

Strategic Control and Evaluation and Organizational Performance of Manufacturing Small and Medium Enterprises in Machakos County, Kenya

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Abstract: Manufacturing small and medium enterprises (SMEs) in Kenya continue to face performance challenges, and while strategic control and evaluation is widely recognized as central to SME performance, evidence on its specific influence, particularly outside Nairobi, remains limited. This study examines the influence of strategic control and evaluation on the organizational performance of manufacturing SMEs in Machakos County, Kenya. Using a descriptive research design, data were collected from 93 owners or managers of manufacturing SMEs, drawn from a stratified random sample of 100 licensed manufacturing SMEs with 10 to 99 employees. Strategic control and evaluation and organizational performance were both measured on a five-point scale and analyzed using descriptive statistics, Pearson correlation, and simple linear regression. Strategic control and evaluation was practiced to a moderate extent ($M = 3.26$) and was positively and significantly correlated with organizational performance ($r = .808, p < .01$). Strategic control and evaluation was found to be a strong, statistically significant predictor of performance, explaining 65.3% of the variance in organizational performance ($R^2 = .653, \beta = .808, p < .001$). The study concludes that strategic control and evaluation meaningfully improves the performance of manufacturing SMEs, and recommends that owners and managers institutionalize formal, consistent performance monitoring and evaluation systems.

Keywords: corrective action, manufacturing SMEs, organizational performance, performance monitoring, strategic control and evaluation

I. INTRODUCTION

Strategic control and evaluation refers to the systematic monitoring of organizational performance against set objectives, the use of clearly defined key performance indicators, and the exercise of timely corrective action when results deviate from targets [1]. For small and medium enterprises (SMEs), which typically operate with limited resources and thinner margins for error than large firms, strategic control and evaluation provides the feedback mechanism needed to detect performance gaps early and to redirect resources and effort before small problems become large ones. This pattern is also evident among Kenyan financial cooperatives, where strategic control mechanisms have been strongly linked to organizational performance [2].

In Kenya, manufacturing SMEs are a vital source of employment, value addition, and support for local supply chains, yet national data show that many continue to operate with minimal formal monitoring and evaluation structures, which constrains their performance and growth potential [3]. Machakos County is one of Kenya's fastest-growing manufacturing hubs owing to its proximity to Nairobi and industrial zones such as Athi River, and accounts for approximately 7.8% of the country's manufacturing gross value added [4]. Despite this potential, many manufacturing firms in the county continue to record weak and inconsistent performance, and a substantial number cease operation shortly after being established [5].

Existing Kenyan research on strategic management has tended to concentrate on Nairobi and has generally examined strategic practices individually rather than assessing how specific practices, such as strategic control and evaluation, actually function among manufacturing SMEs operating outside major urban centers [6]. A recent systematic review further notes that empirical evidence on strategic control practices among SMEs, though generally positive, remains fragmented and rarely disaggregated by practice or context [7]. Furthermore, the integration of strategic evaluation and control mechanisms ensures that organizational efforts remain aligned with established missions, facilitating operational streamlining and enhanced performance [8]. Manufacturing SMEs in Machakos County operate across four main subsectors, food and beverages, chemicals and allied products, textile and apparel, and metal fabrication, and weak

monitoring systems have been identified as among the challenges affecting their performance; the county was therefore selected for this study to provide the county-level evidence that existing, largely Nairobi-focused research does not.

This study responds to this gap by examining, specifically, the influence of strategic control and evaluation on the performance of manufacturing SMEs in Machakos County, Kenya. The specific objective was to evaluate the influence of strategic control and evaluation on the performance of manufacturing SMEs in Machakos County. The corresponding research question was: how does strategic control and evaluation influence the performance of manufacturing SMEs in Machakos County?

II. LITERATURE REVIEW

2.1 Theoretical Review

This study is anchored on two complementary theories: Dynamic Capabilities Theory and Agency Theory. Dynamic Capabilities Theory [9] suggests that strategic control and evaluation enables firms to monitor strategic outcomes, identify deviations and environmental changes, learn from performance feedback, and adjust and reconfigure strategies and resources accordingly; these adaptive processes of sensing, learning, and adjusting can enhance an organization's ability to respond to changing conditions and improve performance.

Agency Theory, developed by Jensen and Meckling [10], holds that monitoring and control systems are important to safeguard owner interests where managers may otherwise pursue divergent objectives, and that such systems reduce the costs arising from this separation of ownership and control. The theory implies that formal performance review, clearly defined key performance indicators, and timely corrective action function as governance mechanisms that align managerial behavior with organizational goals. For manufacturing SMEs, where owners often delegate day-to-day operations to managers or supervisors, this suggests that firms with stronger monitoring and evaluation systems should be better positioned to detect inefficiency early and convert oversight into performance gains. Together, the two theories frame strategic control and evaluation as both an adaptive, learning-oriented process and a governance mechanism that curbs inefficiency.

2.2 Conceptual Framework

The conceptual framework linking the study variables is presented in Figure 1. Strategic control and evaluation, the independent variable, was conceptualized through two constructs: performance review systems, capturing the extent to which firms regularly monitor performance against set objectives and use clearly defined key performance indicators, and corrective action mechanisms, capturing the extent to which firms evaluate actual results against targets, act on performance deviations, and draw on feedback from employees, customers, and other stakeholders. Organizational performance, the dependent variable, was conceptualized through respondents' perceptual ratings of sales revenue growth and profit margin.

2.3 Empirical Review

Globally, Damayanti et al. [1] surveyed manufacturing SMEs in Indonesia and found that structured performance review and feedback mechanisms, implemented through a balanced scorecard approach, were associated with better performance outcomes, indicating that regular strategy evaluation and control were linked to improved results.

Regionally, Yanda et al. [11] investigated the impact of strategic evaluation and control mechanisms on the performance of manufacturing SMEs in Kabwe District, Zambia, using a descriptive mixed-methods design with data analyzed from 202 of 500 sampled manufacturing SMEs, and found that regular strategy evaluation and control were linked to better performance, concluding that a structured approach to strategic control and evaluation improves performance by continuously aligning strategic goals with operational activities.

Locally, Oranga et al. [2] examined the impact of strategic control practices on the performance of savings and credit cooperative societies in Nairobi County, Kenya, and found a strong link between strategic control mechanisms and organizational performance, concluding that strategic control systems linking monitoring to corrective action support better outcomes. Collectively, these studies point to a consistent positive relationship between strategic control and evaluation and organizational performance, reinforcing the agency-theoretic view that monitoring and feedback mechanisms curb inefficiency and support accountability.

III. METHODOLOGY

3.1 Research Design

This study adopted a positivist philosophy and a descriptive research design to examine the relationship between strategic control and evaluation and organizational performance. The positivist approach supports the objective measurement of variables and statistical testing of hypothesized relationships [12]. A descriptive research design was appropriate because the data were collected from respondents at a single point in time [13].

3.2 Sample and Data Collection

The target population comprised 3,543 licensed manufacturing SMEs in Machakos County, Kenya, employing between 10 and 99 people, divided into four subsectors: food and beverages (1,417), metal fabrication (886), textile and apparel (781), and chemical and allied products (459). From this population, a sample of 100 was drawn in accordance with the Yamane [14] formula. A stratified sampling technique was used to select respondents [15], with a proportionate allocation method used to determine the number of firms selected from each stratum so that every manufacturing subsector contributed to the sample in line with its size [16]. Simple random sampling was then used to select individual firms within each stratum. Owners and managers of the selected SMEs participated in this study because they were responsible for strategic and operational decisions.

Data were gathered using a structured questionnaire containing both open and closed questions, administered to owners or senior managers. Prior to full administration, the instrument was pilot tested with 10 manufacturing SMEs, whose responses were excluded from the final analysis. An expert reviewed the instrument to assess content validity, and the questionnaire items were aligned with the study's constructs to support construct validity. Of the 100 questionnaires distributed, 93 were completed and returned, a 93% response rate considered adequate for statistical analysis [17].

Reliability was assessed using Cronbach's alpha [18]. All constructs exceeded the recommended threshold of 0.7 [19].

3.3 Measures and Data Analysis

Strategic control and evaluation was measured through two constructs, performance review systems and corrective action mechanisms, using five items covering regular monitoring of performance against set objectives, the use of clearly defined key performance indicators, regular evaluation of actual results against set targets, corrective action taken when performance deviates from expectations, and the use of feedback from employees, customers, and other stakeholders, each rated on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Organizational performance was measured using perceptual indicators of sales revenue growth and profit margin, whereby respondents rated their own assessment of the firm's performance on the same five-point scale rather than reporting audited financial figures, an approach commonly used where manufacturing SMEs do not routinely prepare or disclose formal financial statements.

Because both strategic control and evaluation and organizational performance were self-reported by the same respondent through a single questionnaire, this study is potentially susceptible to common method bias [20]. Several procedural remedies were applied to minimize this risk: respondents were assured of strict confidentiality and that their responses would be used exclusively for academic purposes, reducing the incentive to give socially desirable answers; the questionnaire was divided into clearly separated sections for the predictor and outcome constructs; and items were worded simply and specifically to reduce ambiguity [20].

Data were analyzed using SPSS version 28. Descriptive statistics summarized respondents' ratings of the study variables, Pearson correlation was used to examine the relationship between strategic control and evaluation and performance, and simple linear regression was used to test the hypothesized relationship. Statistical significance was evaluated at the 5% level ($\alpha = .05$). The regression model was specified as:

$$Y = \beta_0 + \beta_1 X + \varepsilon$$

where Y is organizational performance, X is strategic control and evaluation, β_0 is the constant, β_1 is the regression coefficient, and ε is the error term.

3.4 Ethical Considerations

Ethical approval and authorization were obtained from The Co-operative University of Kenya and the National Commission for Science, Technology, and Innovation (NACOSTI). Participation was voluntary, informed consent was obtained from all respondents, and all responses were treated confidentially.

IV. RESULTS AND DISCUSSION

4.1 Response Rate

Of the 100 questionnaires distributed, 93 were completed and returned, a response rate of 93%, which was adequate for statistical analysis [17].

4.2 Reliability

Table 1 presents reliability results for the two constructs examined in this study.

Table 1: Reliability Results

Variable	Cronbach's α	No. of items
Strategic control & evaluation	0.803	5
Organizational performance	0.812	3

Both constructs exceeded the 0.7 threshold, confirming that the items used to measure strategic control and evaluation and performance were internally consistent [19].

4.3 Descriptive Statistics

Table 2 summarizes respondents' ratings of strategic control and evaluation practices ($n = 93$).

Table 2: Descriptive Statistics for Strategic Control and Evaluation

Statement	Mean	Std. Dev.
Organization regularly monitors performance against set objectives	3.29	0.89
Clearly defined key performance indicators regularly used to monitor progress	3.73	1.08
Organization regularly evaluates actual results against set targets	2.72	1.47
Organization takes corrective action when performance deviates from expectations	3.13	1.35
Organization uses feedback from employees, customers, and other stakeholders	3.42	1.38

The results show considerable variation across items. Respondents most strongly agreed that their organizations use clearly defined key performance indicators to monitor progress ($M = 3.73$), and that they draw on stakeholder feedback to support performance improvement ($M = 3.42$). However, regular evaluation of actual results against set targets was rated markedly lower ($M = 2.72$), suggesting that while many manufacturing SMEs monitor performance and gather feedback, formal, consistent review of results against targets is less common. Overall, strategic control and evaluation was practiced to a moderate extent (composite $M = 3.26$), with monitoring and feedback more consistent than systematic evaluation against targets.

4.4 Diagnostic Tests

Prior to regression analysis, the assumptions of normality, linearity, and homoscedasticity were assessed using the Shapiro-Wilk test, ANOVA-based linearity tests, and visual inspection of residual plots respectively [21], and all were found satisfactory, confirming that the data were suitable for simple linear regression.

4.5 Correlation Analysis

Table 3 presents the correlation between strategic control and evaluation and organizational performance.

Table 3: Correlation Matrix

Variable	Org. Performance	SC&E
Organizational Performance	1	
Strategic Control and Evaluation	0.808**	1

Strategic control and evaluation was positively and significantly correlated with organizational performance ($r = .808$, $p < .01$, $n = 93$), indicating a strong association between the two variables.

4.6 Regression Analysis

A simple linear regression analysis was performed to investigate the influence of strategic control and evaluation on the organizational performance of manufacturing SMEs in Machakos County. Table 4 presents the model summary.

Table 4: Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of Estimate
1	0.808	0.653	0.649	0.49441

The findings show that strategic control and evaluation had a strong positive relationship with organizational performance ($R = 0.808$). The coefficient of determination ($R^2 = 0.653$) indicates that approximately 65.3% of the variation in organizational performance was explained by strategic control and evaluation. The adjusted R^2 of 0.649 confirms the reliability of the model, while the standard error of the estimate (0.494) indicates a reasonably low deviation between observed and predicted performance values. Table 5 presents the ANOVA test of the model's overall significance.

Table 5: ANOVA

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	41.876	1	41.876	171.346	< .001
Residual	22.253	91	0.245		
Total	64.129	92			

The model was statistically significant, $F(1, 91) = 171.346$, $p < .001$, confirming that strategic control and evaluation significantly predicted organizational performance, and that manufacturing SMEs which more actively set targets, reviewed operations, and tracked financial and operational metrics tended to record stronger performance outcomes. Table 6 presents the regression coefficient.

Table 6: Regression Coefficients

Predictor	B	SE	β	t	Sig.
(Constant)	1.365	0.201	—	6.804	.001
Strategic control & evaluation	0.635	0.048	0.808	13.090	.001

The unstandardized coefficient ($B = 0.635$) indicates that a one-unit increase in strategic control and evaluation was associated with a 0.635-unit increase in organizational performance. The standardized coefficient ($\beta = 0.808$) reflects a strong positive relationship, and the effect was statistically significant ($t = 13.090$, $p < .001$). The constant term ($B = 1.365$, $t = 6.804$, $p < .001$) indicates that manufacturing SMEs retain a moderate baseline level of performance even at low levels of strategic control and evaluation. The estimated model was $Y = 1.365 + 0.635X + \varepsilon$, where Y is organizational performance and X is strategic control and evaluation.

4.7 Discussion

Strategic control and evaluation had a strong, positive, and statistically significant effect on organizational performance ($\beta = .808$, $p < .001$), underscoring the importance of continuous monitoring in identifying performance gaps for timely corrective action. This finding is consistent with Damayanti et al. [1], Oranga et al. [2], and Yanda et al. [11], all of whom found that robust strategic evaluation and control systems improve SME performance across different sectors and settings. It also supports both theoretical strands underpinning this study: Dynamic Capabilities Theory [9], since manufacturing SMEs that monitor outcomes and adjust their strategies in response to performance feedback appear better able to convert oversight into performance gains, and Agency Theory [10], since manufacturing SMEs that maintain clear performance indicators and act on stakeholder feedback, the highest-rated practices in this study, appear better positioned to curb inefficiency and align managerial behavior with organizational goals.

At the same time, the comparatively low rating for regular evaluation of results against set targets ($M = 2.72$) suggests that many manufacturing SMEs monitor performance and gather feedback without consistently closing the loop through formal, documented review, which may limit the full performance benefits that more disciplined evaluation could unlock.

V. CONCLUSION

This study examined the influence of strategic control and evaluation on the performance of manufacturing SMEs in Machakos County, Kenya. The findings show that strategic control and evaluation is practiced to a moderate extent and is a strong, statistically significant predictor of organizational performance. Manufacturing SME owners and managers should therefore institutionalize formal, consistent performance monitoring and evaluation systems, with particular emphasis on regularly comparing actual results against set targets rather than relying mainly on informal monitoring and stakeholder feedback. Local government and business development agencies could support this by offering practical training in performance monitoring and evaluation for manufacturing SME owners and managers.

This study adopted a cross-sectional quantitative research design that does not support causal conclusions across different time periods. Its scope is also limited to licensed manufacturing SMEs in Machakos County, selected for its high concentration of local manufacturing industries; infrastructure conditions and operating environments differ across counties and may yield different results elsewhere.

Future research could extend this finding by testing strategic control and evaluation alongside other strategic management practices in a multiple regression framework to establish its unique contribution net of related practices, and could adopt a longitudinal research design to examine the impact of strategic control and evaluation on organizational performance over time, producing stronger evidence on the causal relationship between the two variables.

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