management designed jobs based on the principle of teamwork and had departmentalized the organization by function, (3.81). The management designed jobs based on the principle of job enrichment (3.79). The management attempted to strike a balance between the need for worker specialization and the need for workers to have jobs that entail variety and autonomy (3.77). The management designed individual jobs within the organization (3.73). The management had organized job to most effectively use human resources (3.72). The management designed jobs based on the principle of empowerment (3.63). The management has departmentalized the organization by product (3.59). The respondents however moderately agreed that; The management has departmentalized the organization by customer (3.36). The management has departmentalized the organization by geography (3.31).

This depicted that organizing influences organizational effectiveness of SMEs in Kenya particularly with regard to establishing the manner in organization duties should be carried out.

Impact of Staffing on Organizational Effectiveness of SMEs in Kenya

The third objective of the study was to assess staffing as a strategic tool for organizational effectiveness in relation to SMEs in Nairobi County, Kenya. The respondents were asked a series of questions relating to the adoption of staffing as well as the level of practice in their organization.

The findings depicted that majority (71%) of the respondents had adopted staffing in their organization with 29% having not.

Table 3: Extent to which Staffing was Undertaken at Respondents Organization

Statement	Mean	SD
The management selects candidates (via job offers)	3.55	.401
The management outsources recruitment services to human resource recruitment experts	3.55	.616
The management recruits the necessary human resources by sourcing and placing ads	3.58	.221
Regular performance appraisals/reviews are conducted by the management	3.61	.514
The management equips new hires via orienting, training, facilities, assignments)	3.64	.614
The management recruits staff based on the knowledge, skills and abilities that are needed for specified roles, jobs and tasks	3.71	.336
The management screens job candidates (interviewing, testing)	3.79	.155
The management observes performance and gives feedback and other forms of guidance	3.79	.197

As per the findings, majority of the respondents strongly agreed on the extent to which staffing was practiced in their organization, this as depicted by; The management observed performance and gave feedback and other forms of guidance and management screens job candidates (interviewing, testing) (3.79 each). The management recruited staff based on the knowledge, skills and abilities that were needed for specified roles, jobs and tasks (3.71). The management equiped new hires via orienting, training, facilities, assignments) (3.64). Regular performance appraisals/reviews were conducted by the management (3.61). The management recruited the necessary human resources by sourcing and placing ads (3.58). The management outsourced recruitment services to human resource recruitment experts and the management selects candidates (via job offers) (3.55 each).

That organizing influenced organizational effectiveness of SMEs in Kenya particularly with regard to establishing the manner in organization duties should be carried out.

Impact of Controlling on Organizational Effectiveness of SMEs in Kenya.

The fourth and last objective of the study was to explore controlling as a strategic tool for organizational effectiveness in relation to SMEs in Nairobi County, Kenya. Accordingly, findings on questions relating to this objective are discussed in the subsequent section.

The findings revealed that majority (83%) of the respondents stated that their SME had adopted controlling as a strategic tool with the remaining 17% stating otherwise.

Table 4: Extent to which Controlling was Undertaken at Respondents Organization

Statement	Mean	SD
The management ensures sufficient rewards for adhering to the set standards	3.61	0.121
The management controls production and operations processes	3.68	0.152
The management ensures the staff members have a clear understanding of where responsibility for deviations from standards lies	3.72	.434
The management has put up procedures to address performance problems	3.79	.216
The management controls procedures for delivery of services	3.79	.209
The management controls compliance with company policies	3.81	.417
The management sets performance standards in monetary terms such as revenue, costs, or profits	3.87	.171
The management takes corrective action when necessary	3.89	.158
The management set performance standards in non-monetary terms such as units produced, number of defective products, or levels of quality or customer service.	3.89	.226
The management has established performance standards	4.03	.289
The management compares actual performance against standards	4.05	.795

In relation to statements on the extent to which controlling is practiced in the respondents' organization, it was strongly agreed by majority that; The management compared actual performance against standards (4.05). The management had established performance standards (4.03). The management set performance standards in non-monetary terms such as units produced, number of defective products, or levels of quality or customer service and takes corrective action when necessary (3.89). The management sets performance standards in monetary terms such as revenue, costs, or profits (3.87). The management controls compliance with company policies (3.81). The management controled procedures for delivery of services (3.79). The management had put up procedures to address performance problems (3.79). The management ensured the staff members had a clear understanding of where responsibility for deviations from standards lied (3.72). The management controled production and operations processes (3.68). The management ensured sufficient rewards for adhering to the set standards (3.61).

The findings portrayed that controlling also influenced organizational effectiveness of SMEs in Kenya particularly with regard to comparing actual performance against standards. Similarly, Ali (2008) in his study of Strategic management practices by Commercial Banks in Kenya, found out that Management understood how critical it was to address controlling management practices and that in order to be able to effectively deal with the discontinuous and surprising environment organization should embrace control practices in the organization to enhance their capacity to adapt and learn.

Organizational Effectiveness

The study finally sought to assess the organizational effectiveness of SMEs in Kenya. Profits, productivity and employee morale were the parameters used to measure organization effectiveness. Respondents were asked to indicate their level of disagreement or agreement with a number of statements.

Table 5: Organizational Effectiveness

Statement	Mean	SD
Maximization of profits		
The sales revenue of my organization has increased over the last 3 years due to high staff performance.	3.66	.417
Over the last 3 years, the profit of my organization has increased due to adoption of management practices.	3.79	.223
Controlling management practices have ensured adherence to organization objectives leading to an increase in sales revenue.	3.83	.171
High productivity		
The organization customers are satisfied with our products and services.	3.74	.434
The company has experienced an increase in the number of customers over the last 3 years due to production of diverse products.	3.77	.217
Organizing management practices have led to customer satisfaction through coming up with diverse products.	3.83	.289
Employee Morale		
Training has enhanced employees' satisfaction with their jobs in the organization	3.58	.011
Thorough recruitment and selection has led to improved organization performance due to hiring of skilled and experienced team members	3.69	.216
Staffing management practices have ensured that employee turnover is lower than in the best performing organization.	3.81	.336

For maximization of profits, majority of the respondents strongly agreed that; Controlling management practices had ensured adherence to organization objectives leading to an increase in sales revenue (3.83). Over the last 3 years, the profit of my organization had increased due to adoption of management practices (3.79). The sales revenue of their organization had increased over the last 3 years due to high staff performance (3.66).

The respondents further agreed that there was high productivity in their organization as depicted by; Organizing management practices had led to customer satisfaction through coming up with diverse products (3.83). The company had experienced an increase in the number of customers over the last 3 years due to production of diverse products (3.77). The organization customers were satisfied with their products and services (3.74).

Lastly, the respondents agreed that there was high employee morale because; Staffing management practices had ensured that employee turnover was lower than in the best performing organization (3.81). Thorough recruitment and selection had led to improved organization performance due to hiring of skilled and experienced team members (3.69). Training had enhanced employees' satisfaction with their jobs in the organization (3.58).

Regression Analysis

The Regression analysis was carried out to calculate the regression coefficient and regression equation using the independent variable which was management practices in this study and the dependent variable which was organization effectiveness. The results of the regression analysis were shown in the following table:

Table 6: Results of multiple regression between organization effectiveness (dependent variable) and the combined effect of the selected predictors

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.842[a]	.708	.703	.06238

In this case, the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) R2 equals 0.708, that is, planning, organizing, staffing and controlling explain 70.8 percent of the variance in organization effectiveness.

Table 7: Summary of One-Way ANOVA results of the regression analysis between organization effectiveness and predictor variables

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	2.164	4	.541	139.042	.000[b]
1	Residual	.891	229	.004		
	Total	**3.055**	**233**			

a. Dependent Variable: Organization Effectiveness

b. Predictors: (Constant), planning, organizing, staffing and controlling

The probability value of 0.000 indicated that the regression relationship was highly significant in predicting how planning, organizing, staffing and controlling influenced organization effectiveness. The F critical at 5% level of significance was 139.042 respectively, since F critical was greater than the F calculated (value = 2.372019), this showed that the overall model was significant.

Table 8: Regression coefficients of the relationship between organization effectiveness and the four predictive variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.196	.195	.	.996	.320
	planning	.281	.040	.345	7.025	.000
	organizing	.084	.062	.072	1.355	.00176
	staffing	.394	.058	.310	6.793	.000
	controlling	.483	.056	.455	8.625	.000

a. Dependent Variable: Organization Effectiveness

The table above summarized the results of the regression equation. The values in column B represent the extent to which the value of independent variables contributes to the value of the dependent variable. The other column showed the level of significance of the study variables.

The finding in the above table had been diagrammatically represented in Figure, the study found that holding planning, organizing, staffing and controlling constant organization effectiveness would be 0.196, the study also found that a unit increase in planning would cause a .281 increase in organization effectiveness, further it was established by the study that a unit increase in organizing would lead to a .084 increase in organization effectiveness, it was also found that a unit increase in staffing would lead to an increase in organization effectiveness by a factor of 0.394, it was further found by the study that a unit increase in controlling would lead to an increase in organization effectiveness, by a factor of 0.483. In line with the study findings, Taiwo and Idunnu (2010) examined the effect of strategic planning on organizational performance and survival. The study evaluated the planning-performance relationship in organization and the extent to which strategic planning affected performance of First Bank of Nigeria. The findings indicated that planning enhanced better organizational performance, which in the long term impacts its survival. Bakar et al, (2011) studied the practice of strategic management in construction companies in Malaysia. The findings of the research showed that most of the firms practicing strategic management had a clear objective, a winning strategy to achieve the objective and a sound mission statement to guide the organization towards success. Kiendi (2012) sought to examine the relationship between management practices and organizational performance in Compassion International. The study found job design, teamwork, participatory decision making and organizational communication to have a positive relationship to organizational performance in Compassion International. Overall, job design had the least effect on the organizational performance in Compassion International, followed by participatory decision, then team work while organizational communication had the least effect to the organizational performance in Compassion International. Ondieri (2013) undertook a study to establish the strategic issue management practiced by SME's in, Mombasa County, Kenya and identify factors influencing Strategic Issue Management Practices by SME's in Mombasa County, Kenya. The result of the study revealed that profitability was considered as the most important performance measure in SME's, followed by market share, innovation and liquidity respectively. Most SME's in Mombasa County practice SIM partially. The study was also able to identify, environmental as well as managerial factors influencing Strategic Issue Management Practices by SME's in Mombasa County, Kenya.

CONCLUSION AND RECOMMENDATIONS

The study found out that the element of planning management function with a higher impact on organizational effectiveness of SMEs in Kenya was; the management establishing objectives of what needs to be achieved and when for the organization. This was followed by; management developing specific procedures that support the tactical plans, management designing and developing a relatively concrete and specific procedure to implement the strategic plan, management analyzing competitive opportunities and threats, as well as the strengths and weaknesses of the organization, and then determining how to position the organization to compete effectively in their environment, management constantly evaluating the success of its plans and takes corrective action when necessary, management being aware of environmental conditions facing my organization and forecast future conditions, management formulating necessary steps and ensuring effective implementation of plans, management identifying alternative courses of action for achieving objectives.

In relation to organizing, the study found out that the element with a higher impact on organizational effectiveness of SMEs in Kenya was; Management establishing the manner in which the duties should be carried out, the management deciding how best to cluster, jobs into departments to coordinate effort effectively, the management designing jobs based on the principle of teamwork and has departmentalized the organization by function, the management designing jobs based on the principle of job enrichment, the management attempting to strike a balance between the need for worker specialization and the need for workers to have jobs that entail variety and autonomy, the management designing individual jobs within the organization, the management organizing jobs to most effectively use human resources, the management designing jobs based on the principle of empowerment, the management departmentalizing the organization by product,

With regard to staffing, the study found out that the element with a higher impact on organizational effectiveness of SMEs in Kenya was; the management observing performance and giving feedback and other forms of guidance and management screens job candidates (interviewing, testing), the management recruiting staff based on the knowledge, skills and abilities that are needed for specified roles, jobs and tasks, the management equipping new hires via orienting, training, facilities, assignments), regular performance appraisals/reviews being conducted by the management, the management recruiting the necessary human resources by sourcing and placing ads, the management outsourcing recruitment services to human resource recruitment experts and the management selects candidates (via job offers).

The findings on controlling were that, in order of the element with a higher impact on organizational effectiveness of SMEs in Kenya; The management comparing actual performance against standards, the management establishing performance standards, the management ensuring that performance does not deviate from standards, the management setting performance standards in non-monetary terms such as units produced, number of defective products, or levels of quality or customer service and takes corrective action when necessary, the management setting performance standards in monetary terms such as revenue, costs, or profits, the management controlling compliance with company policies, the management controlling procedures for delivery of services, the management putting up procedures to address performance problems, the management ensuring the staff members have a clear understanding of where responsibility for deviations from standards lies, the management controlling production and operations processes, and the management ensuring sufficient rewards for adhering to the set standards.

Finally, the findings relating to organization effectiveness of the SMES as a result of the adoption of management functions as strategic tools were; controlling management practices have ensured adherence to organization objectives leading to an increase in sales revenue, over the last 3 years, the profit of my organization has increased due to adoption of management practices, the sales revenue of my organization has increased over the last 3 years due to high staff performance, organizing management practices have led to customer satisfaction through coming up with diverse products, the company has experienced an increase in the number of customers over the last 3 years due to production of diverse products, the organization customers are satisfied with our products and services, staffing management practices have ensured that employee turnover is lower than in the best performing organization, thorough recruitment and selection has led to improved organization performance due to hiring of skilled and experienced team members, whereas training has enhanced employees' satisfaction with their jobs in the organization.

Conclusions of the Study

The study concluded that management functions as strategic tools had a significant impact on organizational effectiveness of SMEs in Nairobi County, Kenya. Specifically, planning, organizing, staffing and controlling explained 70.8 percent of the variance in organization effectiveness. This study had determined that in addition to promoting strategic management (management practices) as a best practice among small and medium enterprises also to examine the existence, nature and intensity of direct and indirect, general and partial links between strategic management practices in general, and the components of this process, in particular, on the one hand, and organization effectiveness indicators related by turnover dynamics, number of employees dynamics, objectives' level of achievement and perceived performance, on the other. Such studies, investigating the management practices and as a strategic tool for organization effectiveness, especially in the case of small and medium enterprises from a developing country were few. Therefore this research contributed to filling the void existing in this respect by providing an overview of management practices in a developing country.

Recommendations of the Study

The study recommended the practice of planning strategy as they do have a positive influence on organization effectiveness among SME's. Organizations should work together internally and externally i. to come up with planning practices and set attainable expectorations with these practices. However, for these practices to be implemented, the planning elements such as trust, commitment, information sharing and partnerships will need to put in place

Strategic planners, strategic situation, strategic analysis and choice are put in place to accomplish the mission and objectives of the SMEs in the light of growth and profitability. The management also needs to have a positive rethink towards the use of strategic management and have the right resources as the success of a business or strategy depends primarily on the value judgment, energy and skill of its top managers and the strategic implementation within the context and parameter of the organization goals. Adoption of strategic management practice is considered indispensable in small scale enterprises and especially in developing economies like Kenya and it should form part of the SMEs method of improving organizational effectiveness to enable them cope with the changes and challenges of the turbulent business environment and the global economy.

Staff development is an integral part of talent management and should be systematically and fully integrated to optimize business results. The study recommends a well thought and effective development of employees throughout the talent lifecycle by demonstrating that every strategic business priority has a measurable learning angle. Unless the SME's in Kenya continually reinvest in developing their employees with successful on-boarding and ongoing training-helping them reach their full potential- they may leave and the organizations will find themselves back at square one trying to procure more talent which is a very costly process. It is therefore recommended that management in these organizations should maintain learning and development practices like learning needs identification, coaching and in-house development programs to shape the organization's future leadership hence sustained organization performance in the long run.

The study recommended that the governing body, possibly supported by the audit committee, should ensure that the internal control system is periodically monitored and evaluated. The actual assessment can be executed by the organization's management. A staff person who is sufficiently independent from those responsible for the system, such as the internal auditor, could provide additional assurance on the effectiveness and cost efficiency of the internal control system.

Areas for Further Research

The Methodology used in this study had limitations and the findings were not exhaustive; requiring further scrutiny. Further it would be interesting to have a full fledge study, that focuses on the precursors of each company impacting on their strategic management practices and establish the critical success factors for each of these firms. Another limitation of the study is that we didn't study the characteristics of those responsible for management practices activities. These characteristics (age, experience and the nature of their studies) could influence management practices and organization effectiveness.

The number of variables reflecting organization effectiveness may be extended to non-financial and financial indicators established after a thorough study of literature and consultation with a panel of small and medium enterprises regarding the indicators they consider relevant to company's performance. Resumption of study to investigate whether there are changes in the strategic management practices carried out by SMEs is a direction for future research.

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