

**COMPREHENSION OF EXTERNAL ENVIRONMENT, DECISION MAKING,
STRATEGY IMPLEMENTATION AND PERFORMANCE OF MICRO, SMALL AND
MEDIUM ENTERPRISES IN KINSHASA - DR CONGO**

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**A Thesis Submitted in Partial Fulfilment for the Degree of Doctorate in Philosophy (PhD)
in Business Administration of Kenya Methodist University**

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DECLARATION AND RECOMMENDATION

“I declare that this thesis is my original work and that it has not been presented for a degree or any other award in any other university.”

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“This thesis has been submitted with our approval as university supervisors”.

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DEDICATION

I dedicate this research study to my wife Sylvie Kasanga Ngoy Kibwe; my children Glody Kasanga Ngoy, Jussy Umba Kasanga, Ruth Fatuma Kasanga and Daniel Ngoy Kasanga Mulunda, who have been very supportive throughout my academic journey. I also dedicate the thesis to my late parents, Etienne Kasanga Nongolola and Marie Kasanga Fatuma, without whom I could not have made it this far.

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ABBREVIATIONS AND ACRONYMS

ANOVA	-	Analysis of Variance
CEE	-	Comprehension of External Environment
DCV	-	Dynamic Capabilities View
DM	-	Decision Making
DRC	-	Democratic Republic of Congo
GDP	-	Gross Domestic Product
HR	-	Human Resources
IDM	-	Intuitive Decision Making
IFC	-	International Finance Corporation
IMF	-	International Monetary Fund
ILO	-	International Labour Organization
MNEs	-	Multinational Enterprises
MSMEs	-	Micro, Small and Medium Enterprises
OHADA	-	Organization for the Harmonization of African Business Law
OLS	-	Ordinary Least Squares
PESTEL	-	Political, Economic, Social, Technological, Ecological and Legal Environment
RBV	-	Resource Based View

ROA	-	Return on Asset
RDM	-	Rational Decision Making
SD	-	Standard Deviation
SI	-	Strategy Implementation
SMEs	-	Small and Medium Enterprises
SO	-	Strategy Operationalization
SPSS	-	Statistical Package for Social Sciences
STATA	-	General Purpose Statistical Software Package
UK	-	United Kingdom
US	-	United States
VIF	-	Variance Inflation Factor

ABSTRACT

The ability of managers to comprehend the environment in which they operate and make decisions about strategy implementation which in turn affects performance of organisations is scarcely documented in empirical studies. The purpose of this study was to examine the relationships between comprehension of external environment, decision-making, strategy implementation and performance of micro, small and medium enterprises in Kinshasa, Democratic Republic of Congo. This study tested the nexus between comprehension of external environment and performance, the effect of comprehension of external environment on both decision making and strategy implementation, the influence of decision making and strategy implementation respectively on performance, the moderating role of decision making and mediating role of strategy implementation on the relationship between comprehending the external environment and the performance of micro, small and medium enterprises (MSMEs) operating in different industries in Kinshasa. A positivist paradigm with deductive approach and a cross-sectional survey design were used. Primary data was collected using a drop-and-pick later questionnaire which was distributed to 643 respondents from MSMEs that were officially registered and operating in Kinshasa. Secondary data was collected from the MSMEs' past financial documents such as balance sheets, statement of cash flows, and profit and loss statements. Both financial (return on asset, increase in sales and profit) and non-financial (managers' qualitative assessment of customer satisfaction, employee satisfaction, growth in number of employees and improvement in number of customers) measures were used to measure the performance of the MSMEs. The findings were that comprehension of external environment had a statistically significant effect on performance ($B = 0.748$, $t = 9.873$, $p < 0.05$), on decision making ($B = 0.105$, $t = 13.406$, $p < 0.05$) as well as on strategy implementation ($B = 0.80$, $t = 35.214$, $p < 0.05$). Further, both decision making and a strategy implementation had statistically significant influence on performance ($B = 0.762$, $t = 8.46$; $B = 0.45$, $t = 5.962$ $p < 0.05$). While decision making significantly moderated the relationship between comprehension of external environment and performance, strategy implementation significantly mediated the relationship between comprehension of external environment and performance. These findings contribute to theory, policy and management practices. The study recommends that MSMEs should enhance managers' intuitive and rational decision making skills, ensure that cultural norms of the community are well understood, and embrace technology to enhance creativity and innovation. Lastly, the government should create a centre for capacity building of MSMEs through seminars, workshops and conferences. This study also recommends further studies on more factors affecting the performance of MSMEs in Kinshasa.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organisations, whether micro, medium or large, exist in any market environment so that they can be successful in their undertakings by deploying the right strategies. These organisations make effort to reach a competitive advantage that can give them an edge to survive in the market. To survive in any market, managers should be able to comprehend the ever-changing environment in which business operations are conducted and to adapt their internal strategies according to emerging changes in that particular environment (Sherbem, 1997). The comprehension of factors from the external environment that affect enterprises is very crucial for the interpretation of various phenomena. This assists in controlling numerous situations within a firm and influences the same in terms of policies, decisions as well as to determine the long-term objectives of the firm (Almanal, 2006).

Many scholars have elucidated the effect of external environments on small and medium enterprises (SMEs) within the last two decades. The primary objective for many of these studies was to establish the reason why firms succeed or fail to attain sustainable competitive advantage to permit their growth and position within the environment in which the firm operates. These scholars have covered diverse aspects of SMEs such as influence of external forces on business performance (Rizal et al. 2017), external environment analysis for SMEs (Banham, 2010), factors affecting performance of SMEs (Kinyua, 2014), etc. However, the present study concentrated on micro, small and medium enterprises and their sustainable competitive advantage as influenced by the manager's comprehension of the external environment, decision making and strategy implementation. Camuffo (2017) argues that organisations which operate out there often aim for

successful performance as evidenced by profit maximization. It is usually agreed that MSMEs are the most vibrant components of any economy.

Further, MSMEs has a remarkable impact in the development of the economy as a whole in all countries on the African planet, including the Democratic Republic of the Congo (DRC). Longenecker et al. (2008) have argued that today, some 40% of grown-ups prefer to start their own business, to call their own shots and many are doing just that. According to Qirim (2004), research activities into the important function of MSMEs in growing a healthy economic climate and innovation first begun in the 1970s. Taking into consideration that MSMEs contribute considerably to the economic and industrial development in most countries, it becomes critical to develop a policy strategy that will enable their growth.

The International Finance Corporation (IFC, 2011) reported that DRC is rated 178th out of 183 nations on the Planet Bank Groups' 2012 Doing Business Report. As a result, this study became interested in investigating the reason behind this poor ranking. This study focused on finding out how managers were able to comprehend the environment in which they operate to enhance the performance of MSMEs in Kinshasa. Further, it considered managers of MSMEs as some of the internal resources of MSMEs that need to develop capabilities of comprehending the external environment to be able to counter any negative influence and to exploit opportunities from the external environment for improved performance. This was in conformity with the theory of resource-based view (RBV) by Madhani (2010) which has to do with the resources and capabilities inside the company with goals to develop lasting competitive advantage.

In addition, according to Veerabhadrapa (2009) a large number of entrepreneurs, especially in the MSMEs sector, fall short due to a number of issues and bottlenecks with the failure, absence of concise vision, absence of market knowhow and shortage of technical skills, as well as

understanding on how best to run a business constituting great barriers to entrepreneurship. Political difficulties of the nation also affect the economic, social, technological atmosphere; making it tough for the MSMEs to run in the DRC.

Advantages of MSMEs: According to Hutzschenreuter (2009) MSMEs have an important impact in Europe and particularly the German Economy: 99.5% out of all firms are MSMEs and they hire 60.1% of the total Germany workers. Nevertheless, their value is not restricted to Europe. However, US MSMEs contribute 50% of the US Gross Domestic Product (GDP) and create 14 times more patents (per worker) than the huge companies. In Cameroon, MSMEs comprise a huge mass of companies and are an important source of its economic development, dynamism, and flexibility (Achtenhagen & Brundin, 2016). In Nigeria, the sector was initially not considered vital and this made it vulnerable in the contribution to the national economy. The MSMEs sector in Nigeria has a low level of creativity skills, poor management, and faces difficulty in accessing financial infrastructural facilities which normally leads to the high rate of company death (Onugu, 2005).

In DRC, MSMEs have taken over the private sector. Although small-size companies have usually participated in the national economy, it is noted that most companies, especially in the informal sector, have dropped their productivity.

In DRC, out of 100 companies, 90 are MSMEs (1 to 140 workers) but 50% of these companies do not reach five years. However, companies with six years or above employ more than 60% of all workers in DRC. Statistics revealed that in DRC, MSEs have 5.2% employment rate per annum, medium size enterprises 6% whereas the large companies are entitled to only 1.3% of employment growth rate (Kibatshi, 2016). Nevertheless, the growth rate of the operating MSMEs in DRC is very low. To increase performance as a vital factor of development and work prospect for skilled

youth employees, MSMEs have to work hard (Brown, 2017). It is generally agreed that MSMEs are the most dynamic and proactive part of any economy. This MSMEs sector needs to be developed and improved for its contribution in the economic sustainability around the world (Camuffo, 2017).

According to Longenecker et al. (2008), 40% of people wish to have their own enterprise while almost 600,000 organisations are started yearly in the United States alone. However, to set up a business requires a business idea. Micro, Small and Medium Enterprises (MSMEs) have a vital impact in the progress and development of the economy in both developing and developed countries (Tambunan 2008). Furthermore, the typical sight of entrepreneurship is that there are a small number of outstanding people, such as Bill Gates, Richard Branson and James Dyson, who are the charming people that successfully market originalities, manage their own companies and also are incapable of helping anyone else (Lowe & Marriott, 2006). Those who have actually succeeded to employ efficiently the strategic application for the performance of their MSMEs did it within and outside the external environment. Microsoft began as an MSME in a residence garage throughout the very early 1980s. Today it is amongst the most effective companies worldwide since it had the ability to satisfy the lasting competitive advantage. This is because of the ability of its administration to manage the ever-changing setting. The understanding of these settings is essential for the flexibility and adaptability of managers in making decisions to meet the chances as well as to counter hazards of the external environment.

1.1.1 Challenges Faced by MSMEs

It is usually accepted that MSMEs have an important function to play in economic development. However, several difficulties restrict their long-term survival. Only a small number withstand to achieve a life scale of a year (Muriithi, 2017). According to Acorp (2014) the mortality price of

MSMEs within the nations of Africa continues to increase at 71% new services stopping working in their first year. In addition to the above-mentioned challenges, MSMEs in Kinshasa face many challenges. Some of the challenges are lack of adequate infrastructure, less knowledge of information technology, instability in electricity supply, disconnection of communication systems, and difficulties in acquiring financial support from banks (Nzuzi & Tshimanga, 2012). This study has identified another challenge facing MSMEs operating in DRC which is the manager's inability to comprehend the external business environment.

1.1.2 The Concept of Entrepreneurship

Scholars started to be interested to the role that MSMEs play in the year 1970. Not only in keeping a fit and active economies inside developed countries, but also in presenting creations and originality (Qirim, 2004). Prior to the 1970s, the emphasis of government, experts, and scholars was mainly focussed to large enterprises because it was believed that large firms were critical to economic development. A remarkable growth in the mid to late part of that period was the increased consideration of writers and researchers towards the small business sector (Bhaird, 2010). Further, Small and Medium Enterprises are initiated by those we call entrepreneurs.

Further, SMEs are initiated by those we call entrepreneurs.

The word 'entrepreneur' originated from French word 'Entreprendre' utilized in order to point musical co-ordinator or other forms of entertainment. Thereafter, in 16th century it was used to point leaders of the army. The word was later utilized in the 17th century to designate the work of civil engineer such as building. However, Richard Cantillon who was Irishman foreigner in France, was the one who employed the term entrepreneur for the first time in reference to activities of economic nature. Further, Cantillon, defines entrepreneurs as persons who purchase services at

given prices with intent to sell the products at different prices from the ones paid for initial purchase (Havinal, 2008).

Additionally, an entrepreneur is carrier of a risk which was initially a French word. The word was found originally in the 1437 in French dictionary. The word entrepreneur has three descriptions in this French dictionary. The most public sense was: “La personne capable d’entrepreneur quelque chose” referring to someone who is able to start something with intend to reach a goal.

MSMEs make up 99.7% of the ventures worldwide and contribute substantially to the economic and industrial growth in the majority of countries. It is therefore essential to establish a policy that will advance their growth (Mwangi & Namusonge, 2014).

MSMEs make up a large bulk of businesses in Cameroon where they constitute a source of its economic development, dynamism, and flexibility (Achtenhagen & Brundin, 2016). Despite the fact that MSMEs have been regarded as the barrier for employment generation as well as technological growth in Nigeria, the sector, nevertheless, has had its own reasonable share of overlook with concomitant unsavoury effect on the economy. The effect of this on the Nigerian economy has been a low degree of business abilities, bad management methods, and constricted access to cash and capital markets. The country has also witnessed a reduced equity involvement from the promoters because of not having enough individual financial savings due to a high poverty index, a low return on investment, insufficient equity capital, poor infrastructural centres, and a high price of enterprise mortality (Onugu, 2005).

According to Olejnik (2013), there are various other reasons to specifically concentrate on the MSMEs. To begin with, MSMEs are the significant companies of advancement as well as

entrepreneurship. Smaller sized companies have the ability to adjust quickly and flexibly to different situations. They have the ability to reply to market troubles quicker than multinational companies (MNEs). An additional factor is that MSMEs have a significant importance for the financial situation. According to Achtenhagen and Brundin (2016) MSMEs are the foundation of all financial climates and also are an essential resource of economic growth, dynamism, and flexibility in both industrialized nations and emerging economies.

In addition, Fink and Kraus (2009) state that MSMEs have been and are the basis for economic development around the globe. They play a crucial role in employment, innovation and social change. Qirim (2004) argues that in recent years, MSMEs contribute considerably to national economies. By using their resources, for instance being more flexible, innovative and cost effective than larger firms, MSMEs have actually demonstrated their significance vis-à-vis the increased competition worldwide. Finally, MSMEs have actually been taken into consideration as one of the driving forces in the economy because of their numeral contributions in terms of technological advancements, employment generation and export promotion (Mwangi & Namusonge, 2014). As argued by Onugu (2005), MSMEs made and still make impact in the development, increase of modernization of numerous economies globally.

1.1.3 MSMEs in the Democratic Republic of Congo

Most MSMEs in Democratic Republic of Congo are found in Kinshasa. This is because there are many graduates who cannot find a job after finishing their studies. They generate diverse innovative business concepts in order to survive in the society (Kibatshi, 2016).

A study by Woldie et al. (2018) found that in the DRC, it is difficult to access credit facilities for business start-ups. This is because credit is scarce, costly and majorly focused in urban areas.

Hence, most MSMEs are not able to attain their desired growth as well as contribute to job creation and GDP. A study of 32 MSME owners by Hussain et al. (2006) to determine whether they had access to financial loans to start a business found that at start-up, enterprises extensively rely on savings and informal finance. Similarly, Irwin and Scott (2010) found that MSME owners depended regularly on their own initial capital at the beginning of their business. This shows that business owners in developing economies, precisely in the DRC, support themselves when they commence operating their firms.

The micro, small and medium firms have a critical impact in the growth of the Congolese economy to the extent that the government decided to regulate this sector through an act of parliament No 17/025 which provided for the creation of the Ministry of the ministry in charge of this sector with the aim of supporting the sector. Though it is recognised that MSMEs contribute immensely to the economy of DRC, there is very little documentation on the performance of the sector (Nzuzi & Tshimanga, 2012). Further, despite the importance of these MSMEs due to the role they play in the economy, most of them do not survive long in the market (Astede et al., 2018).

Managers are regarded as the main internal resources that are valuable and have abilities to comprehend the external environment for efficient decision making and accurate strategy implementation of MSMEs. This view is asserted by Rizal et al. (2017) who conducted an assessment on the influence of the comprehension of external environment, decision making and strategy implementation impacted on the performance of selected MSMEs representing 10 industries. An enterprise is a group of sub-systems, including humans, whose goals are to provide goods and services (or both) to clients to reach a sustainable competitive advantage (Kithusi, 2015). Firms may be grouped into large, medium, small or micro, and also based on the business they are involved in (Kibatshi, 2016). These MSMEs diverge according to their dimensions and

the operations they carry out in diverse nations. It is said that there is no unique general description concerning MSMEs (Rizal et al., 2017). They can be described from various perspectives according to different countries around the world due to the variation in the economic systems adopted by each country. Mainly they are described according to the size of workers, total resources, sales and capital investment (Hussain et al., 2006; Kithusi, 2015; Okeyo, 2013).

Kithusi (2015) states that MSMEs operating outside the African continent commonly use 0-250 employees to categorise enterprises. This is just to say that what comprises an MSME in developed countries may not be considered as a large enterprise in Africa. The definition of an MSME in DRC is given by the Ministry of SMEs in its Charter of Micro, Small and Medium Enterprises approved in 2009 in its articles 3 to 5. The MSMEs are defined according to their category, number of employees, and their investment amount at the start of the business. Due to the ever growing national monetary instability that leads to inflation, the categorisation of MSMEs in terms of the investment amount is defined in US dollars. Based on number of employees and amount invested, MSMEs in DRC are classified as follows: Micro Enterprise (1-5 employees, 1-10,000\$US), Small Enterprises (6-50 employees, 10,001-50,000\$US) and Medium enterprises (51-200 employees, 50,001-150,000\$US), (United Nations Development Programme, [UNDP], 2019). The political unrest and successive rebellious activities after the country got independence have never facilitated the development of MSMEs in DRC. However, the fragility of these categories of enterprises requires that they operate in an environment of peace and economic stability. Unfortunately, the electioneering period in DRC is characterised by political pressures and this makes it difficult for the MSMEs to effectively operate at the desirable level (UNDP, 2019).

In DRC, there are many MSMEs found in various industries but most of them operate illegally without being registered officially with the respective ministry. This study was more concerned with the MSMEs registered legally in Kinshasa, the capital city.

MSMEs in Kinshasa: As stated earlier, most MSMEs operating in Kinshasa are not registered with the government. However, this research focused on MSMEs that are registered with the ministry in charge. These MSMEs were found in the water, cosmetic, *kitenge*, fuel, furniture, hotel, motor vehicle spare parts, pharmaceutical, public transport and the telecommunication industries.

Based on the categorisation of these different industries which constituted the population of the study, the MSMEs are located in different parts of Kinshasa though most of them are found in the central business district of Gombe. Kinshasa being a cosmopolitan city of more than 10 million people, these MSMEs are also openly located along roads in residential areas. Many of them are also concentrated in traditional markets usually called Zando. These Zandos are located in almost all the areas of Kinshasa. Zando is similar to Gikomba market of Nairobi city. The one located in the CBD is called Zando ya Monene (Mega Market) where you find almost all kinds of MSMEs. Industries and more medium MSMEs are mostly concentrated at the Industrial Area in Limete.

1.1.4 Comprehension of the External Environment, Decision Making, Strategy Implementation and Performance

The way managers perceive and interpret the environment in which their organisations operate can determine the decisions they make regarding how to guide the organisations to achieve their objectives. By extension, such decisions will inform the approaches employed in the

implementation of the formulated strategies towards enhanced performance. Many times, the effectiveness with which a strategy is implemented has been linked to satisfactory performance of organisations.

1.1.4.1 Comprehension of the External Environment

To measure the comprehension of the external environment, this study focused on five environmental which included political, economic, socio-cultural, technological and legal factors. The environment may be defined as a combination of elements surrounding an object or entity (Hornby, 2005). Anthony and Govindarajan (1998) argue that the concept of environment is well comprehended the moment it is categorised in terms of internal and external environments. This study aimed to examine how factors in the external environment, normally described as the macro environment, influence the performance of MSMEs. According to Hitt et al. (2011) the external environment is a remote environment which involves a firm's activities and regulates the public as one of the key contingencies confronted by an enterprise outside its limits.

Further, researches specify that the external environment has a domineering effect on enterprises yet, it still does not have a consensual definition among scholars since there are many different views (Johnson & Scholes, 2002). The concept of strategic positioning helps us comprehend the fit in between a company and its external and internal environments. A PESTEL analysis is a framework that classifies the external environment including ecological and legal factors (Thompson & Martin, 2005). However, in the pursuit of pertinent strategic information, strategists analyse both intrinsic and extrinsic components of the environment.

Every company's environment contains a collection of influential forces that affect what it is able or not able to do. Therefore, the overall environment affects the firm's decision-making process

since each environmental factor or situation influences the enterprise and its management (Alkhafaji, 2003). In addition, every organisation encounters given environmental effects that significantly impact the decisions they make (Thompson & Martin, 2005). According to the dynamic capability theory as stated by Teece (2014), capacity is the ability to utilise resources with the aim to perform a task or an activity against the opposition of circumstance. This research demonstrates that the comprehension of the external environment is vital to lead to an efficient decision making for success of the enterprise. The external environment describes a company's opportunities and threats. In a general view, every decision involves different sets of actors; therefore, every decision is made under different circumstances (Alkhafaji, 2003).

The reality of MSMEs' growth in Africa is being identified as a driver for the economic growth in the continent. Provided that political stability and economic reforms continue and remain in place, African economies are poised for greater growth (Ernest & Young, 2011). Gargenstein (2018) argued that organisations do not exist in a vacuum. Rather, each organisation runs in an environment that influences whatever decisions the managers make. Understanding your company's setting helps you to proactively make the most of possibilities and avoid dangers. This is why managers are taken into consideration in this study as they are key resources that are used to show their capacities to comprehend the atmosphere for the success of the companies. However, according to Bush (2016), environmental analysis is the term provided for the process of taking a look at every one of the various external elements that influence an organisation. Further, Okumus (2004) states that the evaluation of the external environment is considered as an important managerial instrument which, through using systematic appraisal actions, a MSME recognizes opportunities and threats and then comes up with effective strategies. There are numerous research

studies focused on the external environment scanning done by enterprises (Hambrick, 1982; Elenkov, 1997).

Comprehension of political factors: Ali (2018) defines political factors as the principles that affect actions positively and negatively. He goes on to say that it is the duty of managers to retain a critical focus on political factors. Susan et al. (2012) argue that political factors can influence a business by creating a market environment that is more or less conducive. The political environment affects the industry quite significantly in any nation. These political environmental factors are controlled by the political company, philosophy, government ideology, nature and extent of bureaucracy, and the nation's political stability (Testo & Sundue, 2016). The DRC has been a victim of political unrest and numerous civil wars is since in the list of the most delicate nations worldwide behind South Sudan Syria, Somalia and Yemen the index on States deemed as fragile (International Finance Corporation [IFC], 2018).

From the year 2010 to 2015, the DRC experienced progress gradually over 6% yearly growth mostly because of the worldwide interest in minerals accessible in DRC (e.g. Copper and cobalt). These challenges produce financial and time costs, which create binding firms that have a strong relationship with government and produce difficulties that encourage MSMEs to enlarge. According to Woldie at, al. (2018) in DRC, credit is constantly scarce, difficult to have and extremely focused in cities. As a result, no one can be surprised that MSMEs are not attaining the desired growth, increased jobs, and have not contributed to the GDP as estimated. This research argues that managers operating MSMEs receive information from the diverse sources in the external environment which they use to enhance the competitive advantage of their enterprises and that they also have knowledge of the opportunities and threats. It is believed that these managers appraise, regulate and distribute this information with members of the enterprises (Eren, 2005).

Concerning this study, the political environment was measured by analysing the level of a manager's comprehension of the regulations and policies of the DRC government.

Additionally, the MSMEs are the focus of policy makers globally because of their distribution of income in both urban and rural settings. Legal policies and regulations are a major determinant for MSMEs performance (Simiyu et al., 2016). Moreover, Parker (2003) argues that without oversight on people interaction in the society, it may be difficult to maintain an orderly relationship system and to permit the achievement of their material and non-material objectives. Therefore, it is very important for managers to comprehend these policies and regulations so as to enable them make informed decisions. Further, Susan et al., (2012) classify regulations into: social and economic. Social regulations concern aspects such as environment health and safety, whereas the economic range issues including industries, utilizing economic controls as pricing, quality and conformity. . In order to measure the comprehension of political factors, this study examined the ability of MSMEs to comprehend the regulations and policies set by the DRC government.

Comprehension of economic factors: Economic factors are defined as the nature and approach of the economy where enterprises apprehend their operations. Since consumption patterns are influenced by the relative wealth of various market sectors, each MSME must take into consideration economic development in the sector that influences its business (Peace & Robinson, 2011). In addition, the economic variable has an effect on the overall well-being of the entire country or locality influencing performance of MSMEs. In DRC, the main sector activities reside in agriculture and extractives which represent 43% of the GDP of the country and its informality is considered universal. The private sector comprises mainly of MSMEs.

These firms have a robust prospective to generate works and participate to economic development though the growth rate has been slow (Woldie et al., 2018). Enterprises have to deal with numerous

hurdles in their operations like unreliable energy accessibility, the challenge of obtaining credit and financing, political unrest, great informality, corruption, lack of adequate administrative facilities (IFC, 2018). MSMEs in DRC are harshly disadvantaged by the escalation of political unrest.

According to Pflaum (2018) devoting in MSMEs possessed by Congolese could decrease criticisms among the Congolese community of entrepreneurs about being excluded from participation in their domestic economic system. He argues that this is critical in developing countries where business people with ideas have to assign a significant share of their investment to foreign-owned enterprises. These entrepreneurs establish an acceptable illustration for the nationals demonstrating that it is possible to be financed and begin your personal business activities. Economic factors are directly linked with goods, services, and money. No matter the way it influences business, these factors address the financial state of the economy at a high level; national or international. The aim behind this is that the state of the economy can point out numerous significant details associated with operating enterprises, plus themes such as consumer demand, taxes and asset value (Bush, 2016). This research attempted to find out how MSMEs, through their managers, are able to comprehend how economic factors like interest rate and inflation were connected to the performance of MSMEs in Kinshasa.

This study argues that MSMEs in DRC have to utilise the skills and expertise of managers as suggested by dynamic capabilities theory (Gizawi, 2014). With these skills, the managers will be able to comprehend the implication of DRC's economic fluctuation, to maintain the enterprise at a desired performance level through efficient decision making, and to make use of adequate strategies that will enable them adapt so as to cushion their enterprises from the negative effects of inflation. In this study, the comprehension of economic factors was measured by assessing the

ability of MSMEs to identify and comprehend the elements of variation which influence the economy of the country such as inflation and exchange rate.

Comprehension of socio-cultural factors: Socio-cultural factors are about how mutable social traditions and values influence industries. Social change generates opportunities and threats (Mcshane, 2009). Since societies are gifted by nature with various physical environments, members have to accept environmentally appropriate patterns of habits to accomplish success. These environmentally appropriate patterns of behaviour lead to the development of different cultural values in various societies, some of which affect decisions on business start-ups (Thornton et al., 2011). Furthermore, these social aspects that affect MSMEs entail the opinions, attitudes, lifestyles, values and beliefs of people beyond the confines of their MSMEs (Pearce II & Robinson, 2011).

This socio-cultural environment is critical especially for the multinational enterprises. Many socio-cultural factors influence economic activities and the performance of multinational firms. Trehan (2009) noted that the main socio-cultural factors which influence the activity of the multinational enterprises include consumer preferences, societal perception on foreign goods and services, language, religion and. Notwithstanding government effort to develop the regulatory and institutional structure in DRC, great effort is yet to be conducted particularly in the area of government's management agencies' implementation. Providing MSME proprietors and leadership with skills necessary to will improve their capability to overcome restrictions to development and consequently trigger sustainable growth. A Formal business on-job training and support is an important responsibility that sets the concrete basis for realisation (Ladzani et al., 2002).

Various classifications and definitions of economic, socio-cultural and educational incubation concepts have been debated by different writers since early 20th century (Schumpeter, 1942; Hofstede, 1991). It is normally agreed that societies with highly educated people are motivated to creating more businesspersons than societies with less educated individuals. A study by Haider and Rohwerder (2015) revealed that the DRC has an exciting and energetic civil society. Bad governance is extensively recognised to be one of the fundamental reasons of conflict, poverty and marginalisation of the people. This situation is undermining the activities of MSMEs. For this study's point of view, the comprehension of socio-cultural trends was measured by assessing the ability of MSMEs to identify and comprehend changes in the tastes and preferences of customers and their influence on the performance of MSMEs in Kinshasa.

Comprehension of technological factors: Changes in technology have underpinned significant changes in the last quarter of a century. Continual technological adjustment is a recurrent feature of the modern environment (Robbins 2009). However, this change occurs in many areas such as physical infrastructure: roads, information technology, communication and electricity. This study assesses the effect of comprehension of technological factors on the performance of MSMEs and how the enterprises have adapted to the changes in technology.

Comprehension of legal factors: Legal factors are described as the external variables based on how the law influences the manner in which activities of a firm are done and the way the clients behave. Legal factors can also be described as variables that influence the instruments through which an enterprise stocks their inventory or networks with the client. It can comprise of the consumer law whose purpose is to safeguard clients from deceitful firms or keep their rights in the market place, employment law which commands the way the workers of the organization should be treated, and minimum wage laws which create a boundary on numerous diverse

employment options a firm can give (Bush, 2016). According to Umar (2017) the business legal environment has a critical role in establishing the performance of any firm around the world. Among them are the government taxes together with other regulatory measures which contribute to the promotion of economic growth and defend clients from misuse and other illegal activities.

In DRC for instance, based on the government act No 18/017 of May 2018, the government provides a regulation on the inter-professional daily rate for the minimum wage. This is fixed in Congolese Franc currency equal to seven thousand and seventy-five for an ordinary worker. Another regulation is the law of contract enforcement. It is estimated that in DRC, it takes an average of 625 days in order to enforce a contract. Naturally, the cost is above the value of the claim due to lack of a legal remedy to enforce contracts which has had opposing influences on job creation and economic incomes, and lack of legal resources to confirm whether reimbursement decreases the obtainability of credit. The credit restriction applies mostly to MSMEs since large firms normally obtain credit from foreign providers and investors (Herdershee et al., 2012).

Lack of credit is the greatest hindrance to growth of MSMEs, influencing 40% of enterprises, up from 14% in 2006. The unwillingness of banks to offer loans can be elucidated by the high cost of applying for contracts. In DRC, legal uncertainty discourages foreign direct investment and trade (Herdershee et al., 2012). In this study the comprehension of legal factors was measured by assessing the ability of MSMEs to identify and comprehend the laws and regulations set by the government of DRC.

1.1.4.2 Decision Making

This constitutes an important component of modern-day management. The managers usually execute their mandates through making decisions - Decision infuses all the sub-systems of an

organization which are, planning, organising, leadership and control. As it is for any process, decision- making always intend to reach the objective. It suggests that the person in charge of decision has to reach some objectives by means of decision making (Veerabhadrappa, 2009; Cabantous & Gond, 2011). In this research, the scientist investigated the moderating influence of decision making on the relationships between the comprehension of external environment and performance of MSMEs.

Rational decision making: The forecast of choice best for respondents was based upon the assumption that people desire to make decisions that are rational. This involves thinking about all recognised choices, making use of maximal quantity of information that is readily available, and cautious but subjective balancing of the possible pros and cons. According to Talaulicar et al. (2005), rationality refers to conformity with regulations of reduction logic. Rationality involves reaching appropriate verdicts about the meaning of words we make use of. Being rational involves making inferences based upon empirical generalisations usually accepted as legitimate (Leoveanu, 2013).

Intuitive decision making: Intuition is known as one of the least defined and operationalized elements of human capital (Malewska, 2015). Moreover, intuition is usually seen as the opposite of logical thought and decision making (Kovacic et al., 2013). Additionally, (Malewska, 2015) defines intuition as the cognitive ability of the human mind distinct from traditional forms of objective knowledge. Moreover, this study used intuitive decision making to also moderate and mediate the relationship between the comprehension of managers of the external environment and performance.

1.1.4.3 Strategy Implementation

Strategic management is the process of evaluating the firm or any company and its environment with the aim of reaching the long-term goals of the enterprise. It constitutes the totality of successive decisions made by management to define the long-term goals of any company and the ways to accomplish these goals (Alkhafaji, 2003). Strategic management comprises formulation, implementation and evaluation of inter-related decisions that assist an enterprise to attain its objectives (David & David, 2017). Further, strategic management is about determining how the chosen strategy is to be implemented. It can be considered as having three components within it: namely; strategic examination, in which the strategist seeks to have more comprehension of the strategic position of the company; a strategy choice period involving determination of possible action courses, appraisals, and their selection. The last process involves strategy implementation stage which actualizes the intended strategy (Hussey, 1998).

Implementation comprises transformation of the strategy selected into action and describes the process adopted by the company to implement the elected or preferred strategy, resource allocation and incentives. Naturally, implementing strategy is important to objective fulfilment because the best of strategies are insignificant if not properly (Alkhafaji, 2003). Strategic management can be done in two stages: strategy operationalization and strategy execution (Hoskisson, 2005; Kazmi, 2008). Strategy operationalization is a stage of strategy implementation that deals with giving a direction by formulating an entity's vision and mission statements and core values, and thereafter clearly communicating and sharing it effectively to all the members of the enterprise. This stage helps to develop long-term objectives of the firm through strategic direction. The long-term organisational objectives are then converted into short-term objectives (Brown, 1997; Collins & Porras, 1996; Ehlers & Lazenby, 2007; Kanter, 2010; Porter, 1996; Thompson, et al., 2007; Watkins, 2008).

1.1.4.4 Performance of Organisations

Performance is a circumstantial parameter related to phenomena being studied (Hofer, 2006). In an environment with continuous change, performance measurement of firms and organisations is significant. The attention of performance measurement should surpass the traditional finance appraisal, which measures sales growth, profits, and return on investments and cash flows to the use of balanced scorecard. This consists of financial performance, customer satisfaction, employee training, learning and creativity (Chan, 2004).

Business performance is the enterprise's general efficiency in attaining the recognised wants of respective component groups (also known as stakeholders) through systematic determinations that to increase its capability to resolve those wants effectively (Sluyter, 1998). In addition, one more vital strategy-evaluation task is comparing anticipated results to results achieved, assessing variances from objectives, evaluation of employee performance, and taking stock of progress toward the purpose of planned meeting (David, 2017).

Further, firm performance is established mainly by: influences of the industry and the influences of the enterprise. The influences of the industry underpin the economic structure of the industries. The performance of the enterprise is attributed to the industry in which the enterprise competes (Rothaermel, 2017). The assessment and also control involves checking the performance of the enterprise to safeguard that the selected strategy attains the preferred goals. The company assesses and also evaluates its assignment, objectives, purposes and policies according to its active and ever-changing environment (Akhafaji, 2017). In this study, a firm's performance was evaluated as a dependent variable that is assessed based on qualitative performance; return on asset (ROA), increase in sales, and the profits made by the MSMEs operating in Kinshasa in order to determine their sustainable competitive advantage.

1.1.5 Democratic Republic of Congo and Kinshasa

Situated at the heart of the African continent, the DRC is rich in soil, rain, man power, forest, minerals, to name just the few. The area which is currently the DRC was first settled by Africans between 14th-19th centuries. Belgian emigration commenced subsequent to the establishment of the Congo Free State by King Leopold II. Records of extensive murder as well as abuse in the rubber ranches caused the Belgian government to seize the Congo from the King in addition to creating the nest of the Belgian Congo. Under Belgian standard, several Christian companies tried to westernize the natives.

A prevalent uprising by the natives forced the Belgians to give up and grant independence to the Congo in 1960. However, the Congo remained uncertain considering that tribal leaders had even more power than the main federal government. The Head of State, Patrice Lumumba, attempted to bring order through the aid of the Soviet Union as part of the Cold War, triggering the US to support a *coup-de-tat* by Colonel Mobutu Joseph in 1965. Mobutu took full power of the Congo and renamed the nation the Republic of Zaire. His vision was to Africanize the nation. He changed his own name to Mobutu Sese Seko. He similarly required that African locals drop their Western names for traditional African names. Throughout his reign, Mobutu vehemently broke any kind of resistance to his leadership. With his programme degraded in the 1990s, Mobutu was forced into \sharing federal government power with the resistance movement but he remained the head of state.

Around the same time, different civil wars balkanized the country. The first one occurred between 1996 and 1997 while the second one was in 1998 to 2003, but another one begun in 2004. Since then, the country has been embroiled in a series of wars which have left over six million people dead. Wars and tribal conflicts have made the country politically, socially and economically

unstable. The unemployment rate is on a record high. The lack of a stable administration, insecurity and an unsustainable economy have led to high unemployment and retarded economic growth.

Kinshasa is a very big city that attracts many people from all over Congo and the rest of Africa. Its actual population is estimated to be 12 million. It is classified among the big cities of the world such as Tokyo (26 million people), Paris (12,341,418), Abidjan (10,783,906), and Washington (9,548,479), etc. Kinshasa is almost 9,965 Km square and has a big vital space for expansion and development. According to Nzuzi and Tshimanga (2012). Kinshasa was a small city of just 39,000 habitants in 1930. From 1935, the population grew by 1.1% annually and rose to 1.5% per annum from 1940 to 1945 because of the need for manual labour to support “*l’effort de guerre*” (war effort) during this particular period. During the Second World War, the population of Kinshasa doubled and continued to grow up to the year 1955.

From 1955 to 1960, there was a decline in the population of Kinshasa because people without jobs were forced to leave the capital for their original provinces. From 1960 to 1970, due to rebellion across the country, there was a population growth following the relocation of many people from their provinces to Kinshasa after independence. The multiple attempts to send people back to their villages by the first administration of the first republic failed to stop the influx of people to Kinshasa between 1970 and 1980. Due to the same rebellion and the political and economic instability, many people continued to relocate to Kinshasa from 1997, the year president Mobutu lost his seat to President Laurent Kabila. Up-to-date, because of low development in the villages, people continue to flee to Kinshasa increasing its population to an estimated 12 million.

Kinshasa is a cosmopolitan city with diverse cultures composed of people from various corners of the country and foreigners from different countries and continents. This is why it is said that the capital city of Kinshasa is the true expression of the veritable effervescence of music and popular

arts. Because of the very low rate of employment, young people in Kinshasa developed the skill of singing; which helped many to keep themselves busy. However, with its population, Kinshasa has remained a city of many opportunities for business.

1.2 Problem Statement

MSMEs in any country are key in contributing to the development of the economy, creation of employment and the wellbeing of the population. Their survival and sustainability is critical to the economy and in the market in which they operate. The need to improve the performance of the MSMEs sector for economic growth, innovation and job creation is recognized globally by businesses and governments worldwide (Herr & Nettekoven, 2017). Many managers struggle to effectively comprehend the external environment as they run the MSMEs. This leads to the failure to survive by many MSMEs and discourages entrepreneurs from venturing in new businesses; leaving the country with a high level of unemployment (World Bank [WB], 2019).

Despite the importance of the MSMEs around the world and particularly in the DRC, many of them start business but do not survive to maturity or even expand. However, there has been a scarcity of empirical literature on how managers' comprehension of the external environment related to decision making approach and strategy implementation influence the performance of MSMEs. Though various factors such as limited capital, competition, and business skills have been said to affect MSMEs' performance, it was interesting to examine the effect of managers' comprehension of the external environment on the performance of MSMEs operating in different industries in Kinshasa, DRC. This is because previous studies concentrated on the impact of environmental forces on the performance of MSMEs (Keskin et al., 2010). The purpose of this research was thus to establish the effect of managers' comprehension of external environment, decision-making and strategy implementation on the performance of MSMEs in Kinshasa. This is

because empirical studies on how comprehension of external environment informed decision making approach and strategy implementation was limited.

Further, the need to determine the factors contributing to the failure or success organisations operating in the same environment is a source of many discussions among scholars (Rumelt et., 1994). Many studies seeking to understand the reasons why some firms succeed while others fail have used the resource–based view of the firm to justify this phenomenon (Barney 1991; Jeronimo et al., 2019; Mweru & Maina, 2015; Solesvik, 2018;). However, this study incorporates three theories; namely the resource-based view, institution theory, and dynamic capability theory to establish the effect of comprehension of external environment on performance of MSMEs, and how this comprehension of external environment inform decision making and strategy implementation of MSMEs in Kinshasa. Thus, this study addressed these conceptual gaps using theoretical underpinnings that had been scarcely used in previous studies.

Two questions guided this study: First, *What is the effect of comprehension of external environment, decision making, and strategy implementation on the performance of MSMEs operating in Kinshasa the capital of DRC?*; and second,

What is the effect of decision making and strategy implementation on the relationship between comprehension of external environment and performance of MSMEs operating in Kinshasa?

1.3 Purpose of the Study

The study purposed to establish the relationship between managers' comprehension of the external environment on the performance of MSMEs operating in Kinshasa, DRC; and to determine the moderating effect of decision making (intuitive and rational) and also the mediating role of strategy

implementation (strategy operationalization and execution) on the relationships between comprehension of the external environment (CEE) and performance of SMEs in Kinshasa, DRC.

1.4 Objectives of the Study

The key objective of this study was to establish the effect of the relationship between comprehension of the external environment, decision making and strategy implementation on the performance of MSMEs selected from 10 industries operating in Kinshasa. This key objective was then broken down into seven specific objectives as follow:

- (i) To establish the influence of comprehension of the external environment on the performance of MSMEs in Kinshasa.
- (ii) To determine the influence of comprehension of the external environment on decision making of MSMEs in Kinshasa.
- (iii) To determine the influence of comprehension of the external environment on strategy implementation of MSMEs in Kinshasa.
- (iv) To establish the effect of decision making on performance of MSMEs in Kinshasa.
- (v) To establish the effect of strategy implementation on performance of MSMEs in Kinshasa.
- (vi) To determine the moderating role of decision making on the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa.
- (vii) To assess the mediating role of strategy implementation on the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa.

1.5 Limitation of the study

Even though the study used a census of all the 643 MSMEs officially registered in Kinshasa, there are still more of them operating but not registered in DRC and Kinshasa city hence they were not incorporated in this study. Had they been included, the findings could have been affected. Their

omission has reduced the size of the population. To overcome this limitation, these findings are generalised based on Taherdoost (2016) who asserted that with a large sample size as was the case in this study, a study is likely to have results that are biased free.

The scarcity of empirical data on the effect of comprehension of the external environmental factors on performance of MSMEs in Kinshasa, the moderating effect of decision making and the mediating effect of strategy implementation on the relationship between the comprehension of the external environment and the performance of the selected 10 industries from which the MSMEs were selected in DRC, makes the area of this study almost unexplored. This made this research to be an exploratory one. However, based on some of the empirical findings, the study was able to overcome this limitation that could have undermined the attainment of the objectives. This was in line with Stacey (1970) who posited that “in an unfamiliar area, it is difficult to establish adequate hypotheses for testing to form the basis of a study”. In this study, it was possible to formulate the sufficient hypotheses based on a thorough review and use of some of the empirical studies which were available. The hypotheses were then tested.

1.6 Hypothesis

A hypothesis is recognised as a proclamation of a theory that can be confirmed or contested to illustrate how two or more variables are likely to associate (Kithusi, 2015). It can also be argued that a hypothesis is a suggested description for a phenomenon. When using a hypothesis, the suggested description can be tested for two reasons, whether to support or to reject the hypothesis (Kimutai, 2014; Okeyo, 2013). Smith and Brown (2013) posit that it does not matter for a hypothesis to be right or wrong, instead it has to be tested to the limits. In case a hypothesis is not maintained, it creates room for further study to deal with the phenomenon in another way (Machuki 2011; Ogollah 2012). Studies such as those by Kithusi (2015) and Ombaka (2014) scrutinised

various phenomena in their empirical studies using hypotheses. In the case of Kithusi (2015), the hypothesis was used to test the influence of various variables, among them the influence of environmental factors on the performance of MSMEs.

Ho1: There is no significant relationship between comprehension of the external environment and performance of MSMEs operating in Kinshasa.

Ho2: There is no significant relationship between comprehension of the external environment and decision making of MSMEs operating in Kinshasa.

Ho3: There is no significant relationship between comprehension of the external environment and strategy implementation of MSMEs operating in Kinshasa.

Ho4: There is no significant relationship between decision making and performance of MSMEs operating in Kinshasa.

Ho5: There is no significant relationship between strategy implementation and performance of MSMEs operating in Kinshasa.

Ho6: Decision making has no moderating significant influence on the relationship between the comprehension of the external environment and performance of MSMEs operating in Kinshasa.

Ho7: Strategy implementation has no significant mediating influence on the relationship between comprehension of the external environment and the performance of MSMEs operating in Kinshasa.

1.7 Significance of the Study

This study intended to contribute to the growth and survival of the MSMEs in Kinshasa by providing practical information on how managers can improve their comprehension of the external environment in order to make better decisions and implement their formulated strategies. The findings intended to also empower MSMEs to survey the environment in which they operate better by adapting their strategies to change. These findings intended to also assist different MSMEs in different industries within Kinshasa to be able to identify and comprehend the external forces which may affect their decision making. Additionally, this study intended to contribute to the understanding of how managers' comprehension of the external environment may influence the performance of MSMEs, the moderating role of decision making, and the mediating role of strategy implementation on this relationship. In addition, this study intended to help the government of DRC, through its ministry of SMEs, to enhance the practice of MSMEs activities in order to strengthen the economy of the country.

Lastly, these findings intended to empower the Ministry of Industry and the government of DRC to create an enabling environment to assist MSMEs to operate effectively and efficiently. This study intended, as well, to encourage entrepreneurs to start new businesses and reduce the level of unemployment in Kinshasa, as MSMEs grow and survive.

1.8 Scope of the Study

The study tried to assess the effect of manager's comprehension of the external environment on the performance of different MSMEs in different industries operating in Kinshasa. The scope covered all the 643 registered MSMEs in the wholesale and retail industries in Kinshasa within a period of two months as this was a cross-sectional study. Therefore, the research involved no sampling because the entire population of these firms was surveyed.

1.9 Assumptions of the Study

Based on the results from the pilot paper on 20 sampled MSMEs operating in Kinshasa, the study assumed to have established the measure that was able to yield the same results after the reliability and validity tests were utilised to assess the internal uniformity of the data measuring instrument.

1.10 Operational Definition of Terms

Comprehension: The ability of someone to understand something.

External Environment: Is a set of factors or conditions that are outside the organisation but affect it to some extent.

Decision Making: Is the act or process of making a decision on something particularly with a group of people.

Intuitive Decision Making: Is the process of deciding something in an instinctive and unconscious manner without deduction or reasoning.

Rational Decision Making: Is the ability that individuals have in using analytics, facts and a step-by-step process to come to a decision.

Strategy Implementation: Is the execution of the strategies and also techniques to complete the long-term objectives of the organisation.

Strategy Execution: Is the successful implementation of a strategic plan.

Strategy Operationalization: Is the interface between the formulation of the strategy and its implementation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprises the theoretical and empirical review of literature; it has described the concept of micro, small and medium enterprises. The chapter also discusses the three theories which anchored this study: Resource-based view theory, institution theory and dynamic capabilities view theory. In addition, the chapter presents a discussion on the external environment, decision making and strategy implementation approaches which affect the performance of MSMEs. Lastly, the chapter presents the conceptual framework which shows the independent variables, the moderating and mediating variables as well as the dependent variables and how they interrelate.

There is no agreement on how to define MSMEs. Scholars and other authors define MSMEs by showing a dichotomy between universality and standardization of a common description (Berisha & Pula, 2015). Most owners of MSMEs have less than 20 workers. According to Yoshimo and Hesary (2010), MSMEs have less than 500 employees on average. The Organization for Economic Co-operation and Development (OECD) has made this differentiation: micro enterprises (1-4 workers), very small enterprises (5-19), small companies (20-99) and medium-sized companies (100-500) employees. The European Union defines MSMEs as having fewer than 250 employees (Lange et al. 2000).

Definitions of MSMEs differ from country to country respectively. In some nations the criteria for classification is important. Several countries put in consideration the number of employees; others like Japan employ a combined criterion based on the industries (Yoshimo & Hesary, 2010).

However, in DRC, it is the number of employees that is considered in defining MSMEs: Micro enterprise (1 to 5 workers), small enterprise (6 to 50 workers), and medium enterprise (51 to 200 workers). This is supported by United Nations Development Programme (UNDP) (2019). From the above discussion, relative to the description of MSMEs, there was not a description that was universally accepted as unique.

Therefore, this research tries to describe MSME as an organisation with a small number of employees depending on how the DRC categorizes its MSMEs. This study used MSMEs constructed within a range of (1 to 200 workers).

2.2 Theoretical Framework

The focus of this study was on the performance of MSMEs and the extent to which this performance was affected by comprehension of the external environment, decision making and strategy implementation. Three theories anchored this study: resource based view with managers as the strategic resource while their ability constitutes the capability (dynamic capability view of the firm). Further, the institutional theory captures the external environment with its dynamism, which includes the physical infrastructure.

2.2.1 Resource-based View

Mweru and Maina (2015) state that Resource-based view (RBV) is the gathering of visible and invisible resources that can assist an enterprise to contest with other enterprises. This allows the enterprise to attain the sustainable competitive advantage. According to Madhani (2014), RBV portends that there is need to evaluate, understand and analyse the internal resources of the enterprise in order to formulate a strategy that can help the firm to attain its sustainable competitive advantage. However, Dickson (1996) suggests that RBV takes an "inside-out" view of firm-

specific point of view on why companies do well or fall short in the marketplace. Further, Barney (1991) specifies that resources that are valuable, rare, difficult to imitate as well as non-substitutable make it possible for organisations to develop and also preserve competitive advantage for remarkable performance.

Further, Bridoux (2014) states that a central element of the RBV is that organisations compete based on their resources and competencies. In addition, many RBV investigators decide to “look within the firm as well as in all its sub-systems surrounding its operations in order to identify the possible causes of sustainable competitive advantages (Peteraf & Barney, 2003). However, Mweru and Muya (2015), argue that the RBV is a concept that connects the outsourcing decision to client firm’s ability to provide desirable internal resources that generate competencies and hence sustain the competitive advantage.

Amstrong (2009) posited that RBV has three weaknesses: First, resources that can meet the criteria for sustainable competitive advantage may not be easily acquired; secondly, the external forces affecting a firm’s operations are not considered; and thirdly, diverse resource patterns can produce a similar value for the organisation. On the basis of RBV, the existence of resources facilitates the firm to reach a sustainable competitive advantage (Theriou et al., 2009). In light of the discussion above, this study has considered managers of MSMES as one of the internal resources that needs to be optimised with the aim of comprehending the external forces for an efficient decision making and accurate strategy implementation to enhance performance.

This statement has actually motivated this research to assess the effect of the managers' comprehension of the external atmosphere on the performance of MSMEs in Kinshasa. The RBV is considered as an exceptional situation under which resources retained by an enterprise form basis for sustained advantage. Barney, (1991), Mweru and Maina, (2015) argue that RBV as a

theory poses that resources owned by an enterprise are main contributor\ of their performance and may bring a sustainable competitive advantage to the enterprise. There is not any organisation that can run its business without resources. There is a lot of literature linking the concept of external environment, enterprises' resources, decision making and strategy on the performance of entities. Resources are key for any business (Jeeronimo et al., 2019). The resources of an enterprise have an effect on its performance more than any other element (Tokuda, 2005). This argument was further emphasized by Wernerfelt (1984) who posited that from a resource based-view basis, a firm's performance is impacted by how the available resources are efficiently applied to its operations.

Performance depends on the resources which firms have some or no control over. However, the cost of resources may pose a constraint for the enterprise to reach the sustainable competitive advantage (Barnley, 2002). Awino (2011) also argues that the performance of an enterprise cannot be related to a sole variable. Many variables can explain the performance of a firm but the main among them is resources. In the light of the above discussions, these and other studies argue that in order to capitalise on resources, MSMEs operating in Kinshasa have to effectively comprehend the external environmental factors in order to earn the opportunities that will inform an efficient decision in the use of those resources that the firm possesses. This view is supported by Akmairat (2019) who adds that a good business decision is based on the quality of information possessed by the managers of the organization. Managers were used in this study as internal human resources to identify the threats caused by external environmental factors like political factors on effective decision making in an organization. The managers' capability to understand the external environment was tested to determine the role of that comprehension in the performance of MSMEs in Kinshasa.

Nonetheless, the RBV method is a concept utilised in this research to assist the researcher to assess how performance of MSMEs is affected by the manager's comprehension of the external environment. The manager in this context is considered as one of the resources employed in the quest to attain the objectives of the firm. This happens after a thorough evaluation and comprehension of the implication of the external environment in order to inform decisions and strategies for the performance of MSMEs. In this case, managers who have the ability to comprehend the environment in which they operate are perceived as one of the internal resources along with financial resources and any other resources within the organisation. However, in some instances, internal evaluation tends to ignore the contribution of the external environment (Lavinthal & Lichtenstein, 2007). Not only does it not recognise the industry dynamics, but it also overlooks the extent to which the manager's comprehension of the external environment may lead to success or failure of the organisation. Further, the competitive value of resources can be improved or rejected by changes that occur in the external environment (Amit and Shoemaker, 1993). Furthermore, Lavinthal and Lichtenstein (2007) suggest that a number of organisational capabilities emerge, are refined, or collapse as a result of, or an absence of product market activity. Madhani (2018), citing Barney (1986), argued that resources comprising managers of companies must have value, not easily to be found, difficult to be produced as similar and difficult to be replaced with aim to reach the sustainability through improved performance.

Therefore, this study is using the human aspect of comprehension as an important internal resource of the firm to be combined with other resources and other variables to realise sustainable competitive advantage. Since managers are considered as one of the internal resources of the MSMEs in Kinshasa, they were used to measure the performance of firms through their ability to comprehend their external environment. This enabled them to decide the course of actions to

implement to enhance the performance of the MSMEs since they operate in an ever changing environment on PESTEL.

2.2.2 Institutional Approach

More et al. (2016), and DiMaggio and Powell (1991) describe institutional theory (IT) as a concept that puts in consideration the external environment in which the firm operates. It detects rules, beliefs and shaped values consolidated through social contact and practices, and investigates the effect of these aspects on the dynamics enterprises. According to Scott (2004) IT originated in the late nineteenth century. Many scholars in social sciences have contributed more on this concept. Katz and Kahn, (1966) and Thompson, (1967) pose that institutional theory was integrated in the firm's area in the 1970s, as an addition of the preceding decade's intellectual revolution, which presented the perception of an open systems into enterprise research showing the relevance of the environment inasmuch as it pressures, forms, infiltrates and renovates the firm.

Enterprises were considered more than production systems. They were social and cultural systems (Scott, 2001). Firms want more than tangible and intangible resources for their survival in the market. They have to be socially accepted and be recognized as credible. The attentions in comprehending the behaviour of some enterprises in the utilisation of strategies that can guarantee superior performance in a structured environment define the aspect of the institutional theory (McCarthy & Zald, 2001). Further, the institutional environment may affect an organisation's decision making through numerous instruments which result in the organisation's strategic reactions intended at handling whatever institutional pressure they perceive (Oliver, 1991).

In addition, Yang et al. (2012) state that the institutional theory plays an important role of regulating activities through organised rules of the game as source of construction, altercation and

supply. Hence, it becomes vital for organisations to work along established rules, norms, and belief systems in order to have legitimacy and activate their social, economic, and political resources with the aim of adjusting to the current institutional environments so as to improve the performance of the organisation. As discussed above, in the quest to attain the sustainable competitive advantage that determines the performance of the organisation, a firm cannot only be interested in its internal factors but also on the factors that influence the external environment. Marx (1963) argues that the institutions theory has got three pillars which involve coercive, normative and cultural-cognitive forces that, together with connected actions and resources, offer stability and sense to social life. These require MSMEs, through managers, to be able to comprehend these forces for efficient decision making that guides strategy implementation for a better performance.

This research has integrated the institutional theory along with resource based view theory in such a way to determine the importance of considering the association of external forces pressures to be comprehended and the resources of the firm that need to be taken in to consideration for decision making that will lead to success of MSMEs in Kinshasa. A part from the RBV and institutional theory, the study found it necessary to incorporate the dynamic capability theory which was discussed later due to the fact that businesses in DRC generally, and in Kinshasa in particular, are conducted in a climate that is full of instability because of the political unrest. These three theories were considered in this study with the aim to examine the effect of the manager's comprehension of external forces (PESTEL), the moderating role of decision making and the mediating role of strategy implementation on the performance of MSMEs in Kinshasa. This is in accordance with Solesvik (2018) who worked on a similar subject with three theories in the rise and fall of the resource-based view.

Further, in the light of the above, this study has adopted the inclusion of institutional theory (IT) which states that an enterprise's environmental performance is mainly affected by its quest of external lawfulness dominated by mimetic, normative or coercive pressure (Klossner, 2014). The attention in comprehending the behaviour of certain enterprises when implementing strategies that can enable superior performance in a controlled environment defines the institutional theory. Many scholars in institutional theory, relative to rational processes of choices and perspectives related to efficiency, reveal that the concept of strategic planning process informs the idea that firms are under pressure to adapt (Meyer & Rowan, 1997; More et al., 2016). In this viewpoint, the institutional environment is described as vital to firm behaviour, or as an independent variable relative to it. Hirsch (1972) and Mcneil and Minihan (1977), are of the opinion that an analysis of institutional settings and the influence it has on a firm structure and processes have revealed that the institutional concept is important in research due to its awareness of a firm's adaptation. On other hand, Queiroz et al. (2007) and Willmatt, (2014), argue that institutional theory has some difficulty when it comes to explaining change. They also claim that institutional theory has limitations if applied to managerial corps. In the light of the above different view, this study also employed the dynamic capabilities theory (DCT) which is described as an arrangement of shared activity through which the firm methodically produces and adjusts its practices in the quest to enhance efficiency (Zollo & Winter, 2002).

2.2.3 Dynamic Capabilities View

Dynamic capability is described as comprising abilities that assist components extend, adjust, and reconfigure their current operating abilities into innovative ones better matching the environmental change. Teece (1997) argues that in a turbulent setting, the competitive advantage is more a function of dynamic capabilities than industry conflict or competitive positioning.

The name dynamic was utilized to contextualize “the ability to renovate competencies in such a way to reach congruence with the change in the environment. Teece et al. (1997) emphasized the importance of path dependencies, and the need to reconfigure an enterprise’s resources to facilitate the organisation to change and evolve. However, Bromiley (2009) and Gorgol (2017) noted a limitation of DCT associated with its lack of clear classification on how it offers new value from the previous prevailing thoughts. Poor empirical support as well as missing coherent theoretical foundations ended up mixing the terms dynamic capability. From the discussions above, this study has combined all the three theories so as to reduce weaknesses posed by each of them to strengthen the results of this research.

Helfat et al. (2009) describe dynamic capabilities as the firm’s ability to generate, spread or adapt with a purpose, its resource base. Dynamic capabilities are also described as the ability to renovate abilities with the aim to attain congruence with the change that occurs in the external environment as a result of adjusting, adding, and reconfiguring external and internal firm’s abilities, functional capabilities and resources (Teece 1997). The theory of dynamic capabilities developed from the resource based-view (Eisenhardt et al., 2000). This approach posits that effective firms have the ability to demonstrate prompt responsiveness to market dynamics and also speedy item advancement (Gizawi, 2014). Furthermore, according to (Teece et al., 1997) successful businesses have the ability to effectively coordinate as well as redeploy inner and also external proficiency. In addition, Teece (2009) claims that dynamic capabilities are well comprehended as “the capacity to identify and capture opportunities, and then convert and reconfigure as competitive factors command. On the other hand Pflaum (2018) posits that DUT links skills and expertise to performance of the enterprise. This study connects DUT to skills and expertise of MSMEs using the manager’s ability to utilise skills and expertise to comprehend the environment, make decisions

and guide strategy implementation in order to capture opportunities of the external environment to reach the MSME's goals.

Additionally, Pisano (2015) argues that a critical root of capacities-based concept to strategy is that abilities do not just fluctuate across firms but these distinctions are the result of management choices. However, this study suggests that for a company to produce the desired ability, managers have to effectively comprehend both the internal and external factors surrounding the company on a continuous basis. Further, this comprehension of the external environment leads to efficient decision-making as Pisano (2015) argues that a capability based theory of strategy has to connect product level completion and capability—level completion. This research connects the comprehension of the external environment by managers to the opportunities presented by the external environment for accurate decision-making to affect the performance of the MSMEs operating in Kinshasa.

For this research the dynamic capability underpinning was investigated based on how managers in charge of managing the MSMEs in Kinshasa were able to respond to whatever change that occurred in the dynamic market in which they operate in a timely manner. So, as they comprehend the external environment, how were they able to look towards the success of their MSMEs and shape the capabilities that led to effective decision making for better performance?

To address the gap of this study, the RBV, institutional theory and DCT literatures were joined to ascertain the influence of comprehension of the external environment on performance, and empirically establish the moderating role of decision making and the mediating role of strategy implementation on the relationship between the comprehension of external environment and performance of MSMEs. This was in accordance with a similar study of Jeromino et al. (2019) on the resource-based view and MSMEs performance.

2.3 Empirical Review

The empirical review of this study was presented with environmental factors, literature on decision making, strategy implementation, and performance as well as research gaps.

2.3.1 Comprehension of External Environment and Performance

Studies have been clearly identified linking a firm's performance to the effects of the external environment. Considering MSMEs in DRC, research has been done linking the extent to which the external environmental forces have affected their performance. The researcher intended to examine how the comprehension of PESTEL affected the performance of the MSMEs in Kinshasa.

Having identified the importance and value of these concepts, the study was done on the 643 MSMEs officially registered in the Ministry of Small and Medium Enterprises in 10 different industries on the comprehension of managers of the effect of external environmental on performance of MSMEs in Kinshasa.

It is recognized that former empirical studies have made more contributions with regard to performance of MSMEs. Many of the previous studies focused on establishing the effect of external environment on the performance of MSMEs using just two variables. Other studies incorporated the third variable as an intervening or moderating one using either resources or business approach on the relationship between the external environmental forces and performance (Kithusi, 2015; Kuznestova et al., 2017). Recent management approach makes research of external environment an important part to attain the sustainable competitive advantage of a firm. Scholars argue that the creation of a competitive market environment and its valuation based on the external environment are inseparable with the quest for effective approaches of the management of the firm due to the enhancement and optimisation of prevailing business practices, which is likely carried

out that the attainment of current strategic management is utilized (Kolchanova & Kolchanova, 2016; Velichko et al., 2012; Kuznetsova et al., 2017).

A firm's stability and success are co-dependent on its capacity to rapidly recognise and reply to variations of PESTEL factors. Change is unavoidable and having the flexibility to contract with unpredicted market modifications can be considered as the variance between survival and destruction of an enterprise. A certain change in the comprehension of the external environment such as change in government regulation can have an important influence on a business. Suggested government regulation might lawfully require a firm to shift its actions hence develop an important variable of achievement (Banham, 2016; Jessee, 2018).

Enterprises have continually determined to decrease their dependence on the environment by obtaining control over their resources. Hence, environmental scrutiny is vital in the enterprise's decision making procedures and its strategic adaptations. Though this is true for numerous firms, the performance of MSMEs in Kinshasa is still in want because of the restrictions provoked by the external environment and absence of know-how in checking and examining the external environment. Moreover, weak management talents and challenges in scaling-up actions can limit MSMEs' efficiency and liability. Scholars are of the opinion that correct scanning of the external firm environment is key to improvement of performance of MSMEs as it would increase their capability to detect opportunities particularly those that may attract sustainable financial support as well as comprehending the environment of strategy implementation of the intended goals. In this research, we intend to respond to the inquiry 'what is the influence of comprehension of the external environment on the performance of MSMEs in Kinshasa, DRC?' Based on this knowledge, managers of MSMEs would be in a position to comprehend the importance of

environmental assessment, comprehending environmental ambiguity, and constructing capability agreement in improving performance of their enterprises.

There are numerous factors of the external environment which influence enterprises and are also affecting the MSMEs and large firms. This study focused on the comprehension of five specific factors namely; political, economic, socio-cultural, technological and legal, and how they influence MSMEs' performance in Kinshasa.

However, a study to determine the nexus between comprehension of the external environment and performance with a contribution of the moderating role of decision making and strategy implementation on this relationship has not been documented. Most of studies have concentrated on establishing the effects of the external environment on the performance of MSMEs. No study has been carried out that includes the comprehension of the external environment by MSMEs to evaluate its effect on their performance while combining the moderating effect of decision making (rational and intuitive) and the mediating role of strategy implementation (strategy operationalization and strategy execution) to determine the relationship between the comprehension of the external environment and the performance of MSMEs. It is against this context that this research sought to address the previous gap through past empirical studies.

2.3.2 Comprehension of External Environment and Decision Making

A lot of research done on MSMEs has been on the relationship between the external environment and performance; and have shown that there exists a nexus between the external environment of enterprises and performance particularly in this case between MSMEs and performance. The success or failure of an MSME is not determined by the simple fact of operating in a certain environment but by the need to deeply comprehend how that environment offers opportunities and

poses threats to the organisation. However, the comprehension of the effect of the external environment on its own does not ensure performance hence it is important to recognize the crucial implication of decision making, whether rational or intuitional, that should be efficient and effective in order to reach required performance of the MSME. Past researches have surveyed the effects of the external environment on enterprises performance. Banham (2010) and Ivančić et al (2017) stated that the success of SMEs is related to how well the external environment is examined and understood, combined with the awareness of their industry.

The enthusiasm in decision making has gained prominence in strategic management and somewhat been converted into an engine to achieve successful strategic change (O'Regan et al., 2010). Further, strategic decision making processes have received significant attention. Hence, researchers in management and managers, particularly, have to comprehend the variables that affect the effectiveness of strategic decision making processes and their influence on business performance of enterprises (Talaular et al., 2005). Furthermore, the decision making process may be considered merely as a choice making. More comprehensibly, decision making is a methodical process commencing with recognising a need and ends with implementing a selected solution. Alkhafaji (2003) posited that decision making permeates all functions of management including choosing the course of action to attain the objectives to which the enterprise is committed.. It is rather complex and takes place within constraints associated with psychological, environmental and decision-related factors. Further, Alhawandeh and Mohammad (2019) and Nooraie (2012) argue that it is one of the most vital functions of managers in any type of firm. Harrison (1996) supported this view posing that strategic decisions create opportunity for repositioning and realigning a firm to better “fit” when correctly implemented.

As a firm decision making cannot only be based on available resources to reach the sustainable competitive advantage. Decisions are also based on the external environment and its factors play a key role on the performance of an enterprise. This was supported by Thompson (1967), Ansoff and McDonnell (1990) and Okeyo (2013) who add that political stability can be a basis of a conducive business environment due to an atmosphere that is free of conflict. The external environment can be involved as one of the drivers of failure or success of an enterprise. This is recognised by Dragnic, (2011) who stated that factors in the external environment and other factors exercise more or less significant impact on the performance/effectiveness (sales, return on asset, profit and growth).

This study argued that the manager's unique abilities to comprehend the environment constitute the basis of MSMEs decision making. The more managers comprehend their environment, the more efficient and effective their decision making is for the performance of the organisation. Like most other parts of business analysis, this is specifically helpful for executives in any company that aims to withstand its competitors, increase revenue streams, or grow their organisation. In addition, Elenkov, (1997) argues that in order to effectively predict the future of the organisation, you have to turn up to external factors. These are many factors to take into consideration that usually are beyond an organization's control. Consequently, not only should an organization's managers respond to the dictates of the external environment but they should also have to accurately comprehend the external environment and use that comprehension to create capability and have contingency plans to deal with the negative effect of the external forces on performance of the firm.

2.3.3 Comprehension of External Environment and Strategy Implementation

Many scholars in management believe that organisations struggle to execute strategy. This opinion is shared by McKinsey's study which revealed that most firms' efforts to deal with change fail at around 70% as they aim to reach intended goals (Huy, 2011). Research done by Noble (1999), Kaplan and Norton (2005) and Speculand (2009) revealed that only 10% of strategies that are well formulated have the potential to be completely implemented and this causes a waste of resources and declining performance. This study seeks to determine how comprehension of the external environment influences strategy implementation, operationalization and execution processes (Dandira, 2011).

Assessing the causes that make the implementation of strategy to be ineffective and inefficient is the way to tell the gap that exists between what is intended to do and what is done at the implementation phase. This permits to well comprehend what needs to be done with the aim to increase the implementation process to adapt with the external environmental change. The external environment effects comprise positive and negative factors. These factors need to be considered by managers every time they want to make any decision. Comprehension of the external environment can be assisted by taking into account matters arising from political, economic, socio-cultural, technological and legal climate. It is the manager's duty to always search for information that occurs from the external environment. Variations in the external environment often bring uncertainty in the development of business and this raises the degree of risk during decision making. In order to minimize the risk, organisations should avail resources to help anticipate changes by assessing the external environment ahead of the implementation of any strategic plans. For an enterprise to increase performance, managers have to consider both the internal and external environment through external scanning which should include management analysis (Fedulova & Kolosh, 2007). A study by Mahmood (2012), who focused on past researches to establish the level

at which factors of the external environment influence strategic implementation, found that studies on external factors influencing decision making and strategy implementation are either limited or have opposing findings. He looked at studies ranging from familiarity with decision, magnitude, organisation's performance, cognitive diversity and the managers' pursuit to achieve strategic decision making process.

The conditions for the growth of an organisation in a market are based on its rapid feedback and on its capability to respond to variations in the external environment. A key element for the progression of an organization is strategic creativity management, which comprises a combination of goals and specific jobs focused on the implementation of recent methods related to exploitation of its intrinsic resource abilities.

Strategic management and creativity for an organisation is a need established by the organisation's significant contribution to the economic growth of a country. It is the role of managers to establish goals intended to improve competitiveness.

According to Dovhan et al. (2011), among the factors that have an effect on an organisation, the external environment is identified as a factor that has the most influence on an organization. The external environment also has a direct influence on stakeholders.

Similarly, Dykan et al. (2013) argue that the external environment is a combination of two important subsystems that should be well analysed before any decision can be implemented: macro-environment and micro-environment. The factors of the micro-environment are customers, providers, contestants, mediators and contact audiences. However, the macro-economic environment constitutes various factors among them the PESTEL.

The aforementioned is the basis of the occurrence of subjective thoughts about what happens within and outside it, not permitting for building sound predictions and undertaking strategic

decisions. This research study aimed to establish the effects of comprehension of the external environment on implementation of strategy across MSMEs in Kinshasa city.

2.3.4 Decision Making and Performance

The measurement of performance of an enterprise is extensively built on financial attainments and growth. There is no firm that can be willing to suffer losses and stagnation in its development. To avoid this situation, managers in the enterprise should be innovative to ensure that the performance of the firm is crafted throughout the business processes. It is through performance attainment methods that the benchmark is set by the top managers to give direction to their junior managers in the pursuit to reach the organisational goals. To reach the sustainability in the firm's performance, managers are required to come up with decisions giving orientation towards the attainment of firm objectives. For effective decisions, managers must have significant information from the internal and the external environments. Lack of substantial information may lead to inadequate decisions and this can also be reflected in the poor performance of an enterprise. It is critical to make sure that the manager's decision has potential influence on the firm's day-to-day activities (Certo, 2003; Zaleznik, 1989).

According to Astley and Ven (1983), decision makers have a major effect on an organization's performance. Many are numerous reseachs on the importance of measuring the performance of an organisation subjectively or objectively. The principal motive behind this phenomenon is that there is more willingness of getting real measures and this is often gotten when it is about objective measures related especially to financial data. Whereas subjective measures lack concreteness, they define the effectiveness of a firm to scholars as linked to rivals (Rogers and Wright, 1998; Allen, Dawson, Wheatley and White, 2005). In this study, the qualitative performance (subjective

measures) were used alongside with the quantitative measures which are objective measures to determine the performance of MSMEs in Kinshasa.

Moorhead and Griffin, (1999) described decision making as the choice between alternatives. It can be considered as a result of emotional developments (cognitive developments: memory, thought, assessment) leading to the choice of a course of action when given numerous options. Decision making comprises planning the possible costs of decisions, working out the status of single aspects, and selecting the finest course of action to take (Muindi, 2011). Any firm which aims to create opportunities in order to uplift its performance has to ensure that strategic decisions are well implemented (Harrison, 1996). Thus, strategic decision making, if correctly implemented, assists the enterprise to preserve the sustainability, adjust activities within the internal and the external environment and counter threats and challenges. On the contrary, if strategic management is not well implemented, this can undermine the outcome of a firm which can lead to corporate discomfiture and discouragement of the owners due to great economic loss (Mueller et al., 2007).

The aim of strategic management is to participate in ways that can increase the firm's performance. This assists in making strategic decisions to lead the firm and define its capability to maintain its sustainability while forecasting the external environment. Furthermore, it is required that all firm associates be involved in case they have to comprehend the need for innovation and also in case they have to dedicate to shift their habits at their job, in different and better ways (Kingir & Mesci, 2010; Singh, 2009). It is important for managers to be involved in strategic management as they assist to generate a sense of appropriation among the employees as an agreeable environment in which together managers and employees willingly commit to improve the firm's performance (Noah, 2008). Micro and small enterprises in many African countries, including DRC, mostly

make their decisions based on the resources they possess, especially in terms of finances in liquid linked to goods or services they offer to their customers.

2.3.5 Strategy Implementation and Performance

Strategic management is viewed as a key business process (Bowman 1987; Dann, 2003). The development of strategic management has important influence on the success or failure of an enterprise compared to other factors (Porth, 2003). This is because strategic management assists an enterprise to progress, offers directions to attain its mission, provides value creation (Porth, 2003), and normally increase their performance. Whereas strategic plans that are well-implemented offer the vision, direction and goals for the enterprise, operational planning converts that strategy into day-to-day implementation schemes of the business that eventually creates the results described by the strategy. Although many organisations lack the know-how (skills, knowledge & experience) and the capability to implement strategic objectives, very few are ready to acknowledge it (Evans, 2012).

Once an organisation notices a failure in the execution of its strategy, the initiative perspective of managers is to reshuffle. However, a study done by Neilson et al. (2018) concludes that the basics of good strategy execution begin with describing decision rights and to be ensured that the information moves correctly and reaches where it is specifically needed. In case this is well gotten accordingly, the desired structure and motivators usually become clear. Though it is recognised that strategic formulation as well as strategy implementation has been emphasized as important by scholars, strategy execution has been observed as critical as the strategy itself (Hrebiniak, 2006). Nevertheless, numerous researches show that strategy execution has been given less consideration from both scholars and practitioners compared to strategy operationalization.

The concept of a thoughtful strategic process is established from the early works in 1965 as discussed by Brwne (1996). The emphasis is to establish the fit environment and the organisation and this is done by utilising the well-known SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. Andrews (1971) argues that the development of strategy begins with evaluating the external environment, and internal weaknesses and strengths, thereafter, strategies are formulated and selected by the organisation and, lastly, the selected strategies are executed. According to Maas (2008), one of the factors which influence performance is leadership. Thus, strategy execution and greater performance need a leader who is able to put his energy for the success of the implementation by involving and encouraging workers and giving them a proper direction for the execution of the strategy. Such a leader should also operationalize by creating a clear strategic vision and share this vision with all the members of the organization.

A research done in South Africa by Jooste and Fourie (2009) revealed that strategic leadership plays a role of showing the way throughout strategy execution and is key in affecting the performance of an enterprise. Noble and Mokwa (1999) established that the willingness of managers to implement strategy and the role of a particular manager towards strategy (the level to which a manager attains goals and objectives) positively affects the effort of implementation of the strategy for the success an enterprise. The study by Dincer (2006) and David (2016) showed that the important features of strategic management comprise environmental scanning, organizational mission establishment, strategy formulation, strategy implementation, strategy appraisal and control. The argument by O'regan and Ghobadian, (2004) is that the importance of strategic management relies on the firm's long-term viewpoint and the boundary of business to make sure the desired strategy is useful to the enterprise according to the environmental circumstances. This means that a correct strategy contributes in assisting the firm to utilise

opportunities from the external environment and reduce pressures created by unstable markets. Literature reviewed on the concept of strategic management in the developing nations revealed that studies on the influence of strategic management process on SME's marketing and financial performance is quite restricted. A study by Laljit (2006) assessed the progress of business strategies in the SME segment. Another study by Odame (2007) assessed the overall strategic management processes in different firms and the results are in agreement with other studies (e.g., Dincer et al., 2006; David et al., 2016).

2.3.6. Comprehension of External Environment, Decision Making and Performance

The MSMEs are recognised in DRC as a sector that contributes significantly in the economy of the country. According to a study by IFC (2017) almost 292 indirect jobs were created especially in the foodstuff, liquid refreshment, and services sectors. Additionally, 154 jobs were linked to the costs of salaries by workers of the MSMEs section and their providers. The study concluded that the MSMEs in DRC contributed by supporting about 28 jobs per one million dollars of capital. MSMEs are the key basis for job creation in both the developed and developing nations, including over 90% of African private activities contributing to over 50% of total job creation and gross domestic product (GDP) (Okafor, 2006). According to the WB (2015), approximately 60% of the total employment in DRC is still in low productivity retained by MSMEs. This MSMEs sector represents almost 21% of the GDP. However, the mining industry dominates with 32%.

The MSMEs sector in DRC has a challenge because of weak and fragile value chains. And this challenge impacts almost all the MSMEs in different industries. Other challenges faced by MSMEs in DRC are lack of a well-structured enterprise, institutional regulatory oversight, market mechanisms, actors' contribution to function, and an interlinked value adding multi-level action

segment. ADB and ADF (2009) reported that in DRC, the MSMEs sector plays a key role in terms of employment and output shares. This is a sector that has potential of a significant growth if put under the right conditions. Recent appraisals show that manufacturing output comprising of water supply, cosmetic, textiles with kitenges, fuel, furniture, hotels, spare parts, pharmaceutical, transport and communication; contribute about 7% of GDP, which is low even by regional standards. Many MSMEs in DRC have stopped activities due to various reasons ranging from high costs of electricity, administrative harassment, lack of inputs, and low expertise. MSMEs in DRC need to be encouraged for their survival as they represent a critical sector that can help the country to be competitive in all export markets, and reduce the harm created by currency depreciation due to importation.

For the interest of survival and growth of MSMEs the improvement of technology becomes paramount for the success of any business. Technology is critical in the modern business development as it has changed the way of conducting activities and the way buyers and sellers are able to obtain goods and services. The competitiveness of MSMEs can be enhanced with efficient use of technology. However, in order to reach this required efficient technology, MSMEs have to be efficient in decision making.

The success and failure of MSMEs depends on how well the external environment comprising factors such as political, economic, socio-cultural, technological and legal is well comprehended and incorporated in decision making. This decision making may be rational or the intuitional need to be efficient and effective considering all the internal and external factors to help MSMEs reach the sustainable competitive advantage. Studies argue that most African MSMEs, including DRC's, are not creative and this has a very negative influence on their growth. Most native enterprises

have serious challenges with efficient and effective decision making based on the comprehension of the environment in which they operate. However, some MSMEs have some level of creativity in their decision making.

Little is documented on MSMEs' decision making and its related effect on their growth in DRC (Kibatshi, 2016). According to Talaulicar et al. (2005) decision making is critical in assisting and supporting MSMEs development since it represents the way of reacting to changes that occur in the environment and helps them to adapt to change. Therefore, it is very important to encourage managers to link MSMEs to efficient and effective decision making with the aim of reaching the intended goals. This will contribute to improvement in the performance of MSMEs because it offers an understanding of the context in which the enterprise operates. Decision making is a key to an organisation's competitive edge, growth and survival (Alkhafaji, 2003).

Harrison (1996) argues that as long as an organisation has no control over the external environmental variables, this has a substantial effect on the decision making and strategy of the firm. He adds that for an enterprise to reach competitive advantage or improve performance, a match between the internal and external environment is of critical importance. It can be argued that efficient and effective decision making has a moderating influence on the relationship between the external environment and enterprise performance.

2.3.7 Comprehension of External Environment, Strategy Implementation and Performance

Institution theory advocates that an enterprise that needs to reach sustainable competitive advantage has to consider scanning the external environment in which its activities are set. This is

by detecting rules, beliefs and the shaped values without which an enterprise has a high level chance of failing to reach its desired goals (Dimaggio & Howell, 1991; More et al., 2016). The combination of resources possessed by an enterprise with the comprehension of the external environment and the capability of the organization can form the basis of an exceptional strategy for a long-term sustainable competitive advantage and performance. In order to capture the concept of the environment it is important to consider both the external and internal environments (Anthony & Govindarajan, 1998). From the internal environment the enterprise deals with resources and capabilities which are critical for its performance. These resources that the organization has are the main anchors towards sustainability of the firm to lead to the growth and optimal performance (Hitt et al., 2011). However, the role of the external environment on the performance of an enterprise cannot be neglected.

The capability of an enterprise to anticipate chances or threats from the in and outside environment constitute the critical manner to achieve the desired outcome (Pearce et al., 2012). The nature and effectiveness of an enterprise's feedback depends how management produces and deduces strategic matters (Minzberg, 1994). According to Thompson and Martin (2005), among numerous roles of managers, the scanning of both the external and internal environment is one of the important ones. This helps the organization to identify the coercive, normative and cultural cognitive forces combined with linked activities and internal resources to create stability of the enterprise. According to Teece (2009), the use of dynamic capabilities is understood as the ability to detect and seize opportunities and then transform and reconfigure them for competitive advantage. The use of dynamic capabilities links skills and expertise of managers to performance of the firm Pflaun (2018).

Strategy implementation is based on sustainable competitive advantage and the important success factors of the enterprise can be drawn from both the internal and the external environments of the enterprise. The organization may then decide to follow an energetic marketing strategy or adjust to the changes that occur in their environment.

Any organization that has a goal of positioning itself in the market must consider the importance of a business plan. This is key to reduction of risks linked to business activity.

Lack of knowledge to recognise the importance of a business plan is pointed as one of the crucial problems at the start-up stage among MSMEs (Chami, 2006). Duchesneau and Gartner (1990) argue that numerous enterprises that succeed do not necessarily have a written business plan. However, these enterprises devote more time on planning than the unsuccessful enterprises. More successful MSMEs put a lot of effort towards decreasing risk in their business. David, (2013) states that an enterprise that does not have a strategic plan is similar to a ship that does not have a radar, just turning around with no proper direction. It's similar to a tramp that has nowhere to go".

Strategic planning in management was inspired by the work done by "Ansoff" in early 70s (Mohamed et al., 2010). The word strategy resulted from the Greek word "*strategos*" which can be understood as "the roles of a general". The term "planning" in management is a process to make use of an organization's resources in an economical, effective and efficient manner, with the aim of meeting the objectives of the enterprise. This is irrespective of the industry in which an enterprise operates. Change cannot be avoided in the current markets. Change occurs across all kinds of enterprises and could be physical or could be discerned in form of resources including natural ones and in utilising technology (Mohamed, 2010). Strategic Planning therefore enjoins where we are, and where we want to go (Alaka et al., 2011). A research by Miller and Cardinal

(1994) concluded that planning has a positive effect on the performance of an enterprise. Nevertheless, studies completed by Noble (1999), Kaplan and Norton (2005), and Speculand (2009) have come to a conclusion that despite the fact that enterprises formulate good strategies, over 90% of these strategies are not successfully implemented resulting to wastage of resources and slowing their performance.

Strategy implementation is considered to be a crucial and very difficult procedure since it relates to several factors that directly or indirectly affect its course. Effective and efficient strategy implementation begins with discovering a balance and managing the effects of the environment both internally and outside the organization.

Each firm is supposed to have a strategy; however, it is not that each strategy is good. This implies that strategic plans, *per se*, are not enough to attain the expected results. Though the mixture of a good strategy formulation with a good implementation can be a way of reaching a desired performance of the firm (Andrews, 1987; Bonoma 1984; Cespedes, 1991), some scholars including Kaplan and Norton (2005) and Hrebiniak (2006), are of the opinion that it is desirable to have a poorly described strategy, but correctly implemented instead of having good strategy that is not completely implemented.

The implementation period is likely to be the most critical phase in management stages as the success of a firm is pegged principally on what the firm is capable of doing in practice (Martin, 2010). Hrebiniak (2006) believes that an insufficient strategy can obstruct the implementation process, whereas, a good implementation can supplement a poor strategy. According to Thompson (1997), the survival of small enterprises depends on external factors surrounding their business. Smith (1998) posited that planning as described in the business strategy for large firms could similarly be used effectively on micro, small and medium enterprises. Though MSMEs are usually

tied to targeted results of satisfying the owners by creating wealth, employment, economic growth, and even expanding to new industries, these can only be expected in few entrepreneurial small enterprises (Curran, 2000; Storey, 1994).

Strategy implementation needs an organization to have yearly goals, plan policies, motivate workers, and assign resources, necessary for execution. The process involves establishing a culture that supports the strategy, creation of an operational business framework, marketing, budget preparation, developing and using information systems, and connecting worker remuneration to firm performance (David & David, 2017). According to Vasconcelos and Cyrino (2000), the business strategy arena is built on the understanding (and pursuit) of competitive advantage related with market failures. In case of a perfect competitive market in which decisions of enterprises are backed by tangible resources with the relevant technology and knowhow and with a perfectly fluid diffusion process, the concept of strategy would be unnecessary, and even dysfunctional. In general, when investing pressure from external forces, it is possible to identify external instruments that may possibly contribute to an enterprise's environmental performance. Coercive pressure which emanates from external stakeholders such as government organisations is probably meant to force environmental stresses on MSMEs. The task of strategy implementation is to translate plans into activities as well as the intended results.

The review of a successful method execution is to assess whether actual organisation efficiency matches or surpasses the targets spelled out in the strategic plan (Njagi & Kombo, 2014). In addition, strategy implementation links with the design style as well as monitoring of systems to attain the most effective integration of people, structure, process and also sources in reaching the business purpose (Gomes, 2015). Further, putting strategies in action is difficult and consumes time. Stakeholders agree that it is easier to create sound strategic plans than making them work

(Njagi & Kombo, 2014). Nevertheless, strategy implementation involves implementing the strategic plan. Consequently, it consists of setting policies, developing the business structure, and establishing a company/society to make it possible to accomplish business objectives (Gomes, 2015). Thus, a successful strategy depends on the work of others, organising, encouraging, building culture and producing solid nexus on strategy and the firm's mode of operation (Njagi & Kombo, 2014). Furthermore, Viljoen and Dann (2003) note that each firm agrees to prepare and assign resources to strategic initiatives.

Operationalization of the strategy implementation is concerned with communicating strategy, setting objectives, developing relevant policies and allocating resources. On the other hand, execution is concerned with putting into action the communicated strategy, setting objectives, developing strategies and policies, and allocating resources in order to ascertain the mediating role of strategy implementation on the relationship between comprehension of the external environment and performance.

2.3.8 Performance

Performance management is a constant procedure of classifying, assessing, and evolving performance in organisations by connecting each sole performance and goals to the firm's general mission and goals. Efficiency monitoring is crucial to small and large organisations (Aguinis, 2013).

Financial performance: Performance management is critical to small and large organisations (Aguinis, 2013). Moreover, managing performance constitutes a vital facet of human resource management and is considered as a core feature to be carried out by business leaders, human resource professionals and managers. In as much as business management provide directions in

terms of performance management, human resources experts manage the how part while the managers attend the doing (Krishnan, 2013). In this study, performance will be measured by looking at the return on asset, increase in sales and the profit.

Return on Assets (ROA). This measures the overall efficacy of management in realising returns to shareholders from the available assets. It is a positive indicator of all total assets used to operate profitably (Alghifari et al., 2013). While profit connotes the firm's ability to generate earnings. ROA thus is the cumulative consequence of several policies and managerial decisions whereas the rate of profit encompass the amalgam operating result of liquidity, asset management and debt management (Borlea, 2011).

Sales: Sparks (2006) observes that sales are an individual transaction performed between the salesperson and a customer essentially, a single action of selling. What you need to keep in mind is that each individual sales transaction is the combined effort of many people, every employee in your organization; inputs received from your suppliers; the feedback and support from customers and prospects; and the very essence of the communities in which you produce and sell your solutions.

Ursiny et al. (2006) state that today's client has changed and those individuals who continue to be successful in sales are adapting to these changes. Sparks (2006) argues that to increase your sales you need to gain a broader perspective of your organisation that will allow you to increase the resources you can bring to bear on the sales function.

Additionally, Feltenstein (2010) notes that most promotion tactics intentioned to increase sales should consist measurable results and produce a profits. According to him one should know the

number of new clientele necessary to meet the cost of promotional campaigns as to render the exercise successful.

Profit: is the residue subsequent to settlement of all expenses. In other words, profit is a residual. There are four factors that determine profit namely, the price, the quantity, variable costs and fixed costs (Plowman & Plowman, 2010). Fisk (2010) argues that beyond profit, any further pursuit is based on the firm's value addition to society. Thus, sustainability is not a goal in itself, but a means to get somewhere better. It is a how rather than a why. According to Manlio (2017), a profitable growth process requires a cohesive ownership control structure, rempowered management, market investment strategy and competitive advantage. In this study the profit will be described as value added.

2.3.9 Summary of Knowledge Gaps

The literature review has disclosed numerous gaps linking to the conceptual, appropriate and methodological characteristics. The reviews specify that none of the researches have surveyed the comprehension of the external environment, decision making and strategy implementation and their connected influences on performance of MSMEs in various industries operating in Kinshasa, the capital city of DRC.

Whereas past research has dwelt on MSMEs' performance in different contexts, it mostly explored numerous variables individually and failed to combine multiple variables to examine their effect on MSMEs' performance as is the case with this study. Based on the literature reviewed, the conceptual gaps were recognised as encompassing the comprehension of external environment, decision making and strategy implementation. The appropriate gaps informed the conceptualisation of this study on MSMEs which have activities in various industries within Kinshasa. The Methodological gaps include study design, choice of population, the use of census

on the entire targeted population, and data analysis techniques. These gaps have been identified in some of the chosen literature reviewed as shown in Table 2.1.

Table 2. 1

Summary of Previous Studies and Knowledge Gaps

Study By	Focus of the Study	Methodology	Findings	Knowledge gap	How the proposed study addresses gap
1. Dragnic (2014)	Influence of internal and external factors on performance of SMEs in Kinshasa- DRC	-Longitudinal survey was employed on a dynamic and multi sectorial structure	Both external and internal factors exercise influence on the performance	The study focused on external and internal factors on performance but not on the effect of comprehension of the external environment.	This study sought to determine the effect of comprehension of external environment on the performance of MSMEs.
2. Kithusi (2015)	Influence of resources, entrepreneurial strategy, and external environment on firm performance	-Cross sectional survey was employed. -Target population was MSMEs in Nairobi county. -Multi-linear regression analysis.	Firm resources affect firm performance, external environment moderates resources and performance	The study focused more on resources, external environment, entrepreneurial strategy and performance. However, there was not a focus on comprehension of the external environment.	This study focused on the effect of comprehension of the external environment, decision making, strategy implementation and performance.
3. Kuznetsova et al (2017)	Influence of external environment factors on firm competitiveness on the medical services sector	-PESTEL analysis and SWOT analysis were employed.	External environment factors are found to be good criteria for firm survival in a competitive external environment.	The study focused more on factors of external environment to address a firm competitiveness in the medical sector. But, the study did not discuss how the comprehension can affect decision making of the firm to reach competitiveness.	This study focused on finding out how the comprehension of the external environment affects decision making to impact the performance of an enterprise
4. Banham (2016)	Influence of external environment challenges on firm performance	Degrees of turbulence – model was proposed as the self – assessment tool to assess the external environment.	The success of a firm is based on a successful strategy implementation.	The research was more interested on the influence of the external environmental challenges on enterprise performance. However, the study did not assess the effect of comprehension of the external environment on the performance	This study examined the influence of comprehension of external forces on a firm performance.

5. Ombaka (2016)	Resources, external environment, innovation and performance of Insurance Companies.	-Cross-sectional survey -Population was on insurance companies. -Multi-linear regression	Tangible and intangible resources influence performance of an organisation	The study deals more with resources, , innovation external environment and performance of insurance companies. It does not touch on the comprehension of the external environment and decision making.	This study highlights on the effect of comprehension of the external environment, decision making and strategy implementation on the performance of the MSMEs sector.
6. Ivančić et al (2017)	External environment, strategy implementation and performance of large companies	-Based on empirical research -Conducted on a sample of 78 large companies	Influence of external environment is one of the obstacles to strategy implementation hence performance of large companies	The study focused more on the external environment, strategy implementation and performance. However, the study did not include the micro and small enterprises.	This study focuses on the comprehension of the external environment, decision making, and strategy implementation on MSMEs.
7. Huy (2011)	External environment, strategy implementation and performance of donor funded projects in Somalia	-Cross-sectional survey -Multi - linear regression	External environment positively affects strategy implementation as well as the performance of the firm	The study focused on the external environment, strategy implementation and performance. However, the discussion did not include the comprehension of the external environment, decision making and had a short discussion on strategy implementation	This study involves the comprehension of the external environment, decision making, strategy implementation and performance of MSMEs in Kinshasa city.
8. Alhawandeh and Mohammad (2019)	Strategic management and performance	Review of past literature studies.	Strategic management has an important role in improving performance of the organization.	The study focused only on two variables: Strategic management and performance.	This study focused on four variables: Comprehension of external environment, decision making, strategy implementation and performance

2.4 Conceptual Framework

The conceptualisation of this research is anchored on three principal theories: Resource-based view (RBV) (Theriou & Aggelidis, 2009), institutional theory (IT) (Mayer, 2007), and dynamic capabilities theory (DCT) (Gizawi, 2014).

This research aimed to establish the effect of managers' comprehension of the external environment, decision making, and strategy implementation on the performance of MSMEs operating in Kinshasa. In explaining the understanding of the external environment, decision making, strategy implementation and the performance of MSMEs in Kinshasa, the study used RBV, IT and DCT. RBV states that the basis of an enterprise's success is within the organisation with the concept that resources must be valuable and irreplaceable. In addition, RBV, purposes are regularly critical for an enterprise's decisions to join collaborative relationships (Solesvik, 2018). The IT claims that enterprises run activities in an environment which puts pressure on them (Kimu, 2014; Njoroge et al., 2015). Due to external environmental pressure, diverse arguments are raised as enterprises pursue justice for their survival and prosperity in their environment (Scott, 2008). The DCT (DCT) is more related to the dynamic change of external environment (Dreyer & Gronhaug, 2004). This dynamic change may alter the mission of the enterprise and the environment they operate in (McMahon & Carr, 1999).

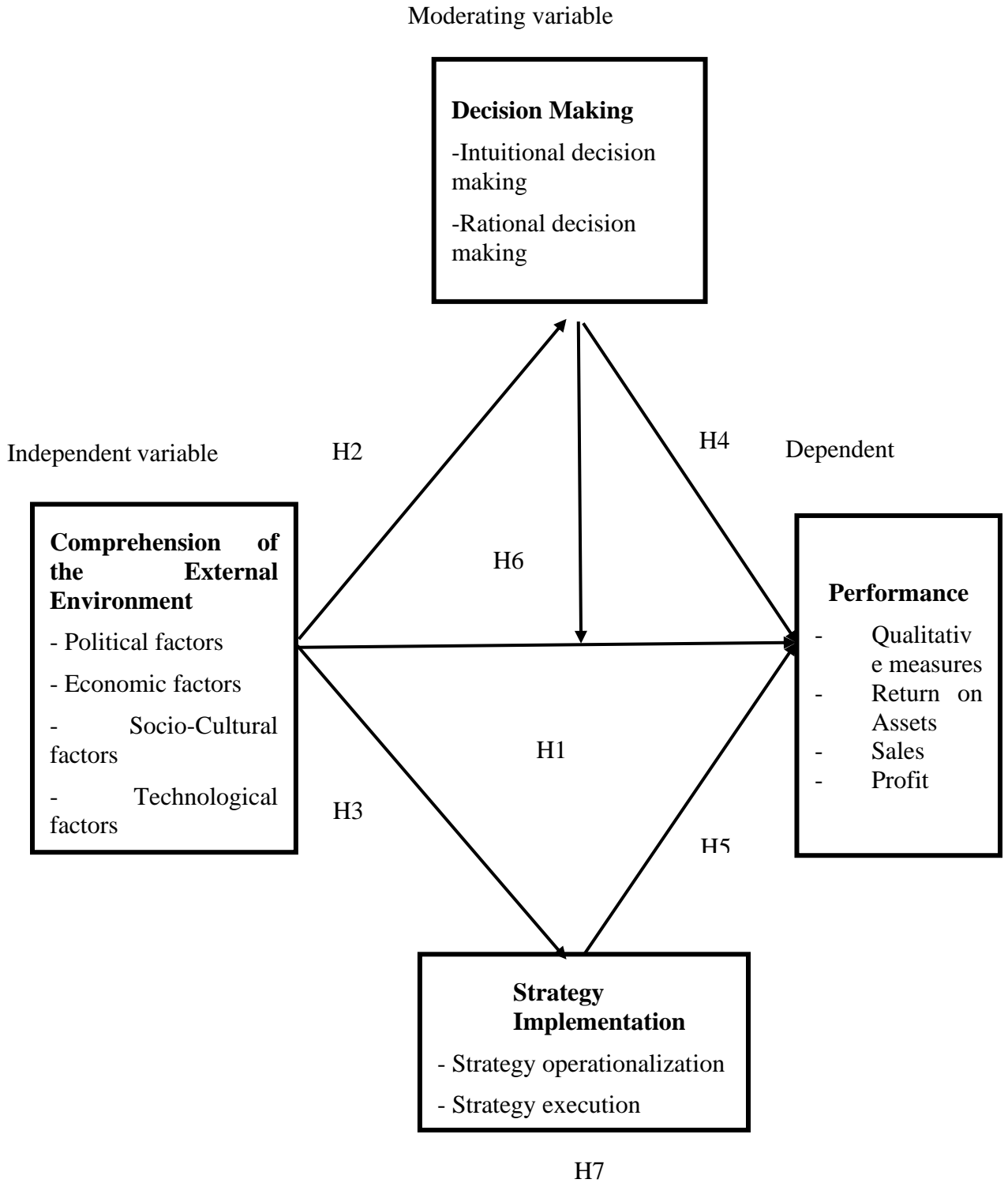
A framework is a certain set of regulations, suggestions, or beliefs which you use in order to deal with issues or to choose what to do. In this study the theoretical structure is based on independent variables of manager's comprehension of the external setting characterised by political, economic, socio-cultural and also technological aspects; mediating and also moderating variables, particularly decision making and strategy execution on the relationship between the supervisor's comprehension of the outside setting and the dependent variable which is the efficiency.

Grant and Osanloo (2014) describe a theoretical framework as the plan for the whole thesis review. It helps as the means to shape and sustain a thesis, and it also offers the structure to describe the perception on how the entire thesis is approached philosophically, epistemologically, methodologically, and analytically. Further, Eisenhart (1991) describes a theoretical framework as a structure to direct a study by depending on a recognised theory...built by means of an established, clear explanation of certain phenomena and relationship.

In this conceptualisation, the independent variable (manager's comprehension) was examined on the basis of five environmental variables, namely; political factors (rules and regulations), economic factors (interest rates and inflation), socio-cultural factors (tastes and satisfaction of customers) and technological factors (physical infrastructure comprising of roads, telecommunications and electricity supply). Further, decision making (either rational or intuitive) was examined as a moderator and strategy implementation (strategy operationalization and strategy execution) as a mediator between a manager's understanding of the external environment and performance. Performance was measured through return on assets, return on sales and profit of the SMEs in Kinshasa, DRC.

Figure 2. 1.

Conceptual framework



CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter covers the methodology of this study. It consists discussion of the research philosophy, design, target population, sampling procedure, data collection instruments, reliability and validity tests of instruments, data collection methods and procedures, data analysis approach and ethical considerations. Research methodology is a way to systematically solve a research problem. It is a science of studying a phenomenon using the scientific method. Furthermore, research methodology is a framework that guides how the research is conducted in order to achieve the objectives of the study.

3.2 Philosophy

A positivist paradigm was used in this study: it is a philosophical system acknowledging that only which can be scientifically verified or one capable of logical or mathematical proof, and thus rejecting metaphysics and theism. The choice of an appropriate research philosophy is a vital part of research (Chetty 2016). Research philosophy is a system of assumptions and beliefs on how knowledge is developed (Saunders, 2009). It is a paradigm which is a set of common beliefs among the research community in a particular discipline. A philosophy can be described as a broad structure surrounding perception, belief, and awareness of diverse concepts and practices utilised in doing scientific study. It is also described by a defined procedure which has various stages (Zukauskas et al., 2018).

A research paradigm is an approach of scrutinising social phenomena from which particular understanding of these phenomena can be obtained and explanations attempted (Saunders, 2012). In addition, Kivunja and Kiyuni (2017) poses that paradigms are very important due to the fact that they provide beliefs and dictates, which, for scholars in a certain self-control, influence what must be examined, how it should be researched and also just how the results of the research study ought to be interpreted. A research philosophy educates the style taken and the methods as well as procedures used as well as adhered to in conducting research. At its core is the ontology which is the nature of reality discovered and the epistemology which is the approaches used to discover the required knowledge or reality concerning a phenomenon. The reality is the objective or subjective, in other words socially constructed. In the former situation, a positivist paradigm with quantitative methods is chosen while in the latter a phenomenological paradigm with qualitative methods is adopted.

In this study, the researcher set out to objectively observe the phenomena under study, namely; comprehension of the external environment, strategy implementation, decision making and performance as manifested in MSMEs in Kinshasa hence the choice of the positivism paradigm. The data collected was objectively measured and collected using quantitative means by the use of predetermined questions on a psychometrically validated questionnaire specific to this study. The data was then analysed and the results used to test priori formulated hypotheses.

The positivist paradigm used is suitable for deductive investigation which was the case in this study. This was because literature was reviewed, hypotheses were formulated and then measurement of instruments were developed and tested for their suitability for data collection. This was in line with suggestions by Suleman (2014). The study quantified the collected data,

objectively measured responses from MSME managers and applied quantitative statistical analysis, hence the suitability of the positivist paradigm.

Further, the researcher also avoided naive interpretation of statistics which could arise from data containing outliers. In this regard Kolmogorov- Smirnov and Shapiro - Wilk tests were utilized to test for normality of the distribution of data on variables. Breusch - Pagan test was also done to test for the presence or absence of heteroscedasticity using the probability chi-square as a way to determine the most appropriate analytical model. Since the underlying motivation of this study was to obtain new insights into the study phenomenon using objective observation and measurement and utilisation of quantitative methods, the research paradigm was positivism, descriptive design and quantitative methods.

3.3 Research Design

The study designs are conceptual structures within which the research study is carried out. It is a plan for the collecting, measuring as well as evaluation of data. In the attempt to attain the purpose of a research, Kumar (2008) asserts that it is recommended that one should communicate the reason for which a research should be conducted, the importance of the study and a well elaborated written plan for conducting the study. This is what a research design is all about (Kumar, 2008). Research design is also defined as the way to gather and evaluate data in a well-organised manner that incorporates the research objectives (Kothari, 2008). The design provides a complete standard for information collection (Pannarselvan, 2004). It is about the items of inquiry, the approaches for gathering and assessing the data as well as reporting what one is searching for (Singh, 2007).

This study adopted descriptive cross-sectional survey research design. This was in accordance with Olsen and George (2004) who posited that in cross-sectional surveys, the whole population or a

portion thereof may be chosen. From it, data is purposely collected to provide answers to the research questions being raised. The cross-sectional survey was embraced by Cooper and Schindler (2006) in his study where he argued that cross-sectional researches are used at one point in a period of time. They assist a researcher to find out whether there is an important correlation among variables at one particular point of time (Nachmias & Nachmias, 2004).

This study aimed to determine the interrelation between managers' comprehension of the external environment, decision making and strategy implementation and their individual and joint effect on performance of MSMEs doing businesses in different industries in Kinshasa. Data was collected from owners and managers of MSMEs to establish the association between the research variables. A number of other researchers have used, with success, this design (Kithusi, 2015; Machuki, 2011; Okeyo, 2013).

3.4 Target population

Several writers have described a population as the whole group of people or objects that is considered by the researcher. It is the condition in which the researcher is interested to do the study (Brink et al., 2006).

According to Mugenda and Mugenda (2003), in survey research, two kinds of data collection methods usually utilized are primary and secondary methods. In this study, both primary and secondary data were. To collect the former, a very well organised set of questionnaires were developed and collected from MSMEs. Primary data was preferred because secondary data from literature may not always be reliable where proper records are not retained (Bisbey & Oakley, 2004). The questionnaire was hand delivered to either the owners or managers of MSMEs by different research assistants who helped the respondents to respond to the items. For secondary

data, the researcher was able to access a four-year financial statement (2015-2018). The statement contained a portfolio of MSMEs that had data on the performance of firms, cash flow statements, balance sheets and statements of profit and loss.

Before the actual data collection, a pilot study which included 20 MSMEs was made to test whether the data collection instrument was effective. The 20 MSMEs employed for the pilot study were selected randomly from those that were not involved the actual study with at least two MSMEs from each industry category represented.

The pilot questionnaire aimed to determine the way the target respondents would manage to answer the questions. Upon this testing, the researcher did not find any gaps that could have warranted the modification of the instrument. However, the pilot testing revealed that it was challenging to access yearly reports from portfolios of MSMEs containing relevant performance data o. This is why the questionnaire was critical because it incorporated perceptual (qualitative) financial measures in addition to quantitative financial data.

The unit of analysis of this research was MSMEs and as such questionnaires were hand-delivered to either the owner or manager of each unit which was in the sample. The choice of the industries in Kinshasa was because the researcher believes that they have the ability to impact on the daily lives of the population and also because they are key for the economic growth of the country. The managers were selected as respondents because they thought to possess the required knowledge that would help to answer the research questions related to MSMEs and their operations, including their performance. They were expected to offer reliable responses.

Ponte (2016) argues that the use of a census during research can be justified when the researcher believes that the entire population is small and can be accessible and that data can be collected

from all the members in that population. Yu (2016) adds that if the researcher of a particular study is in a position to handle (time and money permitting) the entire population, is conceivable as agreed by other scholars. Furthermore, Ponte (2016) states that the utilisation of either a census or a sample in research are both essential as long as the investigator can assess the entire population closely. From the above discussion, this study considered that the 643 registered MSMEs which constituted the entire population of the study, excluding the many other MSMEs not registered, was small and accessible. The researcher, with the help of research assistants, was in a position to drop the questions and collect them from all the 643 respondents in a timely manner.

The sample size of this study was the same as the targeted population of 643 owners and managers of different MSMEs in Kinshasa as the study was a census of all the MSMEs. Consistent with Campbell (1995), main informers should be well-informed on the subjects under study and also ready to avail relevant information. It was planned that the questionnaire be filled by only one respondent; either the owner or manager, to avoid duplication of information.

Table 3. 1***Distribution of the Target Population***

Group of Managers per Industry	Number of Targeted Managers
Water Suppliers	82
Cosmetic product suppliers	63
Kitenge suppliers	102
Fuel suppliers	40
Furniture suppliers	24
Hotel industry	54
Auto vehicle spare part industry	36
Pharmaceutical industry	98
Public transport industry	106
Telecommunication industry	38
Total	643

Source : Répertoire général des entreprises en République Démocratique du Congo, 2018

3.5 Instrumentation

There are several categories of instruments in qualitative and quantitative research. It is required that the instrument chosen be in conformity with the research objectives. Among the most utilised instruments in any study are observation, survey and interview (Roxana de Trigueros et al., 2017). Nevertheless, from these research instruments, survey was used to respond to the quantitative investigation on the understanding of external environment, strategy implementation, decision making and performance. As a survey, a set of structured questionnaires were used for the

collection of primary data while secondary data was obtained from financial records including profit and loss account and cash flow.

3.5.1 Reliability

Reliability refers to a measurement of consistency, precision, repeatability, and dependability of a study instrument. It specifies the extent to which a study lacks bias, and hence guarantees constant measurement across time throughout the numerous items in the instruments (Mohajan, 2017). In addition, reliability is a significant concern when a psychological test is utilised to measure some characteristic or behaviour. In other words, reliability is the degree to which measurements are repeatable when various individuals perform various conditions, with purportedly different instruments, which measure a similar thing (Drost, 2011). The classical test concept provides that any score gotten by a measuring instrument is a combination comprising the precise score, which is unidentified, and "error" in the process of measuring. The coefficients of reliability lie from 0.00 to 1.00 with higher coefficients showing greater degrees of dependability. The Cronbach's alpha was utilised to approximate interior uniformity integrity.

In this measurement, integrity is identified by the connection of the values from two or more independent raters., Cohen's Kappa is generally used for categorical variables to ascertain the coefficient of agreement; when two observers identify occasions or monitoring into groups based upon ranking requirements (Kimberlin & Stein, 2008). Broadly, reliability is specified as the level to which measures are error free and thus generate consistent results (Zikmund, 2003).

To determine reliability of the data collection instruments, Cronbach alpha was computed for all the statements in the questionnaire. Glien and Glien (2003) state that Cronbach alpha measures the internal reliability of constancy, nevertheless, it chooses to use data analysis based on personal

items. This is usually disturbing since sole construct reliabilities are usually low, and in the absence of reliable constructs, the validity of the item is reduced at finest and at foulest anonymous. Tavakol and Dennick (2011) argue that internal consistency ought to be regulated before a test can be engaged for a study or investigation objectives to secure validity. Further, Field (2013) posits that scores of between 0.4 and 0.7 are considered to be of normal consistency while scores higher than 0.7 are considered of high consistency. For this study, reliability was measured using Cronbach's alpha measurement and results generated with the help of SPSS. In order to decrease errors that may have occurred and to maximise the level of reliability, the Cronbach's alpha approach observes the typical inter-correlations of things and also the variety of items in the scale. A limit of 0.7 of Cronbach alpha was regarded acceptable.

Table 3. 2

Reliability Analysis

Variable	Number of items	Cronbach alpha	Comments
Political Environment	4	0.850	Reliable
Economic Environment	7	0.951	Reliable
Socio-Cultural Factors	6	0.920	Reliable
Technical Factors	5	0.864	Reliable
Legal Factors	7	0.820	Reliable
Decision Making	4	0.823	Reliable
Strategy Implementation	8	0.752	Reliable
Performance	6	0.881	Reliable

Results in Table 3.2 show that all the variables had a reliability coefficient above 0.7 showing that the instrument was effectively reliable. Since all the variables determined had a Cronbach's alpha over 0.7, they were all reliable and thus accepted. Field (2013) and Nunnally (1978) opined that a value of 0.70 is recommended, and thus the measurement scales had high levels of internal consistency.

3.5.2 Validity

This is the degree to which instruments measure what they set out to measure. It is the level to which results are considered to be truthful (Mohajan, 2017). It is a perception which generates trust that a researcher has measured what was intended to be measured (Drost, 2011). The validity can be understood as a level to which the outcomes attained consequent to data analysis truly signify the phenomena under inquiry. Hence, validity deals with how the data gotten in the research study are accurate enough to present the variables used in a particular study (Mugenda & Mugenda, 2003).

The data which emanated from the pilot testing containing the opinions of the respondents was utilised to enhance further information in the instruments such as specific questions on financial performance to reduce deficiencies which were recognized in receiving quantitative financial data. To further reinforce confidence in the findings achieved, the investigator did a pilot test on 20 randomly selected questionnaires to confirm the answers given earlier. The findings gotten in this research were very alike to the original ones.

3.5.3 Normality/Outliers

The researcher in this study attempted, as high as possible, to prevent naïve interpretation of data which can develop from data that contains outliers. One certain factor for the importance of finding

the existence of outliers is that potentially they have a strong influence on the quotes of the criteria of a version that is being fitted to the information. This can result in mistaken final thoughts as well as inaccurate predictions. In order to spot the existence of outliers in this research, the scientist made use of Kolmogorov Smirnov as well as Shapiro-Wilk tests to evaluate for Normality.

3.5.4 Multi-collinearity

This correlation aims to find out if there is multi-collinearity among variables. In this case, it is advisable that the correlation statistics be not greater than 0.8. This will permit to monitor whether the strength of the association between variables will affect further statistical analysis, particularly the use of the highly correlated variables as independent variables in regression analysis. The tolerance level of all independent variables were observed which must be above 0.2 together with the variance inflation factor (VIF) to be less than 5 to determine whether the model will be free from multi-collinearity.

3.5.5 Linearity Test

This is done to establish whether there was linear connection between independent and dependent variables.

3.5.6 Heteroscedasticity Test

Ordinary least squares (OLS) assume that residuals should have constant in variance (they should be Homoscedastic). Heteroscedasticity was checked using the modified Wald test with findings showing that the error terms are heteroskedastic, p-value less than 5% and thus a violation of the OLS assumption of constant variance of residuals. This was corrected through robust standard errors.

3.6 Method of Data Collection

This consists of the procedure of amassing and determining data on variables of concern, in a conventional systematic style that assists in answering stated research questions, hypotheses, and assesses results (Kabir, 2016). Depending on the type of study, methods of gathering data include: observation, documents review, questioning, measuring, or a mixture of diverse methods (Abawi, 2014). Primary and secondary data were used for data collection. In collecting primary data, a structured set of questions was utilized. The sets of questions were the instruments deployed to gather the data needed to attain the research objectives. To obtain the secondary data, the portfolio of MSMEs which contained the financial data of the firms was assessed. The data were then analysed and hypotheses tested based on the results. The closed ended questionnaire contained statements anchored on a five–point Likert type scale with 1 = strongly disagree, 2 = disagree, 3 = somewhat agree, 4 = agree, and 5 = strongly agree. The questions were closed ended. To deliver the questions to the respondents the researcher used the drop-off approach.

3.6.1 Primary Data Collection

According to Wholey et al. (2010) the various approaches to collecting data (surveys, questionnaire, interviews and observation) are called data collection procedures. Data was collected using structured questionnaires which were conducted on owners and managers of the selected targeted groups of industries in Kinshasa. The questionnaire had a letter of introduction that introduced the objectives of the study and data collected within a maximum period of two weeks. First, an introductory letter was hand-delivered to the 10 groups of firms comprising water suppliers, cosmetic product suppliers, kitenge suppliers, fuel suppliers, furniture suppliers, hotel industry, auto vehicle spare parts industry, pharmaceutical industry, public transport industry and the telecommunication industry. In order to ensure high response rates, the questionnaires were

distributed and collected by hand-delivery. The follow up using email was not possible as the government of DRC had disconnected the internet for political reasons. According to Wilkinson and Birmingham (2003) the drop-off study is a combination of both mail and the team-provided survey.

3.6.2 Secondary Data Collection

These comprise data is readily available in records form. Secondary data was collected from a four-year financial statement (2015-2018). The statement contained a portfolio of MSMEs that had data on firm performance.

3.6.3 Scales and Level of Measurement

Measurement is described as a way of putting together numbers or symbols to observations gotten in a research survey. These observations can be grouped into quantitative and qualitative. Usually a researcher conducts analysis using quantitative which is about numbers or qualitative which is about words. Whereas both quantitative and qualitative can be coded, quantitative research is more about putting together huge amounts of data and attaining a broad view according to the statistical forecasts. Qualitative research on other hand is more about “giving the story” from the respondent’s opinion provided that it offers descriptive facts that sets quantitative findings into their human background (Trochim, 2007). This is why a researcher should be aware of the type of characteristic or variable before he can decide to collect data. Numbers can also be assigned to qualitative variables in the case where a researcher would like to record, for instance, the respondent’s marital status (Kothari & Gard, 2016). To describe the quality of data researchers use nominal, ordinal, interval and ratio scales. When doing an analysis of a survey, a researcher must apply a very high degree of consciousness of the data’s level of measurement. The reason for this

is that a lot of statistical analyses can only be applied to data that possess a certain level of measurement.

Nominal scale is information that stands for whether a variable includes some characteristic such as sex (man or female), colour of hair (blond, brunette, or redhead). Nominal range is the least effective degree of dimension. In the current study, the nominal scale was used to determine the participants' age, the level of education of the participants, duration of service of the respondents, the short term and long-term strategic plans.

Ordinal Scale: This scale places events in order by ranking. Ordinal ranges are often used in studies with qualitative outright values. Ordinal information stands for categories that have actually some connected order. Relationships are restricted to various rank order approaches (Kothari, 2016). This study used the ordinal array in determining the degree of connections or organisation between the variables; dependent and independent. The independent variables comprised the factors of the external setting (political, financial, socio-cultural, technological and lawful) while the dependent variable is the performance of MSMEs.

Interval Scale: When it comes to the interval range, the researcher makes sure that the intervals are changed in regards to some regulations that have been developed to make the units equivalent. The interval ranges give extra effective measurement than ordinal scales and include the principle of equal rights for periods. Extra effective statistical measures can be made use of with interval ranges. Item minute connection techniques are appropriate and testes normally used for analytical values are the "t" tests and the "F" examination (Dalati, 2018). In order to figure out whether the void theories were to be approved or rejected, this research study used the period scale measurement to examine the hypotheses by analysing the analytical levels of significance utilizing the "t" test and the "F" examination statistic.

Ratio scale: Being aware of your data's level of measurement is an extremely important part of any statistical analysis since many statistical measures that are meaningful may utilise ordinal and nominal measurement (Hawkes & Marsh, 1995). This study used the ratio scale to analyse some observations related to this study, especially when analysing the profits, sales and the assets of the SMEs in Kinshasa.

3.6.4 Model Diagnostic Test

Five diagnostic tests were performed to determine whether classical linear regression was the most suitable analytical model for the study. These tests included linearity test and multi-collinearity test (to determine the independence of predictor variables). Further, the distribution of data on the variables should not significantly deviate from a normal distribution. In this regard, normality test (particularly for the dependent variable where K-S or S-W statistic) was used. An insignificant K-S or S-W statistic indicates that the data is not significantly different from a normal distribution. Further, homoscedasticity test was performed for the uniformity of variables of the error terms associated with the data. Here the chi-square test statistic should be insignificant; $p > 0.05$. If all these tests pass, then the classical linear regression model would be used; otherwise other approaches should be used. Further, outliers were tested and the data appropriately adjusted to ensure that such outliers do not affect the results.

3.6.5 Methods of Ensuring High Response Rates

Frohlich (2001) argues that for a study to be successful, it depends highly on response rates which determine the manner in which a research was crafted. According to Kviz (1977), a response rate can be described as a ratio of a completed questionnaire on the target population. Gordon and Tarnow (2002) argue that the response rate is a function of the clarity of the questions being asked

and the higher the response rate, the more accurate the finding is representative of the entire population under study. This study had a very high response rate of 81%. This high response was a function to clarity of the questions formulated in the quest of collecting data with a Cronbach's alpha for all items above 0.7. This confirms that the findings were accurate and representative of the entire population of the study.

3.6.6 Ethical Issues

These inform all the constituents of research methodology, and require special attention (Garner et al., 2009). These ethical issues should be taken into account throughout the research process. In this study, the researcher at all times, abided with the ethical consideration by avoiding misconduct during the research process and this dissertation writing, including informed consent and the option for the respondents to opt out of the survey at any time.

3.7 Operational Measures of Variables

Flannelly and Jankowski (2014) note that one important reason for a survey is to link the reasons of an observation. The estimated reason in the reaction of an observed event is the independent variable. In a different language, an independent variable is assumed to impact another variable (a dependent variable), where, the dependent variable is influenced by an independent variable. Regularly, the scientist generally strives to understand how dependent factors behave. The operationalization of a research study is essential to enables the dimension of factors that can be quantified hence, allowing the analysis made for research hypotheses. The variables for this study included: comprehension of the external environment which are non-dependable variable, decision making with aim to moderate the relation linking the external forces and the performance, strategy

implementation to mediate the external forces with the performance, and finally the performance that is measured depending on the external environment forces.

According to Zikmund (2003), to operationalise is about providing significance to the research conception by stipulating the actions essential to identify the degree of involvement of variables. Dillman (2000) notes that research concepts is critical when the operation is done to permit an examination of correlations in numerous concepts.

Managers' comprehension of the forces surrounding the business was considered independent variable in this research. The forces outside organization are all the factors that are outside the firm and there are many of them. This study only focused on PESTEL factors consistent with Janet (2013) who proposed the usage of "checklists" categorising environmental variables into broad groups as proposed by the PESTEL model. In this perspective, managers are required to re-evaluate their environmental to straighten out the components that can generate risk and ambiguity while identifying strategic opportunities in this environment.

The research study categorised the manager's comprehension of the external environment of an enterprise into comprehension of political factors, comprehension of economic factors, comprehension of socio-cultural factors, comprehension of technological factors and comprehension of legal factors. These factors were measured by means of a Likert scale.

Decision making was used as a moderating variable. According to Nooraie, (2012) decision - making is paramount duty for managers in all enterprises. This function is critical for managerial action without any exception when involved in handling any kind of corporate organisations; it does not matter the size of organization you may find yourself in. (Elbanna & Child, 2007). These comprise intuition as well as rational decision – making. The rational and the intuition decision in

its whole was measured using a Likert scale through a set of questions with the aim to determine how it affects the performance of the enterprise and also how it moderated the comprehension of the external environment and the performance of an enterprise.

Implementation of strategy was the mediating variable. It was measured to assess its effect on the performance of the enterprise recognised as the dependent variable (Njagi & Kombo, 2014). It was also used to mediate the nexus between the manager's understanding of the external environment and the performance of the enterprise. This was determined through a five-point Likert scale.

The dependent variable for this research was performance of MSMEs. The performance was evaluated by the mean of qualitative and quantitative indicators. The quantitative indicators were return on asset, increase in sales and profit whereas the qualitative indicators were customer satisfaction, employee training and learning, and innovation (Chan, 2004). The critical data of this research comprise data generated within four years from 2015 to 2018. Many empirical use generally the two categories of data which are te quantitative and the qualitative data to be able to examine the evolution of performance financially and non-financially. This can be found in past research such as that of (Okeyo, 2013; Ombaka, 2014). The performance of MSMEs was measured through a five-point Likert scale.

The variables in this study are evaluated by the mean of five – point Likert scale. Likert scales normally look modest but are very useful in finding primary data especially with regards to perceptions (Khandawalla, 1977). Scales assist in assessment of the participants' way of responding to the survey being conducted. This can be noticed at two dimensions: positive attitude or negative attitude.

3.8 Methods of Data Analysis

The (SPSS) version 2.0 software usually is utilised with aim of analysing data. Landau and Everitt (2004) describe SPSS as an influential and desirable software set for the handling and statistically compute data to offer results. In order to analyse the descriptive and inferential statistics, frequency distributions, means of responses and standard deviation from the means. The analysis of descriptive and inferential statistic was important in describing normality of data which was vital to determine linear regression analysis. Descriptive statistics were the basis for scanning single study variables with the aim of attaining solid evidence using such rudimentary landscapes and features. The test of hypotheses was done using both simple and multiple regression analyses. The reason why this method was used was to assess the relation between the whole variables employed in this study.

The study found it important to employ the inferential statistics composed of correlation and regression analysis to capture the hypotheses with aim to conclude the model within the greater populace. To examine various link in this research between variables based on the tested hypotheses, this research utilized the simple and multiple linear regression equation conducting logistic regression analysis and cross tabulation. The relationship between variables was examined using correlation analysis. Correlation explains the magnitude and the bearing of interrelation (Cooper & Schinder, 2006). In addition, the test on linear regression analysis was also conducted.

Whenever there is need to conclude the relationship involving two different variables in a scientific study, the Regression analysis is the tool normally researcher employ to conclude this relationship. Among these Regression analyses are simple, multiple, logistic, cross tabulation etc. There are many research studies that involved this tool. These comprise studies of Munyoki,

(2007), Okeyo, (2013) and Ombaka, (2014). In this particular research the use of multi regression model was critical to conclude the relationship between performance taken as dependable variable and the forces outside of the organization trying to impact the performance representing the It is e independent variable, which include the comprehension of the external environment, decision making and strategy implementation. It is expected that when running the Multi regression analysis to get a tangible coefficient of determination (R^2) to permit the clarification of the level of variance affecting the dependent variable taken in account through the combination of variables that are independent (Mugenda & Mugenda, 2003).

This particular research conducted the multiple linear regression (utilizing cross tabulation) to correlate the interplay between dependent variable (MSMEs performance) and independent variables (comprehension of the outside forces, decision making and strategy implementation). The results from the regression analysis conducted provided the coefficient of determination (R^2) which clarified the level of variance in the predictor's through the combination of all the outside forces that where conducted in this study as independent variables (Mugenda & Mugenda, 2003). This study noticed that the multi regression analysis was attained at 95% confidence level with the equation expressed as:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_nX_n + \varepsilon$$

Where: Y = Performance of MSMEs within the 10 industries selected, β_0 = is a constant, β_1 and β_2 = regression coefficients, X_1 = comprehension of external environmental factors, X_2 = decision making, X_3 = strategy implementation, and ε = is the error term.

3.8.1 Descriptive Analysis

The collected data was analysed and the status variables described using frequency distributions, means of responses and standard deviation from the mean. These analyses covered all the dimensions of external environment represented by PESTEL factors, decision making (intuitive and rational) and strategy implementation (operationalization and execution); including the characteristics of the respondents.

3.8.2 Inferential Analysis

Aiming to determine the association that links pairs of variables with its influence on comprehension of the external environment (CEE) variables on performance; and on decision making and strategy implementation, both correlation analysis and regression analyses were used. This analysis examined the relationships and effects that had been hypothesized in this study.

Influence of comprehension of the external environment on performance. The influence of comprehension of the external environment on performance of MSMEs was examined using multiple linear regression analysis with the following model: -

$$P = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon$$

Where, P = Performance

X₁ = Political factors

X₂ = Economic factors

X₃ = Socio-cultural factors

X₄ = Technological factors

X₅ = Legal factors

In the model, β_0 = the constant term while the coefficient $\beta_i = 1 \dots 5$ were used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables $X_1, X_2, X_3, X_4,$ and X_5 . The error (ϵ) term captured the unexplained variations in the model. Further, logit regression was used to examine the extent to which CEE predicted the probability of performance of MSMEs and the model was as follows:

$$\text{logit } y = \ln\left(\frac{P}{1-P}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

The moderating effect of decision making on the relationship between comprehension of the external environment and performance. The analytical model for the moderating effect is as follows: -

$$P = \beta_0 + \beta_1 X + \beta_2 DM + \beta_3 X * DM + \epsilon;$$

In the foregoing analytical mode, X is the composite measure of the external environment comprehension (CEE) derived from X_1, X_2, X_3, X_4 and X_5 , while, DM is the decision making comprising both intuitive decision making (IDM) and rational decision making (RDM).

The mediating effect of strategy implementation on the relationship between comprehension of the external environment and performance. The mediating role of strategy implementation (SI) on the relationship between comprehensions of the external environment (CEE) comprised PESTEL factors and performance (P).

$P = \beta_0 + \beta_1 X + \beta_2 SI + \beta_3 X * SI + \epsilon;$ here, X has the previous meaning while SI was strategy implementation comprising both strategy operationalization (SO) and strategy execution (SE).

The decision rule was that if β_2 was significant ($p < 0.05$), then DM or SI had a mediating effect on the relationship between CEE and performance. Specifically, X should significantly predict P and

that the combination of X and DM (also, X and SI) should predict P with β_2 being significant in order to conclude that DM (or SI) significantly mediated the X - P relationship; in this study, X was the comprehension of external environment by managers while P is the performance of the MSMEs.

Regression model for the relationship between comprehension of the external environment and decision making. A regression analysis was conducted to examine how CEE predicted DM according to the following analytical model:

$$DM = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon$$

Where;

DM = Decision Making

X_1 = Political

X_2 = Economic

X_3 = Socio-cultural

X_4 = Technological

3.9 Hypothesis Testing

These hypotheses were tested using t-statistics and F-statistics generated from the multiple regression models as appropriate. Table 3.3 shows the hypotheses.

Table 3. 3

Summary of Hypotheses

SN.	Hypothesis
H ₀₁	There is no significant relationship between comprehension of the external environment and performance of MSMEs operating in Kinshasa.
H ₀₂	There is no significant relationship between comprehension of the external environment and decision making of MSMEs operating in Kinshasa.
H ₀₃	There is no significant relationship between comprehension of the external environment and strategy implementation of MSMEs operating in Kinshasa.
H ₀₄	There is no significant relationship between decision making and performance of MSMEs operating in Kinshasa.
H ₀₅	There is no significant relationship between strategy implementation and performance of MSMEs operating in Kinshasa.
H ₀₆	Decision making has no moderating influence on the relationship between comprehension of the external environment and performance of MSMEs operating in Kinshasa.
H ₀₇	Strategy implementation has no mediating influence on the relationship between comprehension of the external environment and the performance of MSMEs operating in Kinshasa.

CHAPTER FOUR
RESULTS AND DISCUSSION

4.1 Introduction

Descriptive and inferential statistics were both used for data analysis and the results are presented, analysed and discussed in this chapter. The chapter starts with frequency distributions followed by descriptive results on all variables, and then inferential results on the influence of comprehension of external environment, strategy implementation, decision making and performance.

4.2 Response Rate and Demographic Characteristics

In this section, responses that were received are presented.

4.2.1 Response Rate

Cumulatively, 643 questionnaires were distributed and 520 received and analysed. The response rate and frequency of responses is shown in Table 4.1. From the results, a response rate of 81% was achieved. This response rate superseded the conventionally acceptable rate for surveys.

Table 4. 1

Response rate

Response	Frequency	Percent
Received	520	81%
Not received	123	19%
Total	643	100%

In an earlier doctoral study, Awino (2007) and other scholars state that the appropriate average response rate for empirical studies was 65%. Similarly, the response of 81% was satisfactory according to Orodho (2009) who observed that a response rate above 50% is sufficient for

gathering enough data that could be generalised to represent the opinions of respondents regarding the research study problem in the target population. The findings from this census can thus be generalized and considered representative of the population.

4.2.2 Characteristics of respondents

The respondent data that was analysed included age of the respondents, level of education attained, duration at work place and designation. This demographic characteristic was important because it provided accurate information on the respondents.

4.2.2.1 Respondents' Age

Results on age are shown in Table 4.2. The age of over 50% (54.8%) of respondents was between 41 and 60 years.

Table 4. 2

Age of the Respondents

Age	Frequency	Percentage
20-30 years	44	8.5
31-40 Years	115	22.1
41-50 years	158	30.4
51-60 Years	127	24.4
Above 61 years	76	14.6
Total	520	100

The results imply that most of the MSMEs in Kinshasa are operated by mature people who have enough experience to operate a business.

4.2.2.2 Education

The distribution of responses by level of education is shown in Table 4.3.

Table 4. 3

Education of Respondents

Education Level	Frequency	Percentage
Primary	41	7.9
Secondary	56	10.8
Undergraduate	241	46.3
Masters	119	22.9
Doctorate	63	12.1
Total	520	100

According to the results, 46.3% had undergraduates degree, 22.9% of them had master's degree while 12.1% were PhD holders. Only 7.9% and 10.8% of the respondents had a primary and secondary education respectively. The results indicate that most MSMEs in Kinshasa are operated by well educated people that have enough expertise on the concerns under examination.

4.2.2.3 Duration of Service of the Respondents

The length of service for each respondent was found necessary in capturing the respondent's level of experience and familiarity with the issues under investigation in a given MSME. Table 4.4 reveals the duration of service.

Table 4. 4*Duration of Service*

Duration of Service (years)	Frequency	Percentage
1-5	63	12.1
6 - 10	241	46.3
11 – 15	71	13.7
16 - 20	74	14.2
More than 20	71	13.7
Total	520	100.0

As presented in Table 4.5, 46.3% of MSMEs in Kinshasa had been in activity for 6-10 years implying that most respondents had experience in operating MSMEs and so understood the market and were in a position to participate in the study. Further, the findings imply that most of the MSMEs had passed the high mortality rate duration of 3 to 5 years where most of them would fail. They are therefore expected to find solutions with relative ease to maintain the MSMEs in business. However, this research study had an expectation to encourage the entrepreneurs to create more successful MSMEs to enhance the development of the DRC. This reduces the rate of unemployment and creates more jobs for the people. In addition, this study aimed to empower managers to have a great understanding of the environment in which they operate. This aimed to contribute to the growth of MSMEs and survival of the businesses. To do so, this study focused on investigating the effect of manager's comprehension of the external environment on decision making, strategy implementation on the performance of MSMEs in Kinshasa.

4.2.2.4 Respondent's Position/Rank in the Enterprise

Further, the position or rank they held in their respective enterprises and they responded as shown in Table 4.5.

Table 4. 5

Respondent's Position/Rank in the Enterprise

Rank	Frequency	Percentage
Senior Manager	163	31.3
Middle Manager	192	36.9
Lower Manager	165	31.7
Total	520	100

Middle level managers accounted for 36.9% of the responses while 31.7% were lower level managers while 31.3% indicated that they were senior level managers in the MSMEs they were managing. These results imply that most of the MSMEs in Kinshasa are under the managements of middle level managers.

4.2.2.5 Gender

Information regarding the gender of the managers of MSMEs in Kinshasa is presented on Table 4.6.

Table 4. 6

Gender

Gender	Frequency	Percentage
Male	314	60.4
Female	206	39.6
Total	520	100

The distribution of the respondents based on gender were 60.4% male and 39.6% female . The results show that most of the MSMEs in Kinshasa are managed by men. This suggests there were more men managers than there were female in MSMEs.

4.2.3 Ownership of Business

The ownership of thee enterprises that were surveyed is as in Table 4.7.

Table 4. 7

Ownership of Business

Ownership	Frequency	Percentage
Owner	253	48.7
Employee	267	51.3
Total	520	100

Based on the results, most (51.3%) of the MSMEs in Kinshasa were managed by employees while 48.7% of the MSMEs were managed by their owners. This implies that most MSMEs in Kinshasa were run by people who has been employed by the owners to manage them. The implication is also that most of the owners of MSMEs in Kinshasa may be involved in other businesses or employment hence they have to hire the services of managers to manage the enterprises for them.

4.2.4 Government Business Registration License

Table 4.8 shows the information on business permits or licenses.

Table 4. 8

Government Business Registration License

	Frequency	Percentage
Yes	494	95
No	26	5
Total	520	100

Based on these results, majority (95%) of the respondents indicated that their businesses were in possession of a valid government business registration license, while only 5% indicated that they did not have one. This implies that most of the MSMEs in Kinshasa have government business registration licenses.

4.2.5 Legal Status of Business

The researcher asked the respondents to indicate whether their businesses were sole proprietorships or partnerships (see Table 4.9)

Table 4. 9

Legal Status of Business

Legal Status	Frequency	Percentage
Sole proprietor	369	71
Partnership	151	29
Total	520	100

The results indicate that most (71%) of the enterprises were owned under sole proprietorship, while 29% were partnerships. These results imply that most of the MSMEs in Kinshasa are individually owned. However, a substantial number of them are partnerships.

4.2.6 Getting a Business License

The respondents were asked to indicate how easy it was to acquire a government business license in Kinshasa and their responses are as presented in Table 4.10.

Table 4. 10

Getting a Business License

	Frequency	Percentage
Very easy	75	14.4
Easy	79	15.2
Sometimes easy	87	16.7
Difficult	199	38.3
Very Difficult	80	15.4
Total	520	100

Over 50% reported 53.7% respondents stated that it was either difficult or very difficult to obtain a business license. This result implies that it is generally difficult to obtain government business licenses in Kinshasa. This result implies ne need to improve the process of availability of licenses to businesses in the DRC.

4.3 Factor Analysis for Study Variables

Factor analysis was performed on all the measures pf variables in this research study. According to Tabachinick and Fidell (2007), a factor loading of 0.45 represents a fair measure of real life data; in other words, an item whose loading is at least 0.45 is considered a good measure of the latent variable to which the item belongs.

4.3.1 Comprehension of the External Environment

The factor loading for the “effect of manager’s comprehension of external environment” item measures are shown in Table 4.11. The results on Table 4.11 show that all the statements (item measures) of manager’s understanding of external environment which comprised economic political, technological, socio-cultural, and legal factors had factor loading values greater than 0.5 and therefore they were accepted as suitable measures of the construct and thus no item that was used to measure the sub-variables of CEE was dropped from the sub-variable measurement items (statements). The highest item measure “we always seek to incorporate innovative technological platforms in our business” (technological factor) had a 0.741 factor loading while the lowest loading was 0.514 for “We track all product regulations relevant to our business” (legal factor). All the 29 items (political environment factors [4], Economic environment factors [7], socio-cultural factors [6], and technical factors [5] were accepted.

Table 4. 11***Factor Loading for Comprehension of the External Environment***

Statement	Factor Loading
<u>Political Environment</u>	
I am (we are) acquiesced with government policies that govern my trade.	0.539
I am (we are) conversant with all applicable levies relevant to my type of business.	0.592
I/We understand how national politics are likely to affect my business in the next one year.	0.546
I/ We understand all the entry mode regulations that relate to our business	
<u>Economic Environment</u>	0.649
I am aware of how inflation affects our business	0.578
I am able to quantify the influence of interest rates on my business	0.537
I know the disposable income of buyers of my products/ services	0.616
We have reliable information on finance our business how to access credit	0.577
We have accurate information about unemployment rates in our business location	0.556
We are aware of the implications of fiscal policies.	0.651
We regularly monitor foreign exchange rate trends	
<u>Socio-cultural factors</u>	0.598
We understand cultures of the community in which we operate in	0.561
We regularly collect and analyse data on consumer tastes and preferences	0.592
We regularly collect and analyse demographic data relevant to our business.	0.621
We collect and analyse the relevant data on lifestyle changes in our business location	0.585
We collect and analyse data on the level of education of our customers.	0.557
We collect and analyse data on distribution of wealth and use it in business decisions	
<u>Technical Factors</u>	0.635
we do analysis of the compilation of road network on our business	0.635
I am/wee are fully aware of how we regularly conduct an assessment on how telecommunications influence our business.	0.521
We monitor new discoveries in our area of business.	0.586
We monitor the rate of technological advances	0.532

We always seek to incorporate innovative technological platforms in our business.	0.741
<u>Legal factors</u>	Factor Loading
We monitor all the regulations governing the conduct of my business.	0.551
we monitor all the changes of legislation that are likely to affect my business operations	0.631
I/We keep track of the rules that govern my business as they happen	0.629
We track all Product regulations relevant to our business	0.514
We monitor all Employment regulations that have implication for our business	0.631
We protect our innovations using applicable laws.	0.589
Patent infringements	0.638

4.3.2 Factor Analysis for Decision Making

Table 4. 12

Factor Loading for Decision Making

Statement	Factor Loading
<u>Rational decision-making</u>	
We make decisions subsequent to analysing all information appurtenant	0.733
We consider all alternative options available prior to making a decision	0.797
<u>Intuitive decision-making</u>	
We base our decisions on previous decisions that worked	0.679
Consensus is the basis of most of our decisions	0.659

Results on Table 4. 12 showed that all the statements on “Decision Making” (rational and intuitive) had factor loading values greater than 0.5 and thus no sub variable was dropped.

4.3.3 Factor Analysis for Strategy Implementation

Rahim and Magner (1995), suggest that measurement items of a factor loading with Eigen values greater than 0.4 are adequate for measuring data. The result of factor analysis for strategy implementation measures (Table 4.13).

Table 4. 13

Factor Analysis for Implementation of Strategy

Statement	Factor Loading
Strategy Operationalization	
Long term business objectives are broken down into clear actionable short-term plans	0.589
Each planned action has a clear target which can be tracked	0.637
Our strategic plan (long term) is clearly communicated to all members in my/our organization	0.514
Responsibilities for implementation of business plan are clearly assigned for each of the action plans under the strategic plan (long term plan)	0.558
Strategy execution	
There is a mechanism to ensure the communicated strategic plan is well understood by all members	0.651
Action plan objectives are regularly tracked to ensure their attainment	0.689
Resources allocated for implementation action plans are regularly monitored to ensure their utilization in intended projects	0.646
Each member of our/my organization knows and follows laid down business policies	0.554

The results of factor analysis for strategy implementation which comprised two sub-constructs (strategy operationalization and strategy execution) are presented in Table 4: 13. The results imply that all the statements on strategic plan implementation had factor loading values greater than 0.5 and therefore all were accepted. The highest item “Action plan objectives are regularly tracked to

ensure their attainment” with a 0.689 factor loading. “Our strategic plan (long-term) is clearly communicated to all members in my/our organisation” had a measure of 0.514. All the eight items that were used to measure strategy implementation were therefore retained for further analysis.

4.3.4 Factor Analysis for Performance

Qualitative measures of performance were assessed using statements to which managers of SMEs provided their opinion based on their knowledge of the business. In particular, respondents indicated their level of agreement with statements on ROA, profit, business processes, customer satisfaction, and achievement of business objectives that they had set for the business. The factor analysis results on qualitative performance are on Table 4.14.

Table 4. 14

Factor Loading for Performance

Statement	Factor Loading
Return on our assets has increased over the last two years.	0.594
In the past two years our profit has increased	0.653
Our business processes have significantly improved over the last two years	0.684
our sales have soared in the last two years	0.587
our clients’ satisfaction has increased over the last two years	0.633
We regularly achieve objectives of our business.	0.557

Results in Table 4.14 show that all the statements that were used to assess performance had factor loading values greater than 0.5 and were accepted with no sub-variable dropped. The results are consistent with the conclusion arrived at by Tabachinick and Fidell (2007) that variables (item

measures) that have Eigen values factor loading greater than 0.5 are extracted as measures of the latent variable and used for further analysis.

4.4 Comprehending External Environment, Decision Making, Strategy Implementation and Performance

Descriptive statistics simply forms the basis of every quantitative analysis of data and includes the mean and standard deviation (Conradie and Paduri, 2014). This section contains descriptive analysis for Comprehension of External Environment (CEE), Decision Making (DM), Strategic Plan Implementation (SI) and Performance (P). However Sykes et al., (2016) define a statistical mean of a data as a measure of its value.

4.4.1 Comprehension of the External Environment

Descriptive statistics represent the structures of research data. Descriptive analysis simply forms the basis of every quantitative analysis of data and includes the mean and standard deviation (Conradie & Paduri 2014). This section contains descriptive analysis for Comprehension of External Environment, Decision Making, Strategy Implementation and Performance; the results are in Table 4.15.

Table 4. 15***Descriptive statistics on Comprehension of the External Environment***

Statement	Strongly disagree (%)	Disagree (%)	Slightly agree (%)	Agree (%)	Strongly agree (%)	Mean	SD
<u>Political Environment</u>	7.10	6.90	8.70	35.00	42.30	3.98	1.20
I am (we are) acquainted with government policies governing my business.							
I am (we are) conversant with all levies appurtenant to my type of business that are relevant to my business.	13.50	14.60	11.50	37.70	22.70	3.42	1.34
I/We understand how national politics are likely to affect my business in the next one year.	9.60	8.80	11.50	38.30	31.70	3.74	1.26
I/ We understand all the entry mode regulations that relate to our business	9.20	11.00	11.50	36.70	31.50	3.70	1.27
Average						3.71	1.27
<u>Economic Environment</u>	6.30	8.30	9.40	56.90	19.00	3.74	1.06
I am aware of how inflation affects our business							
I am able to quantify the influence of interest rates on my business	10.00	9.20	5.40	60.60	14.80	3.61	1.15
I know the disposable income of buyers of my products/ services	5.60	6.00	7.30	51.20	30.00	3.94	1.05
We have reliable information on finance our business how to access credit	7.50	6.50	5.80	48.10	32.10	3.91	1.14
We have accurate information about unemployment rates in our business location	4.00	4.80	3.50	71.20	16.50	3.91	0.87
We are aware of the implications of fiscal policies.	8.70	6.30	5.40	42.50	37.10	3.93	1.21
We regularly monitor foreign exchange rate trends	3.10	5.80	3.80	79.80	7.50	3.83	0.77
Average						3.85	1.04

<u>Socio-Cultural Factors</u>	5.80	6.00	7.10	53.50	27.70	3.91	1.05
We understand cultures of the communities in which we conduct business							
We regularly collect and analyse data on consumer tastes and preferences	5.80	8.50	6.00	52.10	27.70	3.88	1.09
We regularly collect and analyse demographic data relevant to our business.	10.20	14.40	11.90	48.30	15.20	3.44	1.21
We collect and analyse the relevant data on lifestyle changes in our business location	6.90	8.80	12.50	48.10	23.70	3.73	1.13
We collect and analyse data on the level of education of our customers.	3.70	4.40	4.80	54.80	32.30	4.08	0.93
We collect and analyse data on distribution of wealth and use it in business decisions	6.20	5.80	5.40	57.30	25.40	3.90	1.04
Average						3.82	1.08
<u>Technical Factors</u>	4.40	5.20	8.30	48.70	33.50	4.02	1.01
We conduct analysis of the implication of road network on our business							
I am/wee are fully aware of how we regularly conduct an assessment on how telecommunications influence our business.	5.80	6.90	8.50	43.30	35.60	3.96	1.11
We monitor new discoveries in our area of business.	5.00	7.30	7.50	47.30	32.90	3.96	1.07
We monitor the rate of technological advances	6.90	7.10	6.70	59.00	20.20	3.78	1.06
We always seek to incorporate innovative technological platforms in our business.	1.50	3.10	3.80	48.30	43.30	4.29	0.81
Average						4.00	1.01
<u>Legal Factors</u>							
We monitor all the regulations governing the conduct of my business.	9.60	9.00	6.20	54.60	20.60	3.68	1.18
we monitor all the changes of legislation that are likely to affect my business operations	6.30	5.00	7.10	45.00	36.50	4.00	1.10
I/We keep track of the rules that govern my business as they happen	5.80	4.80	6.50	54.80	28.10	3.95	1.03
We track all Product regulations relevant to our business	6.70	8.70	7.70	44.20	32.70	3.88	1.16

We monitor all Employment regulations that have implication for our business	7.30	9.20	8.70	50.20	24.60	3.76	1.14
We protect our innovations using applicable laws.	6.00	8.10	10.00	47.10	28.80	3.85	1.11
Patent infringements	8.30	7.50	10.40	39.00	34.80	3.85	1.21
Average						3.85	1.13

The discussion of the results on the response on the MSMEs managers' comprehension of the external environment was presented as a summary of the descriptive results.

Comprehension of Political factors: Results in Table 4.15 show that most of the respondents agreed that they were aware of applicable policies and conversant with levies relevant to their business operations. Similarly, most respondents understood how national politics were likely to affect their business in the next one year. Further concerning whether the respondents understood all the entry mode regulations that related to their business, majority agreed. The average mean for the statements under political factors was 3.71 agreement with most of the statements presented to them concerning the influence of political factors on performance of their businesses. Pervids (2016) findings also indicated that the political environment affects the industry to a superior level in any nation. This political environment factors are controlled by the political company, philosophy, government ideology, nature and extent of bureaucracy the nation's political establishment. This being the case, the MSME manager needs to be aware of these political factors and improve their comprehension of these factors since they have important implications for the effective functioning of their business notably the MSMEs.

Comprehension of Economic factors. Most managers were aware of how inflation would affect their business (see Table 4.15), and were able quantify the influence of interest rates on their business. The results further indicate that most of the respondents knew the disposable income of buyers of their products/ services. As to whether the respondents had reliable information on

finance of their business and how to access credit, majority of the respondents agreed. The respondents were also asked whether they had accurate information about unemployment rates in their business location and majority of them agreed.

Further, the managers were aware of the implications of fiscal policies fiscal policy, that they regularly monitoring foreign exchange rate trends. The overall mean for the statements under comprehension of economic environment was 2.85 and an overall standard deviation of 1.04 showing that the respondents did not agree with most of the economic environment statements and that their responses were varied. The implication is that the comprehension of the economic environment was inadequate and needed improvement. McShane, (2009) assert that economic factors have an influence on the overall well-being of economies, which also affect the profitability of MSMEs. According to Mcshane, (2009), highlighted rate of growth, interest, exchange rate and rate of inflation/ deflation as crucial macroeconomic environment factors affecting MSMEs. Consequently. It is imperative that managers of enterprises adequate comprehend these factor as a basis for making business decisions. The fact that the respondents did not comprehend this set of actors sufficiently suggests that their performance may have been negatively affected.

Comprehension of Socio-cultural factors: Results in Table 4.15 suggests that the MSMEs understood cultures of the communities in which they conducted business. Majority of the respondents confirmed that they regularly collected and analyzed data on consumer tastes and preferences. Further, the managers regularly collected and analysed demographic data relevant to their business. They also collected and analysed the relevant data on lifestyle changes in their business. The businesses also collected and analysed data on distribution of wealth and used it in business decisions. The overall composite mean score mean for Socio-cultural factors was 3.82

implying that the managers moderately comprehend the socio-cultural factors and could thus use this comprehension to inform their decisions about the enterprises that they managed.

As observed by Thornton, Soriano and Urbano (2011) that, socio-cultural factors including societal beliefs, their values, attitudes, opinions and lifestyle of persons in the MSMEs external environment affect their performance. Thus, the comprehension is crucial for business success. Consequently, managers should make deliberate efforts to understand and align their business practices to the ever-changing society expectations. In this regard, there is need to improve the comprehension socio-cultural factors to levels above 4.00 on a scale of 1 to 5 because this comprehension is necessary to guide decision making hence improve performance.

Comprehension of Technological factors. Concerning technical factors (TF), most of enterprises managers conducted analysis of the effect of road network on their business. The managers were as well, fully aware of how their businesses were influenced telecommunications infrastructure and services. Further, the businesses monitored new discoveries in their area of business; and most managers monitored the rate of technological advances in their business. In addition, they monitored the rate of technological advances in their business. The managers always sought to incorporate innovative technological platforms in their business. The overall mean on comprehension of technology was satisfactory ($M= 4.00$, $SD = 1.01$). Robbins et al. (2009) assert that most changes in business have occurred in technology. These changes occur in the areas of physical infrastructure such as roads, communication, and electricity etc. as indicated by the respondents.

Comprehension of Legal factors: The findings on legal factors as part of the external environment are presented in Table 4.15 the enterprises monitored all regulations governing the conduct of their business. Most of them reported that they monitored all the changes of legislation

that were likely to affect their business operations. Similarly, they also agreed that they kept track of the rules that govern their business as they happen. The overall mean for the statements under legal factors was 3.85 on a scale of 1 to 5.

An inspection of all the descriptive results on comprehension of external environment indicated that the standard deviations from the means were high ($SD > 1.0$) with the highest being for political factors/ environment ($SD = 1.27$). This implies that there were varied responses to the statements on the variables from the respondents. It was also desirable that mean scores for the comprehension of the external environment be at least 4 on a scale of 1 to 5 (1 = strongly disagree, 2 = disagree, 3 = slightly agree/disagree, 4 = agree and 5 = strongly agree).

Further, in the descending order comprehension of external environment starting from the most understood to the least understood is technological factors ($M = 4.00$, $SD = 1.01$) as the most comprehended, followed by economic factors ($M = 3.85$, $SD = 1.04$) and legal factors ($M = 3.85$, $SD = 1.13$), socio-cultural factors ($M = 3.82$, $SD = 1.08$), and lastly political factors ($M = 3.71$, $SD = 1.27$). Hence, while the least comprehended environment was political environment, the most comprehended was the technological environment. As earlier observed, there are important gaps in managers' comprehension of the external environment ($M < 4.00$) which will need to be addressed.

4.4.2 Decision Making Style

The second independent variable for this study was decision making, and whose result of analysis of responses is presented in Table 4.6. This variable was also used as a moderate on the comprehension of external environment – performance relationship.

Table 4. 16

Descriptive Statistics on Decision Making

Statement	SD	D	SLA	A	SA	Mean	SD
<u>Rational Decision Making</u>							
We decide subsequent to analysis of all information available	3.80	5.40	6.90	47.10	36.70	4.08	1.00
We compare all available alternative options before making a decision	6.20	7.50	6.90	47.10	32.30	3.92	1.11
Average						4.00	1.06
<u>Intuitive Decision Making</u>							
Our decisions are based on what has been found to work in the past	7.50	6.70	10.00	42.10	33.70	3.88	1.17
Consensus is the basis of most of our decisions	4.40	7.90	5.60	51.90	30.20	3.96	1.04
Average						3.92	1.11

According to the result on Table 4.16, majority of the respondents were making decisions upon analysing all available information. However the responses were varied about the mean. Further, they indicated that the considered all alternative options available prior to making a decision. The

composite mean of rational decision making was 4.00 (SD = 1.06) which shows that relational decision making was being practised by the businesses that were studied

Besides the rational decision making, intuitive decision making were also being made, though to a lesser extent compared to the relational decisions. In particular, most of their decisions were based on consensus. The aggregate mean for the statements on intuitive decisions was 3.92 which was slightly below “agree” (M = 4.00). Cabantous and Gond (2011) assert that research on decision-making has a central role in economics, psychology, and in organization theory. Consequently, the MSMEs need to improve their decision making.

4.4.3 Status of Strategy Implementation

The mediating role of strategy implementation on the nexus between managers’ comprehension of external environment and performance of SMEs in Kinshasa; DR Congo was also examined. The following (Table 4.17) are the results of the practice of strategy implementation in the organisations that were studied.

Table 4. 17

Extent of Strategy Implementation

Statement	SA (%)	D (%)	SLA (%)	A (%)	SA (%)	M	SD
<u>Strategy operationalisation</u>							
Long term business objectives are broken down into clear actionable short-term plans	5.00	8.10	6.00	46.30	34.60	3.98	1.09
Each planned action has a clear target which can be tracked	8.70	6.50	8.30	40.20	36.30	3.89	1.22
Our strategic plan (long term) is clearly communicated to all members in my/our organization	5.60	7.10	9.00	43.70	34.60	3.95	1.11
Responsibilities for implementation of business plan are clearly assigned for each of the action plans under the strategic plan (long term plan)	7.30	8.80	5.80	44.60	33.50	3.93	0.67
Average						3.93	0.67
<u>Strategy Execution</u>							
There is a mechanism to ascertain the understanding by all members that the communicated strategic/ business plan	11.20	8.70	16.50	42.70	21.00	3.54	1.23
Action plan objectives are regularly tracked to ensure their attainment	2.90	5.60	3.50	61.50	26.50	4.03	0.88
Resources allocated for implementation action plans are regularly monitored to ensure their utilization in intended projects	3.30	5.40	14.20	57.50	19.60	3.85	0.91
Each member of our/my organization knows and follows laid down business policies	3.30	2.30	2.90	66.90	24.60	4.07	0.81
Average						3.87	0.49

Results in Table 4.17 shows that the strategic plan was being moderately operationalised and less executed; and long term business objectives were broken down into clear actionable short-term objectives through there was wide variation in responses ($SD > 1.00$). It was also found that each planned action had a clear target which could be tracked, and that their strategic plan (long - term) was clearly communicated to all members in my/our organization; majority of them agreed.

Concerning the responsibilities for implementation of business plan, majority of the business owners agreed that in their business responsibilities for implementation of business plan were clearly assigned for each of the action plans under the strategic plan. On whether action plan objectives were regularly tracked to ensure their attainment in their business; majority of them agreed. Majority of the respondents agreed that business resources allocated for implementation action plans were regularly monitored to ensure their utilization in intended projects

Finally, majority reported that each member of their organization knew and followed laid down business policies. Gomes (2015) posit that the focus of strategic implementation is to design and management of systems with the aim of achieving the optimal integration of structure, people, resources and process for reaching organizational goal. This study showed that the MSMEs were taking necessary actions albeit to a moderate extent in the course of the strategy implementation.

4.4.4 Performance of Enterprises in Kinshasa

Performance of MSMEs in Kinshasa, DR Congo was the focus of this study. It was measured using both qualitative and quantitative indicators.

Qualitative assessment of performance of MSMEs. In order to assess the performance from the opinion of managers, six statements on which opinion was obtained from managers of

the enterprises. Results on the status of performance, as reported by the MSMEs managers are presented on Table 4.18.

Table 4. 18

Descriptive Statistics on Performance

Statement	SD (%)	D (%)	SLA (%)	A (%)	SA (%)	Mean	Std D
Return on our assets has been increasing over the last two years	2.70	3.50	2.90	63.10	27.90	4.10	0.82
Our profit has been increasing over the last two years	1.50	0.40	1.50	25.20	71.30	4.64	0.68
We have significantly improved our business processes over the last two years	1.50	2.10	1.50	82.50	12.30	4.02	0.60
We have increased our sales over the last two years	0.80	0.60	1.00	77.50	20.20	4.16	0.53
The satisfaction of our customers has increased over the last two years	2.10	1.70	2.70	56.90	36.50	4.24	0.77
We regularly achieve objectives of our business.	1.50	1.20	0.40	70.70	26.20	4.19	0.64
Average						4.23	0.67

Results on Table 4.18, suggest that enterprise increased their assets in the preceding two years and that profit of most had increased over the previous two years for most of the enterprises. Further, there was significant improvement in business processes over the previous two years.

Similarly, the satisfaction of customers had increased and objectives of their business regularly achieved over the previous two years. The overall result was that there was satisfactory performance ($M = 4.23$, $SD = 0.67$) as reported through qualitative measures (statements) of performance.

Consistent with the findings of Rothaermel (2017), firm performance was established mainly by two elements: market size and profits. They indicate efficiency of the firm in the sector in which the firm completes. Examination and control entails monitoring the company's performance to guarantee that the chosen strategies lead to attainment of the stated objectives.

Financial Performance of MSMEs. Financial performance of the MSMEs was assessed using secondary data from financial reports that were obtained from the Ministry of SSMEs of the DRC.

Return on Assets, Profit and Sales: The secondary data on performance was collected by from documents that contained the latest the enterprises' financial performance data including annual reports provided by the department of MSMEs. These documents had data on firm performance comprising balance sheets, statement of cash flows, sales, and profit and loss statements. The performance results are presented in Table 4.19 and were for a period of four consecutive years 2015 to 2018 inclusive.

Table 4. 19*Descriptive Statistics on ROA (%), Profit and Sales (In Franc Congolais currency)*

	Min	Max	Mean	Std. Dev
ROA 2015	.002216	1.810809	.55862743	.551003864
ROA 2016	.004410	1.890969	.56401845	.559365879
ROA 2017	.005470	1.996109	.58688548	.573197878
ROA 2018	.005511	2.090909	.59093684	.561318000
Average			0.57511705	0.561221
Profit 2015	1003006	14667968	6579891.69	3725047.279
Profit 2016	1501482	105861132	8990005.04	7606701.747
Profit 2017	2001363	16996097	9028406.06	4290522.905
Profit 2018	2000259	16991272	9057195.91	4260062.713
Average			8413875	4970583.661
Sales 2015	7058406	29976264	18720194.17	6756634.066
Sales 2016	7017939	29924913	18416658.09	6419293.819
Sales 2017	7043801	29991471	18650173.79	6671815.863
Sales 2018	7033776	29980756	18286178.88	6702750.172
Average			18518301.23	6637623.48

The results in Table 4.19 shows that, both ROA and profits had an increasing trend from 2015 to 2018 while the sales declined. The maximum ROA for the year 2015 was 1.810809 which rose to 2.090909 in the year 2018. This means that the MSMEs recorded improvement in performance for the four-year period. The mean return on assets for the MSMEs rose from 2015 to 2018. The results in Table 4.19 further show that the maximum profit realized by the businesses in the four years was 10,5861,132 in 2016 while the minimum profit was 14667968 in 2015. Further, the MSME managers more favorably assessed their performance qualitatively than the actual quantitative financial results that were obtained from the secondary data.

As see from Table 4.19, the standard deviation of the profit realized for the four years were 3,725,047.28, 7,606,701.75, 4290522.91, and 4,260,062.71. In terms of sales recorded by the MSMEs, the largest sales were recorded in the year 2017, which was 29,991,471, and the least sales were recorded in 2016, which was 7,017,939 though the sales had a decreasing trend.

4.4.5 Summary of the status of comprehension of external environment, Decision making and Performance

A summary of descriptive results on understanding of external environment, decision making, strategy implementation and enterprises' performance (Table 4.20).

Table 4. 20*Comprehension of external environment, Decision making and Performance*

						Skewness		Kurtosis	
	N	Min.	Max.	M	Std. D	Statistic	Std. Error	Statistic	Std. Error
Political factors	520	1.50	5.00	3.71	0.66	-0.589	0.107	0.041	0.214
Economic factors	520	2.10	4.70	3.84	0.41	-0.632	0.107	0.462	0.214
Sociocultural factors	520	2.70	4.70	3.82	0.42	-0.408	0.107	-0.254	0.214
Technological factors	520	2.40	4.80	4.00	0.45	-0.603	0.107	0.202	0.214
Legal factors	520	2.60	4.70	3.85	0.41	-0.39	0.107	-0.178	0.214
Rational decision making	520	1.00	5.00	4.00	0.77	-1.008	0.107	0.721	0.214
Intuitive decision making	520	1.00	5.00	3.92	0.75	-0.802	0.107	0.624	0.214
Strategy operationalisation	520	1.80	5.00	3.92	0.57	-0.389	0.107	-0.117	0.214
Strategy execution	520	2.50	5.00	3.87	0.49	-0.322	0.107	-0.381	0.214
Strategy implementation	520	2.80	4.90	3.88	0.42	-0.293	0.107	-0.422	0.214
Performance qualitative	520	3.00	5.00	4.23	0.28	-0.562	0.107	0.777	0.214
10*ROA	520	0.65	18.21	5.75	3.72	0.638	0.107	-0.478	0.214
log_Profit	520	6.45	7.54	6.90	0.14	-0.027	0.107	1.016	0.214
log_Sales	520	6.91	7.44	7.26	0.08	-0.678	0.107	0.676	0.214
Valid N (listwise)	520								

As presented in Table 4.20 there was adequate comprehension of technological environment ($M = 4.0$, $SD = 0.77$) while the comprehension of political, economic, socio-cultural and legal environments is moderate ($3.5 < M < 4.0$). The least comprehended is the political environment ($M = 3.71$, $SD = 0.66$). The managers' decision making approach is more rational ($M = 4.0$, $SD = 0.77$) than intuitive ($M = 3.92$, $SD = 0.75$). Further, there is more strategy operationalisation ($M = 3.92$, $SD = 0.57$) than there was strategy execution ($M = 3.87$, $SD = 0.49$). This means that all the operationalised strategy may have not been executed. In addition, the respondents perceived the romance of their MSMEs as being satisfactory because $M = 4.23$, $SD = 0.28$) for agreement on qualitative statements on performance. Lastly, from the kurtosis and skewness statistics, the data that was collected on all the variables appeared to be normally distributed since these statistics were between -1 and +1, that was $-1 \leq S_{s,k} \leq 1$ where $S_{s,k}$ was either the kurtosis or skewness statistic.

4.5 Relationship between Comprehension of External Environment, Decision Making, Strategy Implementation and Performance

Correlation analysis was used to determine the association between the variables of Understanding of External Environment, Decision Making, Strategy Implementation and Performance. Pearson correlation coefficient for each pair of variables was generated using SPSS software; the result is on Table 4.21 showing the strength and direction of the relationships between managers' understanding of external environment, decision making, strategy implementation and performance.

Table 4. 21***Correlation Matrix***

	1	2	3	4
1. Performance				
2. Managers' Comprehension of External Environment	.814** < .001			
3. Decision Making	.759** <.001	.659** <.001		
4. Strategy Implementation	.840** <.001	.687** <.001	.652** <.001	

** Correlation is significant at the 0.01 level (2-tailed).

There was strong positive and significant relationship (Table 4.21) between comprehending external environment and the performance of MSMEs in Kinshasa ($r = 0.814$, $p < 0.001 < .05$). A strong positive significant relationship also existed comprehension of external environment and decision making ($r = 0.659$, $p < 0.001 < .05$). The correlation results also show t a strong positive and significant nexus between strategy implementation and comprehension of external environment ($r = 0.687$, $p < 0.001 < .05$). The correlation results further showed that the presence of strong positive and significant association between decision making and the performance of MSMEs in Kinshasa ($r = 0.759$, $p < 0.001 < .05$). Finally, the results show that there was strong positive significant correlation between strategy implementation and performance of MSMEs in Kinshasa ($r = 0.840$, $p < 0.001 < .05$). This result implies that an improvement in the Comprehension of External Environment, Decision Making and Strategy Implementation leads to an improvement in Performance. The correlation analysis results are consistent with the findings of Gartenstein (2018) where positive and significant relationship was found between external environment factors and Performance. He argued that firms do not operate in a vacuum; rather, they have activities in an environment that influences all. Having firm's external environment

comprehension assists in ahead improvement of opportunities and reduces threats. Environment study is used to investigate diverse external factors that influence the industry Performance.

The findings corroborated by the conclusion made by Cabantous and Gond (2011) of the strong positive and significant correlation between Decision Making and Performance of an organization regarding the centrality of decision making on performance. Similarly, the findings of Gomes (2015) indicated that strategy implementation involves the actual execution of strategy.

4.6 Analytical Model Diagnostics

In order to select the most appropriate model, diagnostics underlying the model amorphous were performed.

4.6.1 Test of Normality

Kolmogorov Smirnov and Shapiro Wilk were used to determine whether the collected data had the properties of a normal distribution; the results are deployed in Table 4.22.

Table 4. 22

Test for Normality

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
Performance	0.109	520	.251*	0.972	520	0.545

The result indicates the dependent variable was normally distributed since p-values were greater than 0.05 for both Shapiro-Wilk and Kolmogorov test. These values confirm further that the data was normally distributed (See Table 4.22)

4.6.2 Multicollinearity

Multicollinearity exists when two or more predictor variables in a multiple regression model are highly correlated. The tolerance and variance inflation factor (VIF) value were used to detect the threat of multicollinearity where values more than 0.2 for tolerance and values less than 5 for VIF meant that there was no multicollinearity. The results for Multicollinearity are in Table 4.23.

Table 4. 23

Multicollinearity Test Using Tolerance and VIF

	Collinearity Statistics	
	Tolerance	VIF
Managers' Comprehension of External Environment	0.450	2.220
Decision Making	0.490	2.040
Strategy Implementation	0.458	2.185

The result in Table 4.23 indicates that since the tolerance and VIF values were within the thresholds for absence of multicollinearity (tolerance > 0.2; VIF < 5), there is no multicollinearity between Manager's comprehension of external environment, decision making and strategy implementation. In this regard, all the variables were mused in the analytical linear regression models.

4.6.3 Linearity test

Linearity assumes a straight-line (linear) relationship between the predictor and the target (dependent) variable. Graph plots of all the independent variables (Manager's Comprehension of External Environment, Decision Making and Strategy Implementation) against the dependent

variable which was performance were used to measure if there was a straight-line relationship. The results are as indicated in Figure 2 (Appendix II).

From the results in Figure 2 (Appendix II) all the independent variables depicted a straight-line relationship with the dependent variable. The figure shows the relationship between Managers' comprehension of external environment, decision making and strategy implementation and performance

4.6.4 Heteroscedasticity

Using the Breusch-Pagan to test the null hypothesis that the error variance remains constant versus against the alternative hypothesis that the error variances are not constant.

As seen from the results in Table 4.24 the probability of chi-square value was 0.5768 ($p = 0.5768 > 0.05$) which showed homoscedasticity of error variances hence absence of heteroscedasticity in the data; in other words, variance of error terms is uniform across all data points.

Table 4. 24

Heteroscedasticity Test Results

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity

Ho: Constant variance

Variables: fitted values of Performance

chi ² (1)	=	0.27
Prob > chi ²	=	0.5768

4.7 Effect of Comprehension of the External Environment, Decision Making and Strategy Implementation on Performance

Statistical significance of the influence of Comprehension of External Environment, Decision Making and Strategy Implementation on Performance was established using multiple linear regression. In this regard, linear regressions were performed for each of the independent variables to determine their relationship influence on performance. Multiple regression analysis was also done to establish the combined effect of CEE, DM, and SI on performance.

In interpreting the results of regression analysis, R squared was used to check how well the model fitted the data. The coefficient of determination, R^2 was used in this study as a useful tool because it gives the proportion of the variance of one variable that is predictable from the other variable

4.7.1 Influence of Comprehension of the External Environment on Performance

Table 4.25 presents the regression model on Comprehension of External Environment versus Performance.

Table 4. 25

Model Fitness for CEE on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.814a	0.662	0.661	0.45509

a Predictors: (Constant), Comprehension of the External Environment

As presented in Table 4.25 Comprehension of the External Environment explained 66.2% ($R^2 = .662$) of variation in performance. This means 66.2% of the Performance of MSMEs in Kinshasa is influenced by the Comprehension of the External Environment, while the remaining 33.8% of

the variation is explained by other factors not explained by this study. The model fit results are presented on Table 4.26.

Table 4. 26

ANOVA for CEE on Performance

Model		SS	Df	MS	F	Sig.
1	Regression	210.015	1	210.015	1014.036	.000 ^b
	Residual	107.282	518	0.207		
	Total	317.297	519			

a. Dependent Variable: Performance

b. Predictors: (Constant), Manager Comprehension of External Environment

The model fit statistic ($F = 1014.036, p < .001 < .05$) was significant indicating that the data fit the model that was estimated. Further, the results imply that the comprehension of the external environment is a good predictor of performance of MSMEs in Kinshasa, Democratic Republic of Congo. T This implies that the comprehension of the external environment significantly performance. Further, the regression coefficients for the regression of performance on Comprehension of the external environment (Table 4.27).

Table 4. 27

Regression of Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	SE	Beta		
1	(Constant)	0.748	0.076		9.873	0.000
	Comprehension of the External Environment	0.730	0.023	0.814	31.844	0.000

a Dependent Variable: Performance

As shown, results (Table 4.27) suggested that comprehension of the external environment significantly influenced performance of MSMEs in Kinshasa ($t = 9.873 > 1.96$, $p = 0.000 < .05$); the influence was positive. This indicates that comprehension of the external environment has an effect on performance of MSMEs. These regression results are in line with those of Okumus (2004) that the evaluation of the external environment is an important managerial instrument which through systematic appraisal actions, MSMEs capture opportunities and threats and then come up with effective strategies. This is important because these factors affect performance. These are elements to be considered as they are not controllable hence the need for managers of enterprises to have contingency plans to face external forces affecting their businesses. Managers have a critical duty of being aware of the business external factors to enable their firms to proactively align their activities with changes that can occur in the external environment fencing the enterprises/ businesses.

Association between CEE and Performance: Additionally, cross tabulation was utilised to measure the effect of each factor of the external environment to be comprehended by managers on performance of MSMEs in Kinshasa and the results are presented in Table 4.28.

Table 4. 28

Cross Tabulation between CEE and Performance

Cross Tabulation between Political Factors and Performance			
	Value	df	P-value
Pearson Chi-Square	7082.128	594	0.000
Likelihood Ratio	2107.638	594	0.000
Linear-by-Linear Association	316.139	1	0.000
Cross Tabulation between Economic Environment and Performance			
	Value	df	P-value
Pearson Chi-Square	5449.056	954	0.000
Likelihood Ratio	1744.729	954	0.000

Linear-by-Linear Association	170.586	1	0.000
Cross Tabulation between Socio-Cultural Factors and Performance			
	Value	df	P-value
Pearson Chi-Square	4418.313	1062	0.000
Likelihood Ratio	1513.733	1062	0.00
Linear-by-Linear Association	88.23	1	0.000
Cross Tabulation between Technical Factors and Performance			
	Value	df	P-value
Pearson Chi-Square	4203.188	1188	0.000
Likelihood Ratio	1447.985	1188	0.000
Linear-by-Linear Association	59.942	1	0.000
Cross Tabulation between Legal Factors and Performance			
	Value	df	P-value
Pearson Chi-Square	3769.315	1314	0.000
Likelihood Ratio	1386.371	1314	0.081
Linear-by-Linear Association	36.941	1	0.000

The Pearson Chi-square statistic result (Table 4.28) for the relationship between political factors and performance was 7082.128 ($p < .001 < .05$). This implies that political factors as a component of external environment was significantly associated with performance of MSMEs in Kinshasa. The results also showed that the economic environment significantly influences the performance of MSMEs in Kinshasa ($\chi^2 = 5449.056$, $p = .001 < .05$). Furthermore, socio-cultural factors as a component of external environment was also significantly with performance of MSMEs in Kinshasa ($\chi^2 = 4418.313$, $p < .001 < .05$). Similarly, the results show that technical factors as components of the external environment significantly influence the performance of MSMEs in Kinshasa ($\chi^2 = 4203.188$, $p = 0.000 < 0.05$).

Finally, the results show that legal factors also significantly influence the performance of MSMEs in Kinshasa ($\chi^2 = 3769.315$, $p < .001 < 0.05$). These findings concur with the conclusion by Elenkov (1997) that in order to effectively predict the future of the organisation, you have to turn up to external factors. These are factors of critical importance that usually are beyond an

organisation's control. He further states that companies that successfully align their strategy with the external environment show better performance than companies that are less successful in aligning their strategy. However, the competitive value conferred by resources can be improved or diminished by rapid changes that occur in the external environment (Amit & Shoemaker, 1993, p. 39). This implies that comprehension of the external environment is critical for MSMEs as it determines the course of actions.

4.7.2 Influence of Comprehension of the External Environment on Decision Making

The influence of managers' Comprehension of external environment on decision making. Binary logistic regression technique was used to determine whether a relationship existed between comprehension of the external environment and decision making (rational/intuitive) by evaluating the contribution of the independent variable in explaining the dependent variable, when the other variables are controlled. From the results in Table 4.29 Comprehension of the External Environment was found to have a Pseudo R^2 value of 0.9547. This means that the Managers' Comprehension of the External Environment elements (Economic, Political, Socio-cultural, Legal and Technical factors) explain 95.47% of the variation in decision making (rational/intuitive) of MSMEs in Kinshasa. The analysis of variance (ANOVA) results are shown by a Wald Chi/F statistic.

Table 4. 29***Relationship between CEE and Decision Making***

Decision Making	Coef.	Robust Std. Err.	Z	P> z
Political factors	5.472056	1.410169	3.88	0.000
Economic environment	5.612938	1.182891	4.75	0.000
Socio-cultural Factors	2.931884	1.053561	2.78	0.005
Technical factors	.1741552	7.47792	0.02	0.508
Legal factors	.4436916	7.413302	0.06	0.524
Cons	-6.609146	1.177015	-5.62	0.000
Number of Observations =	520			
Pseudo R ² =	0.9547			
Wald Chi (1)/F statistic	688.16			
Prob>chi =	0.000			

The results in Table 4.29 shows that the overall model was significant ($p < .001$). This has implication that comprehension of economic, political, legal, socio-cultural and technical factors were good predictors of the decision making approach taken by the enterprises.

Logistic regression coefficients results shows that comprehension of political factors significantly influenced Decision Making approach of MSMEs in Kinshasa ($Z = 3.88, p < 0.001 < 0.05$). The Economic environment and the Decision making approach of MSMEs in Kinshasa were also positively and significantly related ($Z = 4.75, p < 0.001 < 0.05$). The results also indicated that socio-cultural factors and the Decision making style by MSMEs were positively and significantly related ($Z = 2.78, p = 0.005 < 0.05$). Further, the results show that technical factors of MSMEs in Kinshasa positively but insignificantly influenced Decision making ($Z = 0.02, p = 0.508 > 0.05$). Finally, findings also show that Legal factors and the Decision making approach of MSMEs in Kinshasa were insignificantly related ($Z = 0.06, p = 0.524 > 0.05$).

As asserted by Buckley and Casson (2019), managers can only make appropriate and sound strategic through use of relevant information that directly flows from the analysis of their organisation's environment rather than by simply based on their guesses and instincts. . The study also indicated that organisations, or more specifically, businesses and their actions are always affected by their operating environment. And that every action of the management is dependent on the unpredictable and changing environment. Further, it is important to note that comprehension of technology and legal factors did not significantly influence decision making by managers in the MSMEs in Kinshasa DR Congo.

4.7.3 Influence of Comprehension of the External Environment on Strategy Implementation

Thirdly (objective three) the influence of managers' comprehension the external environment on strategy implementation was assessed using logistic regression.

According to Table 4.30 result, regression of strategy implementation on comprehension of the external environment indicators (political, economic, socio-cultural, technical and legal factors) had a Pseudo R^2 value of 0.5403. This means that comprehension of the external environment explains 54.03% of the variation in strategy implementation among managers of MSMEs in Kinshasa. The analysis of variance (ANOVA) results are shown by a Wald Chi/F statistic (see Table 4.30).

Table 4. 30***Relationship between CEE and Strategy Implementation***

Strategy Implementation	Coef.	Robust Std. Err.	Z	P> z
Political Factors	4.517	0.3937	11.47	0.000
Economic Environment	3.232	0.9085	3.56	0.000
Socio-Cultural Factors	2.185	0.8220	2.66	0.008
Technical Factors	5.296	0.8868	5.97	0.000
Legal Factors	7.256	1.4239	5.10	0.000
Cons	-1.995	0.2383	-8.37	0.000
Number of Observations = 520				
Pseudo R ² = 0.5403				
Wald Chi (1)/F statistic = 235.94				
Prob>chi= 0.000				

The results in Table 4.30 indicate that the overall model was statistically significant. This was supported by a Wald Chi/ F statistic value of 235.94 which was greater than $F_{0.05}$ critical of 3.84 (that is, Wald Chi/ F = 235.94, $p < .001 < .05$)

As shown in Table 4.30, logistic regression coefficients results show that comprehension of the external environment factors comprising comprehension of politics, economy, social culture, technology and legal factors had a significant influence on strategy implementation in MSMEs in Kinshasa (politics: Z = 11.47, $p = 0.000$ economy: Z = 3.56, $p = 0.000 < 0.05$; socio-cultural: Z = 2.66, $p = 0.000 < 0.05$; Technology: Z = 5.97, $p = 0.000 < 0.05$; legal factors: Z = 5.10, $p = 0.000 < 0.05$). These findings concur with the findings of Bush (2016) who posited that environmental analysis is a key process that leads to strategy implementation after a proper understanding of each force that affects the MSMEs.

4.7.4 Influence of Decision Making on Performance

The fourth objective was to evaluate the effect of decision making on the performance of the MSMEs in Kinshasa. Linear regression of performance on decision making was done. The results presented in Table 4.31 show the model fitness of the influence of decision making on performance.

Table 4. 31

Model Fitness for Decision Making on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.759a	0.576	0.575	0.50959

a Predictors: (Constant), Decision Making

As seen in Table 4.31, the coefficient of determination was 0.576 ($p < .001$). The model indicates that decision making explained 57.6% of the variation in performance of MSMEs in Kinshasa. Further, Table 4.32 shows the ANOVA results for the relationship between decision making and performance of MSMEs in Kinshasa.

Table 4. 32

ANOVA for Relationship between Decision Making and Performance

Model		Sum of Squares	df	MS	F	Sig.
1	Regression	182.783	1	182.783	703.876	.000 ^b
	Residual	134.514	518	0.26		
	Total	317.297	519			

a Dependent Variable: Performance

b Predictors: (Constant), Decision Making

The result in Table 4.32 suggests that the model was very statistically significant ($F = 182.783$, $p < .001 < .05$), and that decision making significantly explained the variation in in performance of MSMEs in Kinshasa The coefficient of regression is displayed as Table 4.33.

Table 4. 33***Regression Coefficient for Decision Making on Performance***

Model		Unstandardized		Standardized	t	Sig.
		B	Std. Error			
1	(Constant)	0.762	0.09		8.46	.000
	Decision Making	0.697	0.026	0.759	26.531	.000

a Dependent Variable: Performance

From this result Table 4.33, decision making positive significant influence on performance of MSMEs in Kinshasa ($t = 8.46 > 1.96$, $p = 0.000 < .05$). Previous empirical findings (e.g., Ceschi et al. (2017) support this conclusion by pointing out that decision making is an important tool in every organisation and it affects the performance of the organisation. Consequently, sound decision making is needed to ensure satisfactory performance of organisations. This can be achieved through capacity building of managers of enterprises.

4.7.5 Influence of Strategy Implementation on Performance

The influence of strategy implementation on performance was also investigated (Objective Five). A bivariate regression analysis on performance on strategy implementation was done and the results are presented in the tables that follow. The results presented in Table 4.34 show the model fitness of the influence of strategy implementation on performance.

Table 4. 34

Model Fitness for Strategy Implementation on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840a	0.705	0.705	0.42484

a Predictors: (Constant), Strategy Implementation

Strategy implementation explained 70.5% ($R^2 = .705$) of variation performance of performance of MSMEs in Kinshasa Further, ANOVA (model fit) results (Table 4.35) for the relationship between strategy implementation and performance of MSMEs in Kinshasa shows that the data fit the model that was estimated.

Table 4. 35

ANOVA for Strategy Implementation on Performance

Model		Sum of Squares	df	MS	F	Sig.
1	Regression	223.805	1	223.805	1240.011	.000 ^b
	Residual	93.492	518	0.18		
	Total	317.297	519			

a Dependent Variable: Performance

b Predictors: (Constant), Strategy Implementation

Specifically model was statistically significant ($F= 1240.011$, $p <.001 < .05$). In addition, the regression coefficient results are presented in Table 4.36.

Table 4. 36

Regression Coefficient for Strategy Implementation on Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	0.457	0.077		5.962	.000
	Strategy Implementation	0.808	0.023	0.84	35.214	.000

a Dependent Variable: Performance

As shown in Table 3.36 strategy implementation positively and significantly influences the performance of MSMEs in Kinshasa ($t = 5.962, p < 0.001 < .05$).

4.7.6 Moderating Effect of Decision Making

Objective of this study was to establish the moderating role of decision making on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa. A linear regression analysis was conducted to determine the effect of decision making on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa. The variable comprehension of the external environment was moderated by the variable decision making to give a composite variable.

a) Goodness of Fit for the Moderating Effect of Decision Making

The results presented in Table 4.37 show the model fit upon moderation of the relationship between CEE and performance with decision making. The R squared value was used to check how well the model fitted the data after introduction of the moderator.

Table 4. 37

Model Fitness for the Moderating Effect of Decision Making

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866a	0.749	0.748	0.3924

a Predictors: (Constant), Manager’s Comprehension of External Environment, Manager’s Comprehension of External Environment* Decision Making

The results in Table 4.37 show the goodness of fit for moderating effect of decision making. The R squared value moderation by decision making was 0.749 which was higher than the non-moderated effect which was 0.662. This implies that decision making moderated the relationship between managers’ comprehension of the external environment and performance of MSMEs in Kinshasa.

b) ANOVA Analysis for the Moderating effect of Decision Making

The Analysis of Variance (ANOVA) results on the moderating effect of decision making are at Table 4.38.

Table 4. 38

ANOVA for the Moderating Effect of Decision Making

Model		Sum of Squares	df	MS	F	Sig.
1	Regression	237.689	2	118.844	771.809	.000 ^b
	Residual	79.609	517	0.154		
	Total	317.297	519			

a Dependent Variable: Performance

b. Predictors: (Constant), Comprehension of External Environment, Manager’s Comprehension of External Environment* Decision Making

The results in Table 4.38 confirm that the regression model of the moderating effect of decision making on the relationship between managers’ comprehension of the external environment and

performance of MSMEs in Kinshasa index is significant and supported by $F = 771.809$, $p = 0.000 < 0.05$). The results affirm the importance of decision making on the performance of MSMEs in Kinshasa.

c) Regression Coefficients Analysis for the Moderating Effect of Decision Making

The results (Table 4.39) show the regression coefficients after moderation using decision making.

Table 4. 39

Regression Coefficient for Moderating Effect of Decision Making

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	SE	Beta		
1	(Constant)	1.648	0.041		40.439	.000
	Comprehension of External Environment	0.162	0.047	0.181	3.466	0.001
	Comprehension of External Environment* Decision Making	0.105	0.008	0.698	13.406	0.000

a Dependent Variable: Performance

According to these results (Table 4.39), the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa was significantly moderated by decision making with p-value $0.000 < 0.05$ (Comprehension of External Environment* Decision Making: $t = 13.406$, $p < .001 < .05$). This implies that decision making moderates the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa. In addition to this the value of R squared increased from 66.2% before moderation to 74.9% after moderation. This implies that decision making moderated the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa.

4.7.7 Mediating Effect of Strategy Implementation

The seventh objective was to determine the mediating effect of strategy implementation on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa. By using linear regression analysis, the mediating effect of strategy implementation on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa was investigated.

Intervention or mediation is a hypothesized causative sequence where the first variable influences a second variable which in turn affects a third variable (Kenny, 2014). Consequently, the nature of mediation effect of strategy implementation on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa investigated. The purpose was to ascertain whether strategy implementation had full or partial mediation using a four-step method where several regression models were estimated and the significance of the Beta coefficients tested through the four steps (Kenny, 2014; MacKinnon et al., 2007; Namazi & Namazi, 2016).

Relationship between Managers' Comprehension of the External Environment and Performance. In the first step of mediation, the relationship between managers' comprehension of the external environment and performance was tested. Table 4.40 shows the model fit.

Table 4. 40

Model Fitness for CEE on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.814a	0.662	0.661	0.45509

a Predictors: (Constant), Manager Comprehension of External Environment

As earlier found and also seen from Table 4.40, comprehension of the external environment satisfactorily in explained performance ($R^2 = .662$) where comprehension of the external environment explains 66.2% of the variations in the dependent variable which is performance of MSMEs while the remaining 33.8% of the variation is explained by other factors not included this study. Further, the model fit result is as shown in Table 4.41.

Table 4. 41

ANOVA for MCEE on Performance

Model		SS	df	MS	F	Sig.
1	Regression	210.015	1	210.015	1014.036	.000 ^b
	Residual	107.282	518	0.207		
	Total	317.297	519			

a. Dependent Variable: Performance

b. Predictors: (Constant), Comprehension of External Environment

The ANOVA results presented in Table 4.41 indicate that the model was statistically significant. Further, the results imply that the managers' comprehension of the external environment is a good predictor explaining the performance of MSMEs. As seen from Table 4.41 the data that was collected and analysed fit the model that was estimated ($F = 1014.036$, $p < .001 < .05$) implying that managers' comprehension of the external environment was is a good predictor explaining the performance of MSMEs. The regression of coefficient result for comprehension of the external environment is presented in Table 4.42.

Table 4. 42***Regression of Coefficient***

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	SE	Beta		
1	(Constant)	0.748	0.076		9.873	0.000
	Manager's Comprehension of External Environment	0.730	0.023	0.814	31.844	0.000

a Dependent Variable: Performance

The result in Table 4.42 revealed that comprehension of the external environment was positively and significantly related to performance of MSMEs in Kinshasa as indicated by an expected t-value statistically significant clearly indicating that comprehension of the external environment has an impact on performance ($t = 9.873$, $p = 0.000 < .05$). The regression results conform to those of Ray (2018) which showed that for the sake of an effective prospect of the firm, there is need for a proper investigation of the external factors. These are elements to be considered as they are not controllable at the moment when one would like to have contingency plans to face external forces affecting their industry.

Relationship between Comprehension of the External Environment and Strategy

Implementation: In the second step of mediation, the study tested the relationship between managers' comprehension of the external environment and the mediating variable strategy implementation. Table 4.43 shows the model fitness.

Table 4. 43***Model Fitness for CEE on Strategy Implementation***

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.687a	0.472	0.471	0.59095

a Predictors: (Constant), Comprehension of External Environment

As presented in Table 4.43, $R^2 = 0.472$. The model summary result suggests that managers' comprehension of the external environment explained 47.2% of the variation in strategy implementation. This implies that 47.2% of the strategy implementation was influenced by the manager's comprehension of the external environment; the model fit statistics for the relationship between comprehension of external environment and strategy implementation are found in Table 4.44.

Table 4. 44***ANOVA for CEE on Strategy Implementation***

Model		SS	df	MS	F	Sig.
	Regression	161.791	1	161.791	463.295	.000 ^b
1	Residual	180.895	518	0.349		
	Total	342.685	519			

a Dependent Variable: Strategy Implementation

b Predictors: (Constant), Manager's Comprehension of External Environment

The ANOVA results in Table 4.44 show that the model was statistically significant and that it fit the data ($F = 463.295$, $p < .001 < .05$) Besides the model summary and the model fit results, the regression coefficient results for the effect of managers' comprehension of the external environment on strategy implementation are presented in Table 4.45.

Table 4. 45***Regression Coefficient for CEE on Strategy Implementation***

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	
	B	SE				
1	(Constant)	1.197		12.169	.000	
	Manager's Comprehension of External Environment	0.641	0.03	0.687	21.524	.000

a Dependent Variable: Strategy Implementation

The regression coefficient results in Table 4.45 show that managers' comprehension of the external environment significantly strategy implementation as indicated by an expected t-value that is significant. This means that the comprehension of the external environment impacts on strategy implementation of MSMEs in Kinshasa. ($t = 12.169$, $p = 0.000 < .05$). This result confirmed that strategy implementation was suitable to be considered a mediator variable in the relationship between CEE and performance; had CEE not significantly influenced strategy implementation, then it would not be considered for further analysis as a mediator. A mediator should be significantly predicted by the independent variables as was the case in this step of analysis.

Strategy implementation predicting performance: In the third step of mediation process, the study tested the relationship between the mediating variable (strategy implementation) and performance. Table 4.46 shows the model fitness.

Table 4. 46***Model Fitness for Strategy Implementation on Performance***

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840a	0.705	0.705	0.42484

a Predictors: (Constant), Strategy Implementation

As presented in Table 4.46, strategy implementation significantly explained 70.5 of variation in performance of MSMEs in Kinshasa. ($R^2 = .705$, $F = 1240.011$, $p < .001 < .05$); see also Table 4.47 doe model fit results.

Table 4. 47***ANOVA for Strategy Implementation on Performance***

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	223.805	1	223.805	1240.011	.000 ^b
1	Residual	93.492	518	0.18		
	Total	317.297	519			

a Dependent Variable: Performance

b Predictors: (Constant), Strategy Implementation

The regression mode that was estimated fit the data that was collected (as seen from the very significant F- statistic, $p < .001$, in Table 4.47). The coefficients are also shown in Table 4.48.

Table 4. 48

Regression Coefficient for Strategy Implementation on Performance

Model	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
	B		Beta		
1 (Constant)	0.457	0.077		5.962	.000
1 Strategy Implementation	0.808	0.023	0.84	35.214	.000

a Dependent Variable: Performance

The result in Table 4.48 shows that strategy implementation had a significant influence on the performance of MSMEs in Kinshasa ($t = 5.962, p = 0.000 < .05$). This finding concurs with Dincer et al. (2006) and David et al. (2016) who found that the process of strategic management from environmental scanning, organisational mission establishment, strategy formulation, strategy implementation, strategy appraisal and control is very important for an organisation's performance.

Comprehension of the external environment, and strategy implementation predicting performance: In the fourth step of the mediation process, the relationship between comprehension of the external environment, the mediating variable (strategy implementation) and performance was tested. A linear regression analysis was performed to ascertain the combined effect of managers' comprehension of the external environment together with strategy implementation on the performance of MSMEs in Kinshasa. The model summary result is shown as Table 4.49.

Table 4. 49

Regression Model for CEE, SI and Performance

Model	R	R Squared	Adjusted R Square	Std. Error of the Estimate
1	.901a	0.811	0.811	0.34031

a. Predictors:(Constant), Strategy Implementation, Comprehension of External Environment

Based on the results in Table 4.49, the R^2 of 0.811 indicates that comprehension of the external environment and strategy implementation jointly explained 81.1%% of variation in performance of MSMEs in Kinshasa. After introducing the intervening variable which was strategy implementation, the R^2 became 0.811 which was higher than the R^2 ($R^2 = 0.662$) before introducing the mediator (strategy implementation) which had an R^2 of 0.662 as shown in previous Table 4.25 result. This therefore implies that strategy implementation has a mediating effect on the relationship between comprehension of the external environment and the performance of MSMEs in Kinshasa. The remaining 18.9% of the total variations on performance of MSMEs in Kinshasa, referred to as coefficient of alienation, may be accounted for by other variables which were not specified in the current (this) study.

Table 4.50 provides the analysis of variance (ANOVA) results of the combined effect of managers' comprehension of the external environment and strategy implementation on the performance of MSMEs in Kinshasa.

Table 4. 50***ANOVA for CEE, SI and Performance***

Model		SS	df	MS	F	Sig.
	Regression	257.423	2	128.711	1111.392	.000b
1	Residual	59.874	517	0.116		
	Total	317.297	519			

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategy Implementation, Comprehension of External Environment

The results in Table 4.50 indicate that the overall model was statistically significant as indicated by F-statistics which was 1111.392 with $p < 0.001 < 0.05$. Furthermore, the results imply that comprehension of the external environment and strategy implementation provide a better fit model for predicting performance of MSMEs in Kinshasa than the intercept-only model. Therefore, strategy implementation had a mediating effect managers' comprehension of the external environment and performance of MSMEs in Kinshasa relationship; see also the coefficients results of the model for manager's comprehension of the external environment and strategy.

Table 4.51***Regression of CEE, SI and Performance***

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	SE	Beta		
1	(Constant)	0.135	0.064		2.103	0.036
	Manager's Comprehension of External Environment	0.402	0.024	0.448	17.038	.000
	Strategy Implementation	0.512	0.025	0.532	20.232	.000

a Dependent Variable: Performance

The results in Table 4.51 indicate that when the moderating variable, strategy implementation, was combined comprehension of the external environment, both variables had a positive significant influence on performance of MSMEs in Kinshasa. The influence of strategy implementation (SI) was more significant than that of comprehension of external environment factors (CEE) (SI: $t = 20.232$, $p < .001 < .05$; CEE: $t = 17.038$, $p < .001 < .05$) performance of MSMEs in Kinshasa; all the t – values are much larger than the t - critical = 1.96 at 5 % level of significance. This regression results are in conformity with Dickson (1996) who suggested through RBV theory that organisational success or failure depends on the effectiveness of firm analyses of both its internal and external environment. This finding agrees with Yang et al (2012) who posited that institutional theory plays an important role of streamlining organisational economic activities leading to better performance.

The following is the summary of the four-step mediation analysis of the variables based on the results (See Table 4.52).

Table 4. 51

Summary of Mediating Effect of Strategy Implementation

Predictor Variable	Step 1	Step 2	Step 3	Step 4
Performance	$\beta = 0.730$ $p = 0.000$		$\beta = -0.808$ $p = 0.000$	$\beta = 0.402$ $p = 0.000$ $\beta = 0.512$ $p = 0.000$
Strategy Implementation		$\beta = 0.641$ $p = 0.000$		

Step 1: Performance was regressed on managers' comprehension of the external environment and results confirmed that the independent variable was significantly related with performance.

Step 2: Strategy implementation was regressed on managers' comprehension of the external environment and a significant relationship was confirmed between the two variables.

Step 3: Performance was regressed on strategy implementation and results proved that strategy implementation was significantly related with performance. However, the influence of strategy implementation on performance was negative.

Step 4: Performance was regressed on managers' comprehension of the external environment while controlling for strategy implementation to test if the relationship between the independent variable (CEE) and performance was statistically insignificant (zero). Results confirmed that the relationship between managers' comprehension of the external environment and the performance of MSMEs got weaker than in Step 1, but not to zero. This means that Step 4 condition was not met, thus findings supported the mediation.

Strategy implementation was thus found to have intervening mediating effect between managers' comprehension of the external environment and the performance of MSMEs in Kinshasa.

4.8 Hypothesis Testing

Hypotheses were tested using linear regression model. The acceptance/rejection criteria was that, if the p-value associated with a coefficient was less than 0.05, then the null hypothesis H_{0n} was rejected but if it more than 0.05, then H_0 is not rejected ($n = 1$ to 7). For example the first null hypothesis (H_{01}) was that managers' *comprehension of the external environment has no statistically significant influence on the performance of the MSMEs in Kinshasa*. All hypotheses were tested using results of regression analyses at 5% level of significance using t- statistics and

associated p- values. However, for the relationship between comprehension of external environment and decision making, Z-values and their associated p-values were used.

4.8.1 Comprehension of the External Environment and Performance

The first hypothesis of the study was that:

H₀₁: Comprehension of the external environment has no statistically significant influence on the performance of the MSMEs in Kinshasa

The hypothesis was tested using linear regression and determined using p-value associated with the calculated t-statistic and if the t-value associated with CEE was greater than the critical t-value which in this study was $t_{\text{critical}} = 1.96$ at 5% level of significance. From results in Table 4.27 the calculated t-statistic was 31.844 which was greater than the critical t-statistic of 1.96. Hence, the null hypothesis (H_{01}) was therefore rejected. Consequently, the alternative hypothesis which is *Managers' comprehension of the external environment has a statistically significant influence on the performance of the MSMEs in Kinshasa* was adopted.

4.8.2 Comprehension of External Environment and Decision Making

The second Hypothesis of the study was that:

H₀₂: Comprehension of the external environment has no statistically significant influence on the decision making of MSMEs in Kinshasa.

Results in Table 4.29 show that the calculated F-statistic of 688.16 was higher than the tabulated/critical f statistic ($F_{\alpha = 0.05} = 2.21$). The findings were further supported by p-values < 0.05 hence the null hypothesis was rejected. The alternative hypothesis was therefore adopted that *managers' comprehension of the external environment has a statistically significant influence on decision making among MSMEs in Kinshasa.*

4.8.3 Comprehension of External Environment and Strategy Implementation

Further, the third hypothesis of the study was that;

H₀₃: Comprehension of the external environment has no statistically significant influence on strategy implementation of MSMEs in Kinshasa.

As shown in Table 4.30 result comprehension of the external environment significantly influenced strategy implementation ($t = 235.94$, 1.96 ; $p < .001 < .05$) consistent with this result, the null hypothesis (H₀₃) was rejected. Consequently, the alternative hypothesis was adopted that *managers' comprehension of the external environment has a statistically significant influence on strategy implementation of MSMEs in Kinshasa.*

4.8.4 Decision Making and Performance

The fourth hypothesis of the study was;

H₀₄: Decision making has no statistically significant influence on the performance of the MSMEs in Kinshasa.

The calculated t-value was 26.531 ($p < .001$, < 0.05) and greater than the critical t-statistic of 1.96 (See Table 4.33). This lead to the rejection of H₀₄ and the conclusion that *Decision making has a statistically significant influence on the performance of the MSMEs in Kinshasa.*

4.8.5 Strategy Implementation and Performance

The fifth hypothesis of the study was that;

H₀₅: Strategy implementation has no statistically significant influence on the performance of the MSMEs in Kinshasa.

For the null hypothesis (H_{05}) to be rejected p-value should be less than 0.05 ($t > 1.96$), but if it is more than 0.05 ($t < 1.96$), then H_{05} would not be rejected. According to the results (Table 4.36), the t- statistic associated with strategy implementation were $t = 35.214 > 1.96$ with $p < .001 < .05$ hence strategy implementation had a significant influence on performance of the MSMEs in Kinshasa. As a consequence, null hypothesis was rejected and alternative hypothesis adopted that *Strategy implementation has a statistically significant influence on the performance of the MSMEs in Kinshasa.*

4.8.6 Moderating Role of Decision Making

The sixth hypothesis was that;

H_{06} : Decision making has no moderating role on the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa.

The acceptance/ rejection rule was that H_{06} is not rejected if $p < .05$ ($t > 1.96$) and not rejected if $p > .05$ ($t < 1.96$). Results in Table 4.39 show that the p-value was $0.000 < 0.05$ for the interaction variable (Comprehension of External Environment* Decision Making: $t = 13.406$, $p < .001 < .05$). Since $t > 1.96$ and $p < .05$, the null hypothesis was therefore rejected and the alternative hypothesis: *Decision making has a moderating role on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa*, adopted.

4.8.7 Mediating Effect of Strategy Implementation

The seventh hypothesis of the study was that;

H_{07} : Strategy implementation has no mediating effect on the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa.

For the mediating effect, a significant coefficient of the mediator (SI) when combined with the independent variables (CEE) indicates mediation. There is full mediation if the introduction of the mediator causes the coefficient of the independent variable (in our case CEE) to insignificant; otherwise if both the mediator and independent variable coefficients remain significant when combined in the model, then there is full mediation. On the other if the mediator's coefficient is insignificant, then there is no mediation. An inspection of the results in Table 4.44 shows that both SI and CEE had significant coefficients when combined in the regression model as predictors of performance (SI: 20.232, $p < 0.001 < 0.05$; CEE: $t = 17.038$, $p < 0.001 < 0.05$). Consistent with this result, strategy implementation (SI) had a partial mediating effect on the relationship between CSEE and performance of MSMEs in Kinshasa, DR Congo. H_{07} is not rejected. Thus the alternative hypothesis was adopted, that *strategy implementation has a mediating effect on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa.*

4.9 Findings

The purpose of this study was to establish the relationship between managers' comprehension of the external environment, decision making, strategy implementation and performance of Micro, Small and Medium Enterprises in Kinshasa, DRC. The findings of the study were discussed per objective.

4.9.1 Comprehension of the External Environment and Performance

First, the influence of comprehension of external environment on the performance of MSMEs in Kinshasa was assessed. Most of MSMEs managers were aware of government policies that governed their organisations. Most of the respondents also indicated that they were well versed

with all tax obligations, legislations as well as tariffs appropriate to their sort of services. Additionally, most of the respondents believed that they understood just how nationwide politics were likely to affect their businesses. Most of the managers indicated that they recognised all the entry policies that pertained to their organisations. The average mean for the responses was 3.71, indicating that the respondents agreed with the majority of the declarations presented to them concerning the impact of political factors on performance of their businesses.

A strong positive significant relationship existed between comprehension of the external environment and the performance of MSMEs in Kinshasa. The results implied that an improvement in Managers' Comprehension of the External Environment leads to an improvement in Performance. Based on the regression analysis results, the Comprehension of the External Environment significantly explained performance of MSMEs in Kinshasa. The findings were consistent with those of Ray (2018) which indicated that for the sake of an effective prospect of the firm, there is need to properly investigate the external factors. These are elements to be considered as they are not controllable at the moment and one should have contingency plans to face external forces affecting their industry. Managers have a critical duty of being aware of the external factors likely to affect their business to enable the firms to proactively align their activities with changes that occur in the external environment.

4.9.2 Comprehension of the External Environment and Decision Making

Secondly, an assessment the influence of managers' comprehension of external environment on decision making was done. It was found that most of the managers of MSMES based their choice on what had actually been found to work in the past, and that most of their decisions choices were based on consensus.

Further, managers' comprehension of external environment was significantly related with decision making; a strong positive significant existed between comprehension of the external environment and decision making. Based on the regression analysis results, logistic regression of coefficients results shows that political factors and decision making approach of MSMEs in Kinshasa are positively and significantly related. The economic environment and decision making approach of SMEs in Kinshasa are also positively and significantly related. The results also indicate that socio-cultural factors and decision making approach of MSMEs in Kinshasa are positively and significantly related.

Further the results show that technical factors and decision making approach of MSMEs in Kinshasa are positively and significantly related. Finally, results also indicate that legal factors and decision making approach of MSMEs in Kinshasa are positively and significantly related. Hypothesis testing results revealed that comprehension of the comprehension of external environment had a significant effect on decision making of MSMEs in Kinshasa.

4.9.3 Comprehension of External Environment and Strategy Implementation

The third objective of this study was to establish the influence of managers' comprehension of the external environment on strategy implementation. From the descriptive results, strategic plan was being reasonably operationalized and most enterprises had formulated short-term strategic plans for their businesses. The majority of the respondents were in agreement with the fact that each planned activity had a clear target which could be tracked.

Additionally, an assessment of the strength and direction of the relationship between managers' comprehension of the external environment and strategy implementation. A positive and significant relationship existed between comprehension of the external environment and strategy

implementation. Further, relationship between comprehensions of the external environment and strategy implementation was evaluated the influence CEE on strategy implementation

The findings were that model linking comprehension of external environment (political, economic, socio-cultural, technical and legal factors) and strategy implementation had a Pseudo R^2 value of 0.5403 implying that comprehension of the external environment explains 54.03% of the variation in strategy implementation of MSMEs in Kinshasa. In addition, the overall model was significant in explaining the influence of comprehension of the external environment on implementation of strategy. This was backed by a Wald Chi/ F statistic of 235.94 ($F_{0.05}$ critical = 3.84) and the reported a p - value < .001.

4.9.4 Decision Making and the Performance

The fourth objective was to evaluate the effect of decision making on the performance of the MSMEs in Kinshasa. The descriptive results indicated that majority respondents agreed that they based their choice on what had actually been discovered to have worked in the past in running their businesses. Additionally, the respondents were asked to suggest whether the majority of their decisions were based upon agreement; most also agreed that a lot of their choices were based upon agreement. The results were found to be consistent with the findings of a study by Cabantous and Gond (2011) which suggested that decision making has a key role to play in an organisation's performance.

In addition to the descriptive statistics, analysis to ascertain the association between decision making and performance of MSMEs in Kinshasa. There was a strong positive relationship between decision making and the performance of MSMEs in Kinshasa. Further, decision making significantly influenced the performance of MSMEs in Kinshasa. The regression results were

found to be in agreement with the findings of a study by Ceschi et al. (2017) which pointed out that decision making is important in every organisation since it affects the performance of an organisations.

In addition, the hypothesis that decision making has no statistically significant influence on the performance of MSMEs in Kinshasa was tested and rejected because decision making had a statistically significant influence on the performance of the MSMEs in Kinshasa.

4.9.5 Strategy Implementation and Performance

The fifth objective of this study was to establish the influence of strategy implementation on the performance of the MSMEs in Kinshasa. The descriptive statistics results revealed that 78.8% of the businesses had short-term strategic plans. The results also indicated that the strategic plan was being reasonably operationalized. Most of the respondents agreed that in their company, long-term company objectives were being broken down into clear actionable temporary plans. This shows that a lot of the participants agreed with the declaration but the responses were spread around the mean as suggested by the standard deviation. The study also found that majority of the respondents planned their activities and each activity had a clear target which could be tracked. The respondents were asked to indicate whether their organisations' strategic plans were circulated to all members in their business and majority of them agreed.

There was a significant relationship between strategy implementation and performance of MSMEs in Kinshasa. Furthermore the null hypothesis that *strategy implementation has no statistically significant influence on the performance of the MSMEs in Kinshasa* Was rejected based on the linear regression results where strategy implementation had a very significant influence of

performance ($p < .001 < .05$). Hence, the null hypothesis was rejected that strategy had no significant relationship with performance of the MSMEs in Kinshasa was rejected.

4.9.6 Moderating Role of Decision Making

The moderating effect of decision making on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa was assessed as objective six. The coefficient of determination (R squared) was used to check how well the model fitted the data after moderation and the findings were that R squared of the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa after moderation by decision making was 0.749. This was higher than the non-moderated effect with $R^2 = 0.662$ implying that decision making moderated the relationship between comprehension of the external environment and the performance of MSMEs in Kinshasa and that null hypothesis that decision making did not moderate the relationship was rejected.

4.9.7 Mediating Effect of Strategy Implementation

Lastly, the mediating effect of strategy implementation on the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa (objective seven). Regression analysis was conducted to determine the mediating effect of strategy implementation on the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa. Mediation was tested following the four steps of (Kenny 2014; MacKinnon et al. 2007; Namazi & Namazi 2016).

Step 1: Performance (DV) was regressed on comprehension of the external environment (IV) and results confirmed that the independent variable was significantly related with performance.

Step 2: Strategy implementation was regressed on the comprehension of the external environment and it was confirmed the presence of a significant relationship between the two variables.

Step 3: Performance (DV) was regressed against strategy implementation and results proved that strategy implementation was significantly related with performance.

Step 4: Performance (DV) was regressed on managers' comprehension of the external environment while controlling for strategy implementation to test if the relationship between independent variable (CEE) and performance was statistically insignificant (statistical zero). The resulting relationship between comprehension of the external environment (CEE) and the performance of MSMEs got weaker than in Step 1, but was not insignificant (zero). This means that Step 4 condition was not met, thus findings supported partial mediation of the relationship between CEE and performance of MCMs by strategy implementation.

4.10 Summary of Hypotheses

Seven hypotheses were tested in this study and the summary of the test of the hypotheses is presented in Table 4.53.

Table 4. 53

Summary of Hypotheses

SN.	Hypothesis	Rule	Conclusion
H ₀₁	Comprehension of external environment has no significant influence on the performance of the MSMEs in Kinshasa	$t > 1.96, p < 0.05$	H₁ : Comprehension of external environment has a statistically significant influence on the performance of the MSMEs in Kinshasa
H ₀₂	Comprehension of the external environment has no statistically significant influence on decision making of MSMEs in Kinshasa	$t > 1.96, p < 0.05$	H₂ : Comprehension of the external environment has a statistically significant influence on decision making of MSMEs in Kinshasa
H ₀₃	Comprehension of the external environment has no significant influence on strategy implementation among MSMEs in Kinshasa	$t > 1.96, p < 0.05$	H₃ : Comprehension of the external environment has a statistically significant influence on strategy implementation among MSMEs in Kinshasa
H ₀₄	Decision making has no significant influence on the performance of the MSMEs in Kinshasa	$t > 1.96, p < 0.05$	H₄ : Decision making has a statistically significant influence on the performance of the MSMEs in Kinshasa
H ₀₅	Strategy implementation has no significant influence on the performance of the MSMEs in Kinshasa	$t > 1.96, p < 0.05$	H₅ : Strategy implementation has a statistically significant influence on the performance of the MSMEs in Kinshasa
H ₀₆	Decision making has no moderating role on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa	$t > 1.96, p < 0.05$	H₆ : Decision making has a moderating role on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa
H ₀₇	Strategy implementation has no mediating effect on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa	$t > 1.96, p < 0.05$	H₇ : Strategy implementation has partial mediating effect on the relationship between managers' comprehension of the external environment and performance of MSMEs in Kinshasa

In summary, managers' comprehension of the external environment (CEE) and performance of MSMEs were significantly related at 5% level of significance and that CEE significantly influenced decision making MSMEs in Kinshasa, DRC. Further, while decision making (DM) moderated the relationship between CEE and performance, strategy implementation partially mediated this relationship.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study sought to determine the effect of comprehension of the external environment forces on the performance of MSMEs in Kinshasa, DRC and the moderating role of Decision Making as well as the mediating role of strategy implementation between understanding of the external environment and performance of MSMEs in Kinshasa. A snapshot of key findings, conclusions and recommendations for practice and policy are presented in this chapter. Further, suggestions for future research based upon the results Comprehension of the external environment on strategy implementation of MSMEs in Kinshasa comprised political, economic, socio-cultural, technological and legal factors.

5.2 Summary of Findings

This section outlines the findings according to the seven key objectives, and on the basis of an additional investigation of relationships between comprehension of the external environment, strategy implementation, decision making and performance is presented as follows.

5.2.1 Influence of Comprehension of the External Environment on Performance of MSMEs

The managers of MSMEs had a moderate comprehending the external environment factors that affected the activities of their business such as government's policies, tax obligations, legislations and the effect of political factors on their businesses. These factors were significantly related with performance. In particular, comprehension of political, legal, economic, technical and socio-cultural factors were positively and significantly related with performance of MSMEs in Kinshasa. The results imply that an improvement in comprehension of the external environment leads to an

improvement in performance. Similarly, regression analysis results showed that comprehension of the external environment positively and significantly influenced performance of MSMEs in Kinshasa. Thus, the alternative hypothesis was adopted that *comprehension of the external environment has a statistically significant influence on the performance of MSMEs in Kinshasa*. This means that managers have a critical duty to know their business external factors that might influence the performance of their organisations and work towards creating an environment that takes advantage of such external factors.

5.2.2 Influence of Comprehension of the External Environment on Decision Making by MSMEs

Comprehending of external environment significantly influenced decision making of MSMEs in Kinshasa. Descriptive statistics results revealed that decisions were more rational than intuitive. Most of the respondents agreed that their decisions were informed by analysing the external environment as they identify opportunities and avoid threats that can jeopardize their business. Further, rational decision making was more practised than was intuitive decision making and that as significant relationship existed between comprehension of the external environmental and decision making.

Lastly, comprehension of the external environment had a positive significant influence null decision making of MSMEs in Kinshasa. Consequently the null hypothesis was rejected and the alternative one that *comprehension of the external environment has a statistically significant influence on decision making of MSMEs in Kinshasa*. This is in conformity with the institutional theory that decision making needs to consider the external environment factors in which the firm operates. To reach effective decision making, the capability view suggests that managers need to use their skills and expertise to perceive and analyse opportunities and threats from external

environment so that decisions can take into account all the environmental constraints so as to reach the sustainable competitive advantage.

5.2.3 Influence of Comprehension of the External Environment on Strategy Implementation by MSMEs

The descriptive statistics results indicated that the strategy was more operationalized than it was being executed. Concerning the responsibilities for the implementation of business plans, and that the managers had responsibilities for implementation of strategies by assigning clearly each course of action according to the knowledge of the external environment forces. The correlation analysis results showed a strong positive and significant nexus between comprehension of the external environment and strategy implementation. This was in line with dynamic capabilities theory that strategies have to be put in action after a thorough comprehension of the environment where managers of the enterprise have the ability to identify and capture opportunities and convert and reconfigure them as competitive factors. Further, comprehension of the external environment had a statistically significant effect on implementation of strategy by MSMEs in Kinshasa. In this regard, the null hypothesis on the effect of comprehension of the external environment on strategy implementation was rejected and the alternative hypothesis that *comprehension of the external environment has a statistically significant influence on strategy implementation of MSMEs in Kinshasa* adopted.

5.2.4 Influence of Decision Making on Performance of MSMEs

Decision making had a strong correlation with performance of MSMEs in Kinshasa and significantly influenced. This, based on the finding, the alternative hypothesis that *decision making has a statistically significant influence on the performance of MSMEs in Kinshasa* was

adopted upon rejection of the null hypothesis which posited the absence of a relationship between decision making and performance of MSMEs in Kinshasa, Democratic Republic of Congo.

5.2.5 Influence of Strategy Implementation on Performance of MSMEs

The fifth objective was to determine the effect of strategy implementation on the performance of the MSMEs in Kinshasa. The results indicated a strong positive and significant relationship between strategy implementation in its components (strategy operationalization and strategy execution) and performance of MSMEs in Kinshasa. This implied that the more strategy was operationalized and executed, the more performance of the MSMEs improved. This also implied that as strategy is accurately operationalized and executed, this improves the performance of MSMEs in Kinshasa. Further, the regression analysis results revealed that the overall strategy implementation (strategy operationalization and strategy execution) had a significant effect on performance. The null hypothesis on the influence of strategy implementation on performance was thus rejected. It was concluded that there was a significant influence of strategy implementation on performance of MSMEs in Kinshasa.

5.2.6 Moderating Role of Decision Making on the Relationship between Comprehension of the External Environment and Performance

The effect of decision making on the interrelation between understanding of the external environment and performance of MSMEs in Kinshasa was examined using regression analysis results. The finding was that decision making (intuitive and rational) significantly moderated the relationship. The result implied that based on the regression analysis, decision making (intuitive and rational) as a moderator was predicted by factors of the external environment on the relationship with performance. Hence, the more intuitive and rational decision making were taken

by MSMEs managers, the more will be the influence of managers' comprehension of the external environment on performance

Consistent with these findings, it was concluded that *alternative decision making has a statistically significant relationship between comprehension of the external environment and performance of MSMEs in Kinshasa*. This demonstrated that every success, every mishap, every opportunity seized or missed by MSMEs in Kinshasa is the result of a decision that someone made or failed to make. Therefore, managers of MSMEs in Kinshasa have to develop decision making skills in order to be able to reduce the effect of external forces on the performance of MSMEs in Kinshasa. These findings showed the importance of decision making as an element that has a central place in economics, psychology, and performance of an organisation including performance of MSMEs of Kinshasa, Democratic Republic of Congo.

5.2.7 Mediating Effect of Strategy Implementation on the Relationship between Comprehension of the External Environment and Performance

The mediating effect of strategy implementation on the nexus between comprehension of the external environment and performance of MSMEs in Kinshasa was also assessed. It was found that strategy implementation partially mediated the relationship between comprehension of the external environment and performance. Further, strategy implementation (operationalization and execution) positively impacted performance. This implied that managers of the MSMEs in Kinshasa are required to fully comprehend the PESTEL factors as they continue to operationalize and execute strategy so as to reduce the effect of these environment factors on the performance of the MSMEs in Kinshasa.

On the other hand, a statistically positive effect on implementation of strategy implementation on the relationship between PESTEL factors and performance was established which implied that, the more managers of the MSMEs in Kinshasa operationalize and execute their strategies, the more will the performance improve. This study, thus adopted the alternative hypothesis: strategy implementation has a significant mediating role between comprehension of the external environment and the performance in the MSMEs operating in Kinshasa.

5.3 Conclusions

5.3.1 Influence of Comprehension of the External Environment on Performance of MSMEs

The findings reveal that comprehension of the external environment and performance are positively and significantly related and associated. This is because economic factors have an influence on the well-being of the domestic economy, which in turn affects the success of MSMEs within that economy. While majority of the MSMEs in Kinshasa are aware of the external environmental factors affecting their business and are able to base decisions on the external factors, deeper comprehension of a firm's external environment assists in identifying opportunities and reduces threats. A study of the environment was used to investigate diverse external factors that influence the industry.

5.3.2 Influence of Comprehension of the External Environment on Decision Making

This study concludes that there was a significant positive association between comprehension of the external environment and decision making in MSMEs in Kinshasa. The consideration of PESTEL factors is critical in informing accurate decision making for the performance of MSMEs in Kinshasa. Further, the research concludes that understanding the external environment

significantly and positively influences decision making techniques among managers of MSMEs in Kinshasa.

5.3.3 Influence of Comprehension of the External Environment on Strategy Implementation

. Based on correlation findings it was found that understanding the external environment is significantly and positively related with strategy implementation among MSMEs in Kinshasa. Further, on the basis of findings on the logistic regression analysis, this study concludes that the comprehension of external environment is positively and significantly influences strategy implementation among MSMEs in Kinshasa. This implies that in case that PESTEL are well assessed and comprehended, the implementation of strategies of MSMEs in Kinshasa has more chance to succeed in helping the MSMEs to reach their objectives.

5.3.4 Effect of Decision Making on Performance of MSMEs

The fourth objective of the study was to evaluate how decision making influenced performance of the MSMEs in Kinshasa where it was found that decision making (intuitive and rational) is positively related with performance of MSMEs and performance of MSMEs in Kinshasa is influenced by decision making. This implies that the combination of effective intuitive and rational decision making is critical to attainment of desired performance of MSMEs in Kinshasa. This also means that a unit change in decision making, whether intuition or rational decision making, leads to improvement in the performance of MSMEs in Kinshasa.

5.3.5 Effect of Strategy Implementation on Performance of MSMEs

The fifth objective was to establish how strategy implementation related with and influenced performance of MSMEs in Kinshasa. The findings showed that performance of MSMEs in Kinshasa is strongly positively related with strategy implementation (strategy operationalization

and strategy execution). Further managers' comprehension of the external environment significantly influenced the performance of MSMEs in Kinshasa. Thus, a unit change in either strategy operationalization or strategy execution leads to an improvement in performance of MSMEs in Kinshasa.

5.3.6 The Moderating Role of Decision Making

It was found that decision making has a significant moderating effect on the relationship between understanding the external environment and performance

5.3.7 Mediating Effect of Strategy Implementation

Based on the finding on the seventh objective of this study, strategy implementation partially and significantly mediates the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa. This implies that strategy implementation plays an important role in explaining the relationship between comprehension of the external environment and performance of MSMEs in Kinshasa. Consequently, success of MSMEs' performance depends on a thorough analysis of the external environment factors and use of the learnings to improve the implementation strategy which, in turn would positively impact performance.

5.4 Recommendations

The recommendation for management, policy and research are as follows:

5.4.1 Recommendations for Management

The management of MSMEs in Kinshasa should focus on external factors affecting the performance of their businesses. They should strive to train their employees on the importance of understanding the external environmental factors affecting business including about the politics, economy, culture, emerging technologies, and legal aspects of business. Since the external environmental factors are never static, managers should ensure that their employees take regular refresher courses as one way of updating themselves with the ever changing business environment. They should also leverage on both rational and intuitive decision making. They should be flexible and acquiesced with applicable domestic and international laws, regulations and guidelines. They should also be self-conscious of cultural diversity within the markets in which they operate.

Secondly, MSMEs managers should regularly collect and analyse the relevant data on lifestyle changes in their business location so as to ensure their products are in conformity with needs of their clients. Since MSMEs are operating in an ever changing environment in terms of technological advancement, the management should always monitor the rate of technological advances in their area of specialization and always seek to incorporate innovative technological platforms in their business. They should also ensure they monitor all the legislative changes that are likely to affect their business operations so as to ensure their business operates within the confines of the law and avoid losing their business permits.

Thirdly, concerning decision making, the management should effort to analyse all factors pertinent prior to making decisions and should effectively communicate such decisions to the members of

staff for seamless execution. Inclusion and consensus should be encouraged. MSME managers should ensure their businesses have either short-term or long-term strategic plans in place with clear objectives of the business. These strategic plans should be clearly communicated to all members involved in the business. Responsibilities for implementation of business plans should be clearly assigned for each of the action plans under the strategic plan. Resources allocated for implementation of action plans should be regularly monitored to ensure their utilisation in intended projects to avoid wastage and to ensure the set objectives are achieved. Finally, each member of the business should know and follow the laid down business policies. There should be continued learning of government policies or regulations including by actively obtaining and reading economic survey publications and also actively following political developments in the country.

5.4.2 Recommendation for Policy Makers

From a policy perspective, managers of MSMEs operating in Kinshasa should embrace technology in order to enhance their creativity and innovation concerning their products and services.

Further, it is also recommended that all the MSMEs regroup themselves in Savings and Credit Cooperative Societies (SACCOs) so that they can share challenges, successes, ideas and gain financial support. In addition, it is recommended that the government, through the ministry of Micro, Small and Medium Enterprises, should create a centre for capacity building of MSMEs through seminars, workshops and conferences.

Finally, the study recommends that more effort is needed for success of MSMEs in Kinshasa. Policy makers should ensure the policies set in place to govern the operations of MSMEs in Kinshasa are flexible and not ones that make it difficult for the survival of MSMEs. The policy

makers should ensure the formulated policies governing the operations of MSMEs are communicated to the management of the MSMEs promptly to ensure compliance.

5.5 Contribution to the Body of Knowledge

This study has made important contributions in understanding factors affecting the performance of MSMEs. First, this study confirms existing literature in terms of the positive effect of comprehension of the external environment, decision making and strategy implementation on the performance of MSMEs by proving empirically that organisations need to focus on comprehension of their external environment, decision making and strategy implementation in order to achieve improved performance.

5.5.1 Contribution to theory

The study has also contributed to the RBV which advocates that organisational resources and capabilities, which include the process and people, are key in the performance of the organisation. In this study the resources are the managers who make decisions about the direction of the organisation which in turn affect performance while capabilities are the cognitive abilities of the managers that would enable them effectively comprehend the environment and use this comprehension to make decisions about their respective organisations.

The study also contributed to institutional theory which focuses on the factors of success by considering certain explanatory variables related to an organisation's institutional environment. In this study, it was established that attention to the external environment, particularly the political and legal environment, is crucial to success of the MSMEs. Particularly, legal and regulatory factors exert significant coercive forces on any organisations to comply hence the influence of institutions on MSMEs in Kinshasa.

The research further added to DCV theory which discusses how effective firms are able to successfully coordinate and also redeploy internal and external skills. Managerial decisions based on the resources and abilities of an organisation, as well as differences between firms in their resources and capabilities might result in distinctions in supervisory choices and company performance. In this research, the dynamic capability was the managerial capacity to understand the external environment as well as to use this understanding for decision making and strategy implementation. Additionally, this study contributes to concept, method and practice or application.

Further, the interrelation on comprehension of the external environment and performance has been clarified. This adds to literature on managerial cognition. Specifically, given that the means of comprehension of the external environment were less than 4 (agree: $M=4.0$), it appears that MSME managers need to improve their levels of cognition with regard to the external environment because the more effectively they perceived the external environment, the better was the MSMEs performance. This finding extends the institutional theory by showing how the various external forces/factors shape decision making, implementation of strategy, and performance of the MSMEs. The implications of the external environment on decision making have also been empirically clarified.

5.5.2 Methodological Contribution

A psychometrically validated data collection instrument has been developed to measure “comprehension of the external environment” with all factor loading values on constructs being between 0.5 and 0.8 which have good (0.5) to excellent (0.7) factor loadings. Further, the instruments had high reliability (Cronbach alpha values ranging from $\alpha = 0.752$ to 0.920) which indicate acceptable reliability of the developed instruments that can be used by other researchers to replicate the study.

5.5.3 Applied Contributions

Since the level of the MSME comprehension of the external environment, level of strategy implementation, decision making approaches (rational and/or intuitive) and the resulting level of performance were established for 520 MSMEs in Kinshasa, training interventions are implied to increase the level of comprehension of the external environment, to improve the extent of strategy implementation and decision making since the responses on most of the item measures of the research constructs were below 4 (Agree: $M = 4.0$ on a scale of 1 to 5). The political environment was the least comprehended ($M = 3.71$, $SD = 1.27$) by the respondents yet it is the one that had most significant relationship with performance. This implies the need to commence capacity building for MSMEs in Kinshasa to understand how political factors affect their business.

In summary, this study contributes to knowledge on how comprehension of the external environment influences performance, decision making and strategy implementation by MSMEs. The influence of decision making and strategy implementation on performance, and the moderating role of decision-making as well as the mediating role of strategy implementation on

the relationship between managers' comprehension of the external environment and the performance of MSMEs in Kinshasa are also clarified in this study.

5.6 Areas for Further Studies

The study focused on the influence of comprehension of the external environment forces on the performance of MSMEs in Kinshasa, DRC and the moderating and mediating roles of decision making and strategy implementation on this relationship respectively. In this regard, it is recommended that more research be carried out in other parts of DRC and the rest of the African continent on the same topic so that the results obtained can be compared with the findings of this study. Further, this study adopted quantitative research methods using a positivist paradigm hence more studies should be conducted using different research paradigms in the same area of research so as to compare the results with the findings of this current study. It further recommended that scholars and practitioners actively engage in joint research to help in finding more factors that affect performance of MSMEs in Kinshasa in order to generate evidence to inform policy, practice and theory.

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APPENDICES

Appendix I: Questionnaire

Section A: General Information on the Respondents

1. What is your business industry/sector (e.g. Fuel Supplier, Medicine Supplier, etc.)

2. Please indicate your age from the categories below

- 20-30 years []
31-40 Years []
41-50 years []
51-60 years []-
Above 61 years []

3. Highest level of education attained

- Primary []
Secondary []
Undergraduate []
Masters []
Doctorate []

4. Number of years worked in the enterprise

- 1-5 years [] 6- 10 years [] 11 – 15 years [] 16- 20 years []
More than 20 years []

5. What is your position/rank in your enterprise?

- Senior Manager [] Middle Manager [] Lower Manager []

6. Gender Male [] Female []

7. Ownership of Business

- Owner [] Employee []

8. Does your business have the government Business Registration License?

- Yes [] No []

9. Legal status of business: Sole proprietor [] Partnership []

9. How easy is it to get a business license?

Very easy [] Easy [] Sometimes easy [] Difficulty [] Very Difficulty []

10. Do you prepare short term plans (business plans) to guide your operations each year?

Yes [] No []

*If **YES**, please indicate the time period for your business (annual plan); indicate the period that applies by placing a **tick** or a cross (X) against it*

[] 3 months plan

[] 6 months plan

[] 12 months plan

Section B: Manager's Comprehension of the External Environment

1. Political environment

<i>Statement on political environment....</i>	Strongly disagree	Disagree	Slightly agree	Agree	Strongly agree
(1) I am (we are) aware of all government policies that govern my business.					
(2) I am (we are) conversant with all taxes laws and tariffs relevant to my type of business that are relevant to my business.					
(3) I/We understand how national politics are likely to affect my business in the next one year.					
(4) I/ We understand all the entry mode regulations that relate to our business					

2. Economic environment

<i>Statement on economic environment...</i>	Strongly disagree	Disagree	Slightly agree	Agree	Strongly agree
(5) I am aware of how inflation affects our business					
(6) I am able to quantify the influence of interest rates on my business					
(7) I know the disposable income of buyers of my products/ services					
(8) We have reliable information on finance our business how to access credit					
(9) We have accurate information about unemployment rates in our business location					
(10) We are aware of the implications of fiscal policies.					
(11) We regularly monitor foreign exchange rate trends					

3. Socio-cultural factors

<i>Statement on socio-cultural environment...</i>	Strongly disagree	Disagree	Slightly agree	Agree	Strongly agree
(12) We understand cultural norms of the community in which we conduct business					
(13) We regularly collect and analyse data on consumer tastes and preferences					
(14) We regularly collect and analyse demographic data relevant to our business.					
(15) We collect and analyse the relevant data on lifestyle changes in our business location					
(16) We collect and analyse data on the level of education of our customers.					
(17) We collect and analyse data on distribution of wealth and use it in business decisions					

4. Technical factors

<i>Statement on technological environment...</i>	Strongly disagree	Disagree	Slightly agree	Agree	Strongly agree
(18) we do analysis of the compilation of road network on our business					
(19) I am/wee are fully aware of how we regularly conduct an assessment on how telecommunications influence our business.					
(20) We monitor new discoveries in our area of business.					
(21) We monitor the rate of technological advances					
(22) We always seek to incorporate innovative technological platforms in our business.					

5. Legal factors

<i>Statement on legal environment...</i>	Strongly disagree	Disagree	Slightly agree	Agree	Strongly agree
(23) We monitor all the regulations governing the conduct of my business.					
(24) we monitor all the changes of legislation that are likely to affect my business operations					
(25) I/We keep track of the rules that govern my business as they happen					
(26) We track all Product regulations relevant to our business					
(27) We monitor all Employment regulations that have implication for our business					
(28) We protect our innovations using applicable laws.					
(29) Patent infringements					

Section C: Decision- Making

<i>Statement on economic environment...</i>	Strongly disagree	Disagree	Slightly agree	Agree	Strongly agree
(30) We make decisions upon analysing all available information					
(31) We compare all available alternative options before making a decision					
(32) We base our decision on what has been found to work in the past					
(33) Most of our decisions are based on consensus					

Section D: Strategic Plan Implementation

1. Strategic Plan

Indicate the extent to which you agree with the indicated statements

<i>In my organization...</i>	Strongly disagree	Disagree	Slightly agree	Agree	Strongly agree
(34) Long term business objectives are broken down into clear actionable short-term plans					
(35) Each planned action has a clear target which can be tracked					
(36) Our strategic plan (long term) is clearly communicated to all members in my/our organization					
(37) Responsibilities for implementation of business plan are clearly assigned for each of the action plans under the strategic plan (long term plan)					

2. Strategy implementation

For each of the following statements, please indicate your extent of agreement with regard to your organization/ business

<i>In my organization...</i>	Strongly disagree	Disagree	Slightly agree	Agree	Strongly agree
(38) There is a mechanism to ascertain that the communicated strategic plan is understood by all members					
(39) Action plan objectives are regularly tracked to ensure their attainment					
(40) Resources allocated for implementation action plans are regularly monitored to ensure their utilization in intended projects					
(41) Each member of our/my organization knows and follows laid down business policies					

Section E: Performance

1. Opinions

<i>Statement on economic environment...</i>	Strongly disagree	Disagree	Slightly agree	Agree	Strongly agree
(42) Returns on our assets have increased over the last two years.					
(43) Our profit has increased over the last two years					
(44) We have improved our business processes significantly over the last two years					
(45) We have increased our sales over the last two years					
(46) The satisfaction of our customers has increased over the last two years					
(47) We regularly achieve objectives of our business.					

2. Secondary data

	2015	2016	2017	2018
Return on Assets (ROA)				
Profit				
Sales				

Thank you for accepting to participate in this study and for your cooperation and time. In case you would like to receive a summary of the findings of the study, please provide your email here.....

Section 1: Renseignements généraux sur les répondants

1. Quel est votre secteur d'activité/industrie (par exemple, fournisseur de carburant, fournisseur de médicaments, etc.)
-

2. Veuillez indiquer votre âge dans les catégories ci-dessous.

20-30 ans []

31-40 ans []

41-50 ans []

51-60 ans []

Au-delà de 61 ans []

3. Le plus haut niveau d'éducation atteint

Primaire []

Secondaire []

Graduat []

Licence []

Doctorat []

4. Nombre d'années travaillées dans l'entreprise

1- 5 ans [] 6- 10 ans [] 11 – 15 ans [] 16- 20 ans []

Plus de 20 ans []

5. Quelle est votre position / rang dans votre entreprise?

cadre supérieur [] cadre intermédiaire [] gestionnaire inférieur []

6. Genre mâle [] femelle []

7. Propriété de l'entreprise

Propriétaire [] employé(e) []

8. Votre entreprise possède-t-elle la licence d'enregistrement des entreprises du gouvernement?

Oui [] No []

9. Statut juridique de l'entreprise: Individuel [] Partenariat []

9. Est-il facile d'obtenir une licence commerciale?

Très facile [] Facile [] Parfois facile [] Difficile [] Très difficile []

10. Nous avons un plan stratégique (plan à long terme) pour notre organisation / entreprise

OUI [] NO []

*Si **OUI**, veuillez indiquer la période de votre plan stratégique (plan à long terme); indiquez la période qui s'applique en plaçant une coche ou une croix (X) contre elle*

[] Deux (2) ans

[] Cinq (5) ans

[] Au-delà de Cinq ans

11. Nous préparons des plans à court terme (plans d'entreprise) pour guider nos opérations chaque année

OUI [] NO []

*Si **OUI**, veuillez indiquer la période de temps pour votre entreprise (plan annuel); indiquez la période qui s'applique en plaçant une coche ou une croix (X) contre elle*

[] Plan de 3 mois

[] Plan 6 mois

[] Plan de 12 mois

Section 2: Environnement politique

<i>Déclaration sur l'environnement politique....</i>	Fortement en désaccord	En désaccord	Légèrement d'accord	D'accord	Fortement d'accord
(48) Je suis (nous sommes) au courant de toutes les politiques gouvernementales qui régissent mon entreprise.					
(49) Je suis (nous sommes) au courant de toutes les lois fiscales et tarifs pertinents pour mon type de commerce et qui sont pertinents pour mon entreprise.					
(50) Je comprends / Nous comprenons comment la politique nationale affectera probablement mon entreprise au cours de la prochaine année.					
(51) Je comprends / nous comprenons toutes les réglementations relatives au mode d'entrée qui concernent notre entreprise.					

Section 3: Environnement économique

<i>Déclaration sur l'environnement économique...</i>	Fortement en désaccord	En désaccord	Légèrement d'accord	D'accord	Fortement d'accord
(52) Je suis conscient de l'impact de l'inflation sur nos activités					
(53) Je suis capable de quantifier l'influence des taux d'intérêt sur mon entreprise					

(54) Je connais le revenu disponible des acheteurs de mes produits / services					
(55) Nous disposons d'informations fiables sur le financement de notre activité et sur les moyens d'accéder au crédit.					
(56) Nous avons des informations précises sur les taux de chômage dans notre entreprise					
(57) Nous sommes conscients des implications des politiques fiscales.					
(58) Nous surveillons régulièrement l'évolution des taux de change					

Section 4: Facteurs socioculturels

<i>Déclaration sur l'environnement socioculturel...</i>	Fortement en désaccord	En désaccord	Légèrement d'accord	D'accord	Fortement d'accord
(59) Nous comprenons les normes culturelles de la communauté dans laquelle nous travaillons					
(60) Nous recueillons et analysons régulièrement des données sur les goûts et les préférences des consommateurs.					
(61) Nous recueillons et analysons régulièrement des données démographiques pertinentes pour notre entreprise.					
(62) Nous recueillons et analysons les données pertinentes sur les changements de mode de vie dans notre entreprise.					
(63) Nous recueillons et analysons des données en					

fonction du niveau d'éducation de nos clients.					
(64) Nous recueillons et analysons des données sur la répartition de la richesse et les utilisons pour prendre des décisions commerciales.					

Section 5: Facteurs technologiques

<i>Déclaration sur l'environnement technologique...</i>	Fortement en désaccord	En désaccord	Légèrement d'accord	D'accord	Fortement d'accord
(65) nous faisons l'analyse de la compilation du réseau routier sur notre entreprise					
(66) Je suis / nous sommes pleinement conscients de la manière dont nous menons régulièrement une évaluation de l'influence des télécommunications sur notre entreprise..					
(67) Nous surveillons les nouvelles découvertes dans notre secteur d'activité.					
(68) Nous surveillons le rythme des progrès technologiques					
(69) Nous cherchons toujours à intégrer des plates-formes technologiques innovantes dans nos activités.					

Section 6: Facteurs juridiques

<i>Déclaration sur l'environnement juridique...</i>	Fortement en désaccord	En désaccord	Légèrement d'accord	D'accord	Fortement d'accord
(70) Nous surveillons tous les règlements régissant la conduite de mes affaires.					
(71) Nous surveillons tous les changements de législation susceptibles d'affecter les activités de notre entreprise					
(72) Nous suivons les règles qui régissent les activités de nos affaires tel qu'elles se produisent					
(73) Nous suivons toutes les réglementations de produits pertinentes pour notre entreprise					
(74) Nous surveillons toutes les réglementations sur l'emploi qui ont une incidence sur nos activités.					
(75) Nous protégeons nos innovations en utilisant les lois applicables.					
(76) Infractions de brevets					

Section 7: Prise de décision

<i>Déclaration sur la prise de décision</i>	Fortement en désaccord	En désaccord	Légèrement d'accord	D'accord	Fortement d'accord
(77) Nous prenons des décisions en analysant toutes les informations disponibles					
(78) Nous comparons toutes les options possibles avant de prendre une décision					
(79) Nous basons notre décision sur ce qui a fonctionné dans le passé					
(80) La plupart de nos décisions sont basées sur le consensus					

Section 8: Performance

<i>Déclaration sur la performance...</i>	Fortement en désaccord	En désaccord	Légèrement d'accord	D'accord	Fortement d'accord
(81) Les rendements de nos actifs ont augmenté au cours des deux dernières années.					
(82) Notre bénéfice a augmenté au cours des deux dernières années					
(83) Nous avons considérablement amélioré nos processus opérationnels au cours des deux dernières années.					
(84) Nous avons augmenté nos ventes au cours des deux dernières années					
(85) La satisfaction de nos clients a augmenté au cours des deux dernières années					
(86) Nous atteignons régulièrement les objectifs de notre entreprise.					

Section 9: Performance

	2015	2016	2017	2018
Rendement de l'actif (ROA)				
Profit				
Ventes				

Section 10a: Mise en œuvre du plan stratégique

Indiquez dans quelle mesure vous êtes d'accord avec les énoncés indiqués

<i>Dans mon entreprise...</i>	Fortement en désaccord	En désaccord	Légèrement d'accord	D'accord	Fortement d'accord
(87) Les objectifs commerciaux à long terme sont décomposés en plans à court terme clairs et réalisables					
(88) Chaque action planifiée a un objectif clair qui peut être suivi					
(89) Notre plan stratégique (à long terme) est clairement communiqué à tous les membres de mon / notre organisation					
(90) Les responsabilités pour la mise en œuvre du plan d'affaires sont clairement assignées à chacun des plans d'action du plan stratégique (plan à long terme)					

Section 10b: Mise en œuvre de la stratégie

Pour chacune des affirmations suivantes, veuillez indiquer votre degré d'accord avec votre organisation / entreprise.

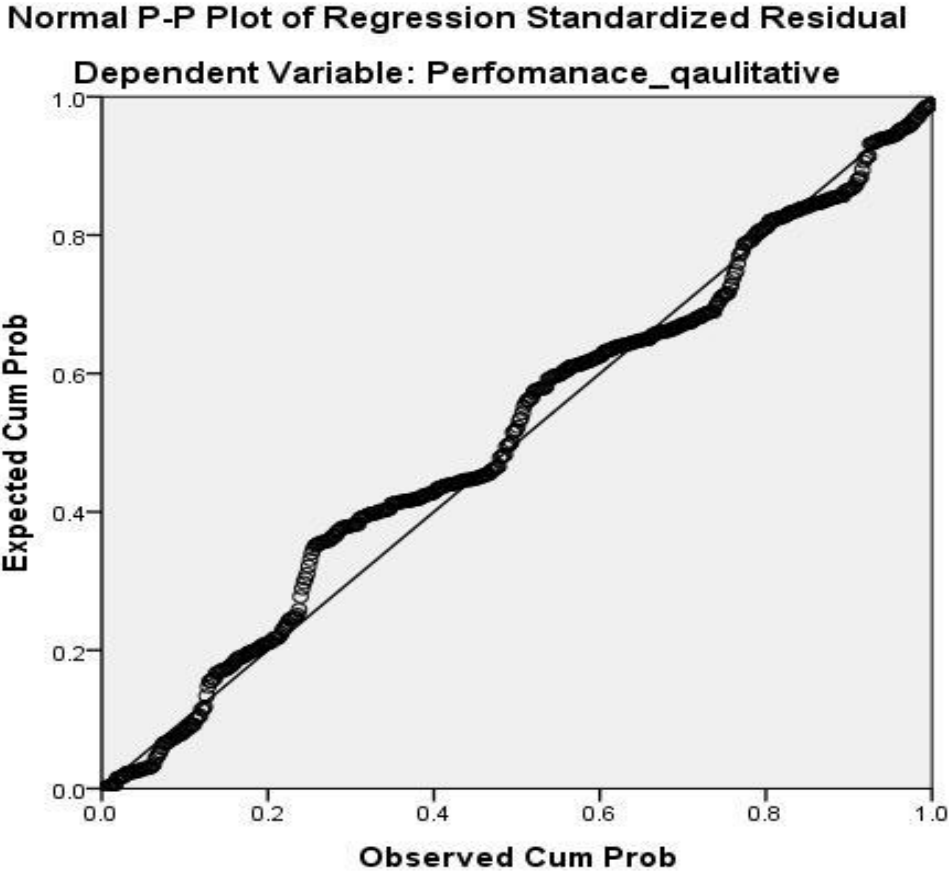
<i>Dans mon entreprise...</i>	Fortement en désaccord	En désaccord	Légèrement d'accord	D'accord	Fortement d'accord
(91) Il existe un mécanisme permettant de vérifier que le plan stratégique communiqué est compris par tous les membres.					
(92) Les objectifs du plan d'action font l'objet d'un suivi régulier afin de garantir leur réalisation.					
(93) Les ressources allouées aux plans d'action pour la mise en œuvre font l'objet d'un suivi régulier afin de garantir leur utilisation dans les projets envisagés.					
(94) Chaque membre de notre / mon organisation connaît et suit les politiques commerciales définies					

Merci d'avoir accepté de participer à cette étude ainsi que pour votre coopération et votre temps.

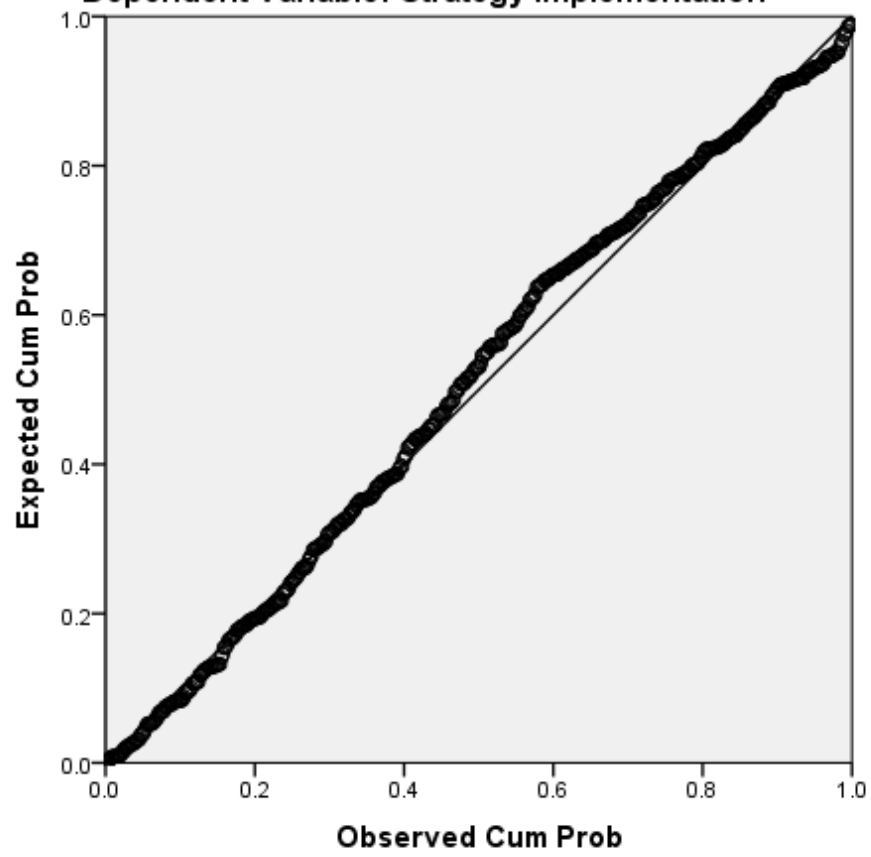
Si vous souhaitez recevoir un résumé des résultats de l'étude, veuillez indiquer votre adresse électronique ici

Appendix II: Figures

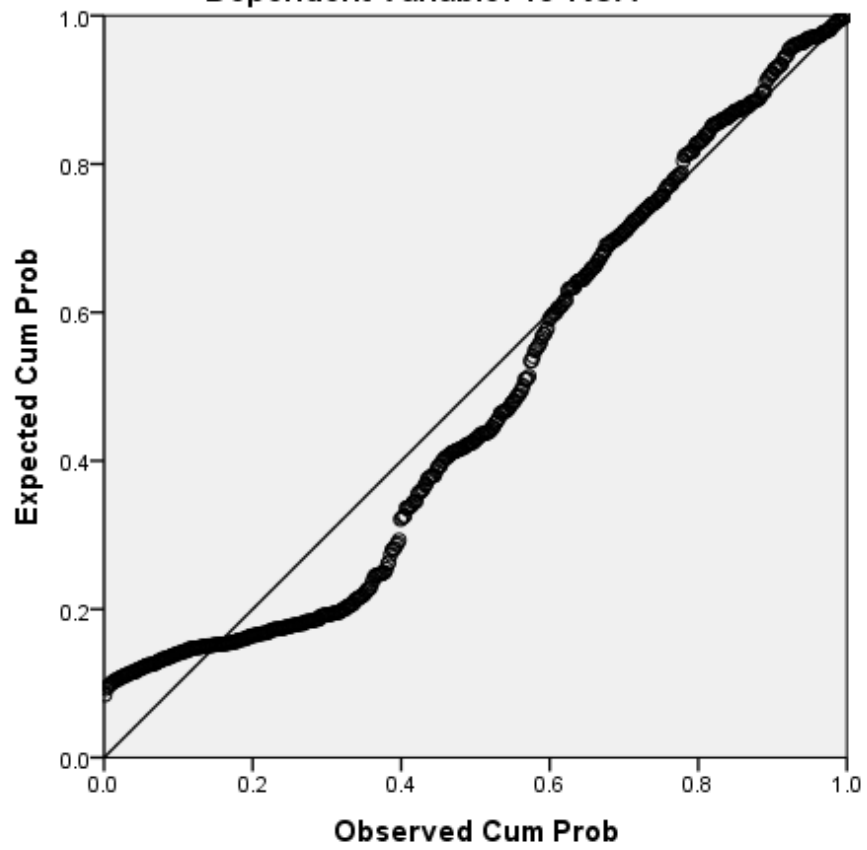
Normal P-P plot of residuals



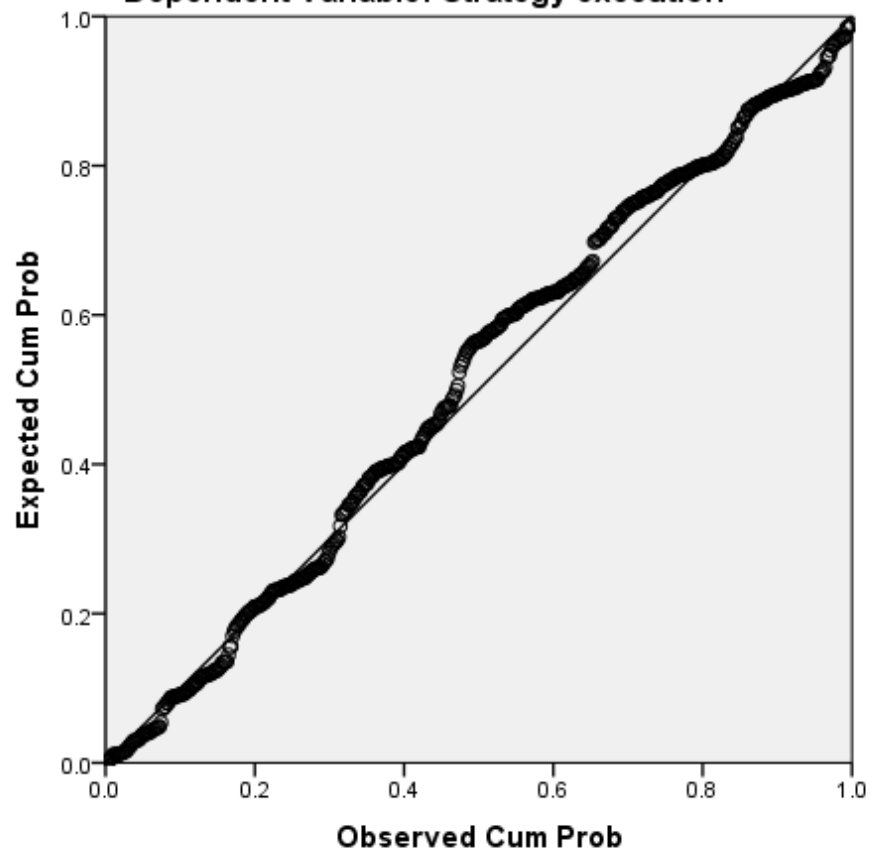
Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Strategy implementation



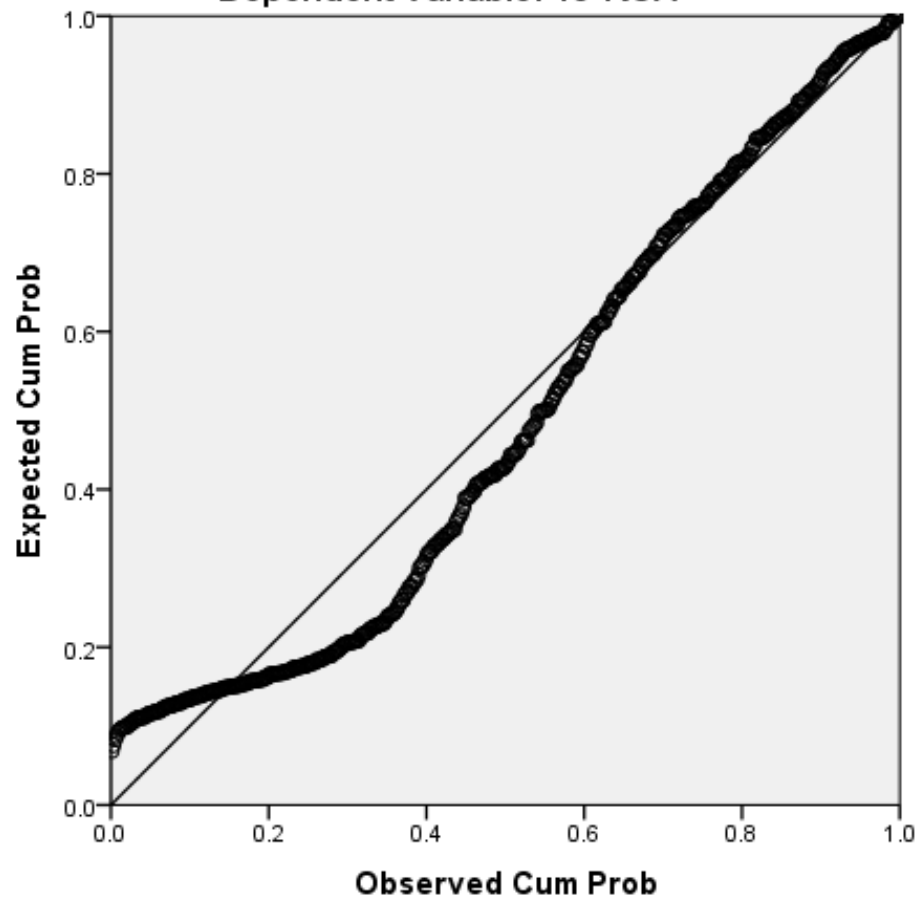
Normal P-P Plot of Regression Standardized Residual
Dependent Variable: 10*ROA



Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Strategy execution

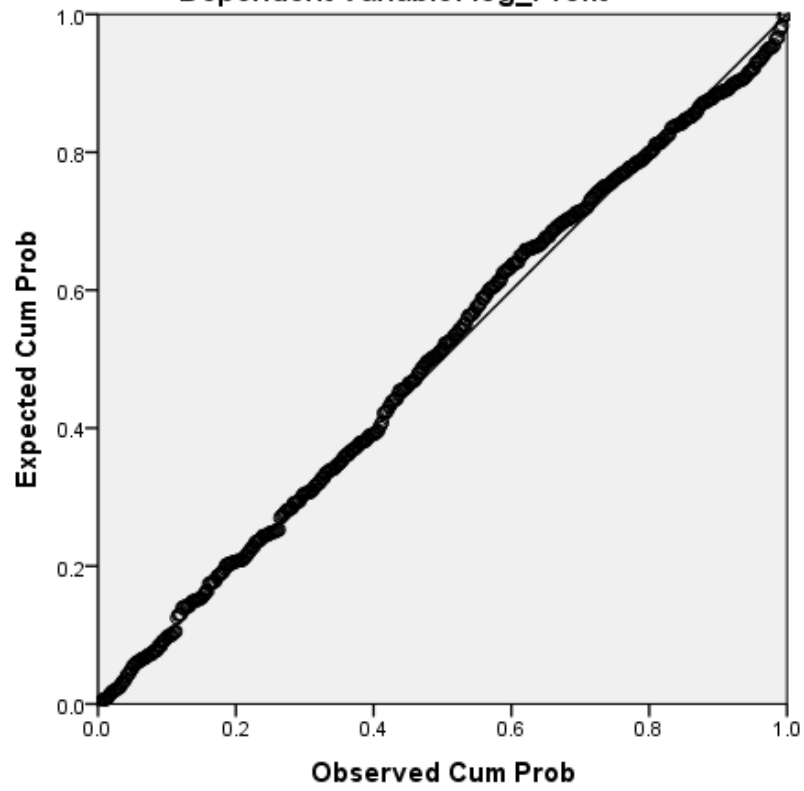


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: 10*ROA



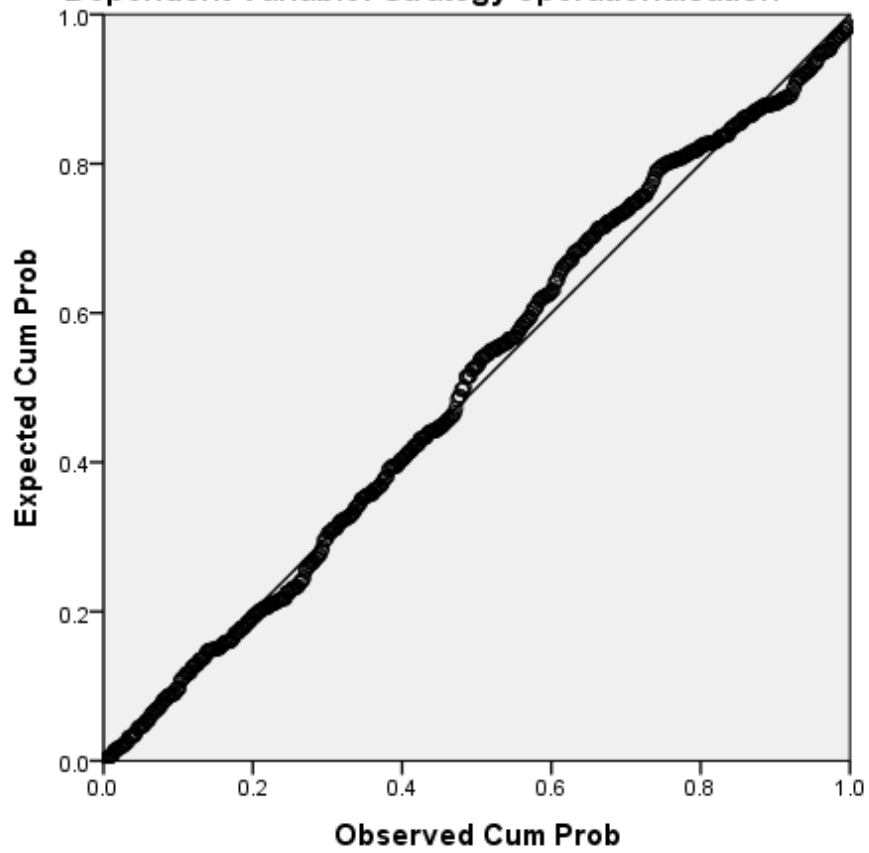
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: log_Profit



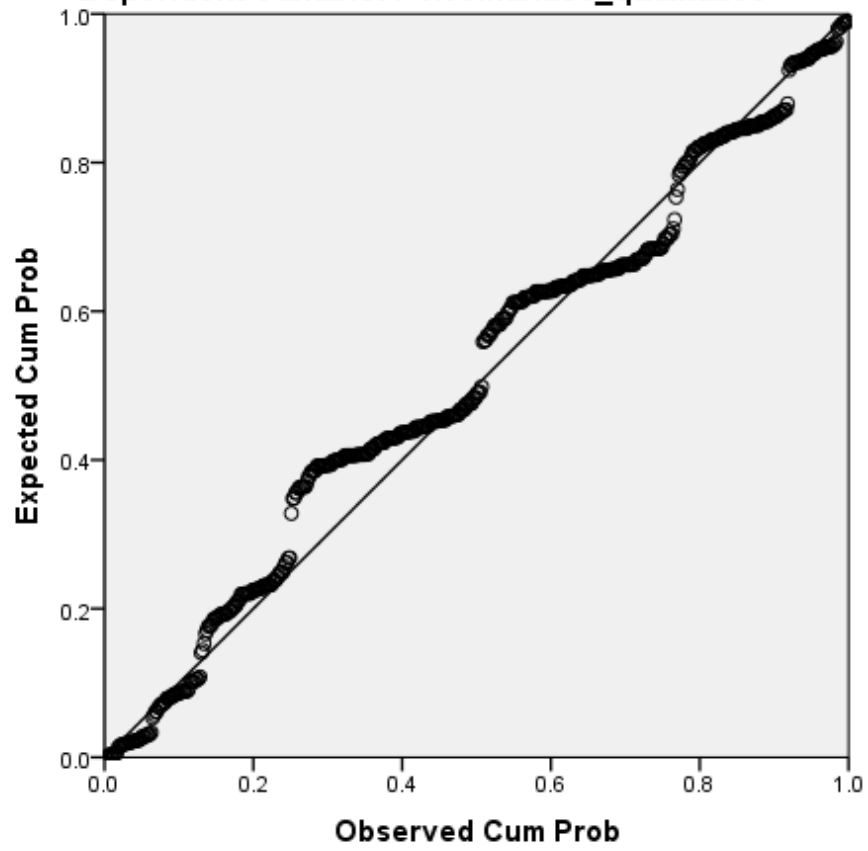
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Strategy operationalisation

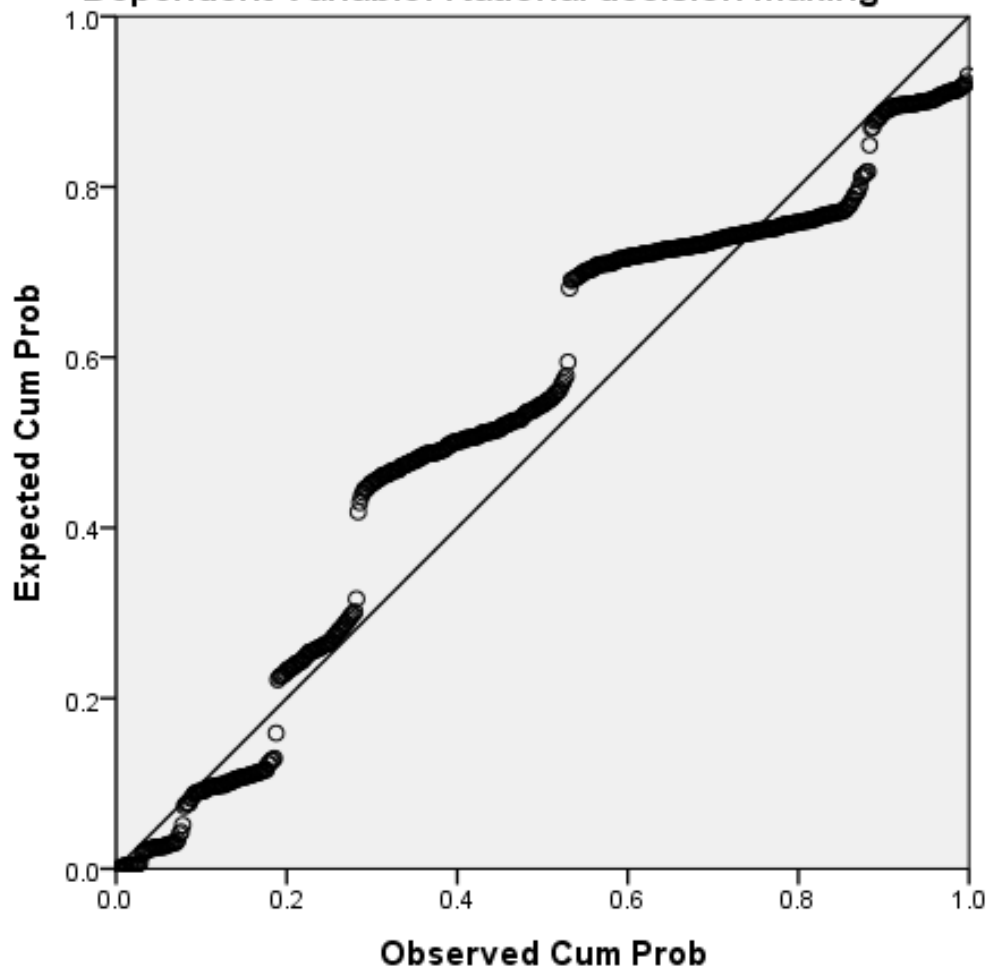


Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Performanace_qualitative

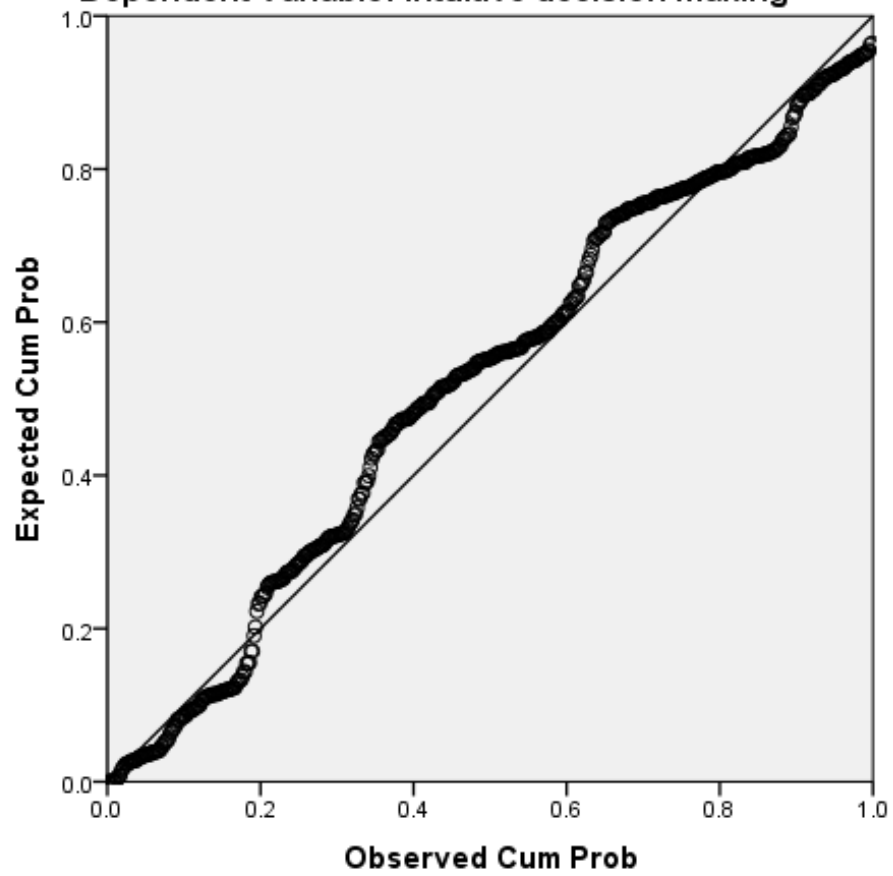


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Rational decision making



Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Intuitive decision making



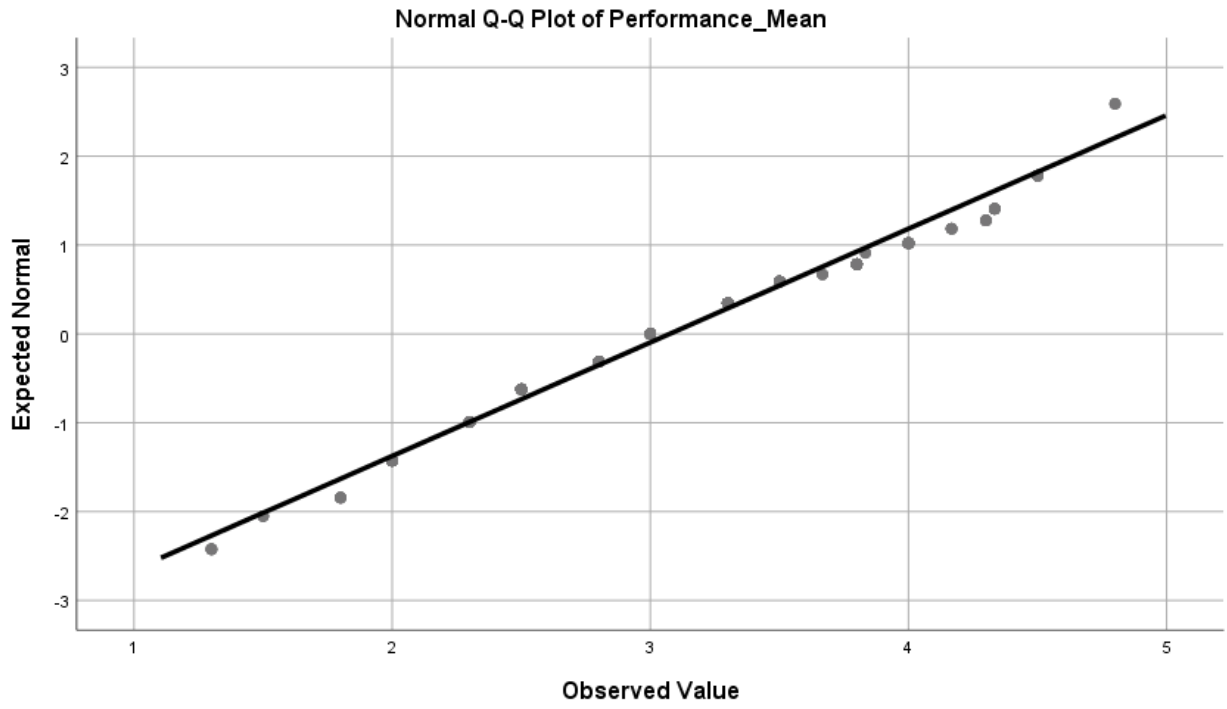
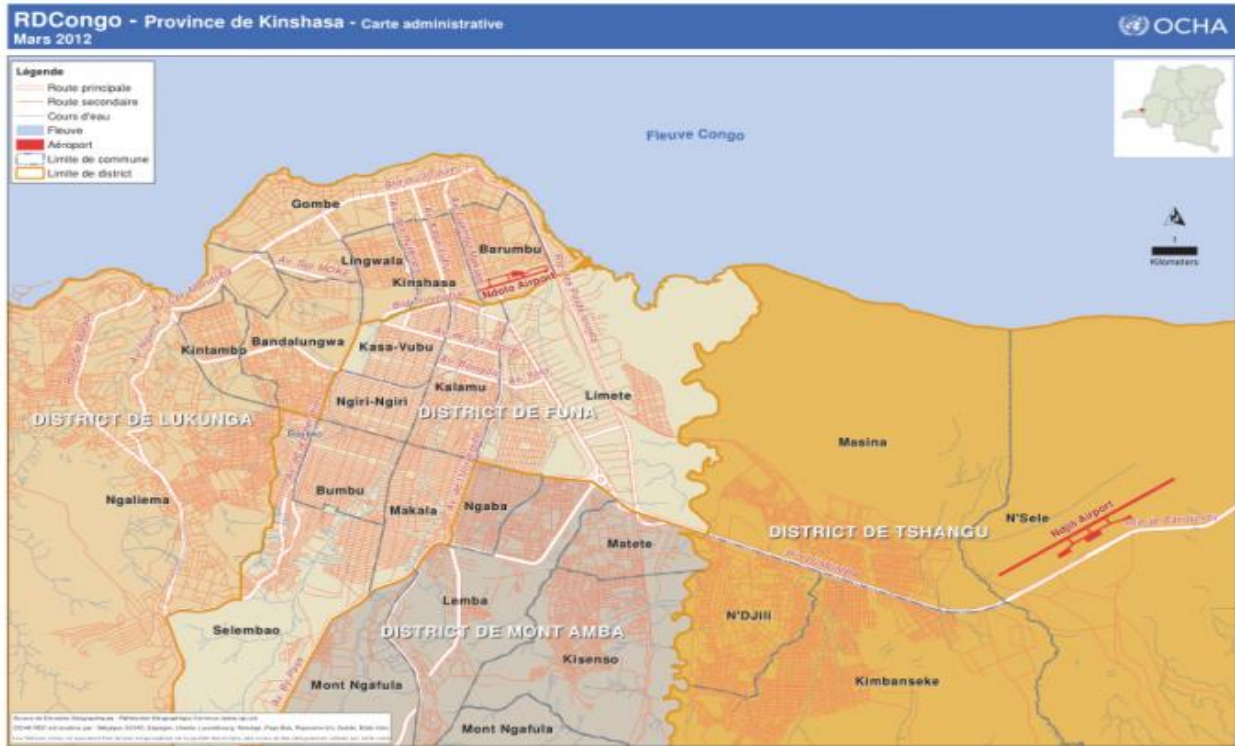


Figure 1: Normal Quantile-Quantile (QQ) plot for Performance

Democratic Republic Of the Congo map



Kinshasa map



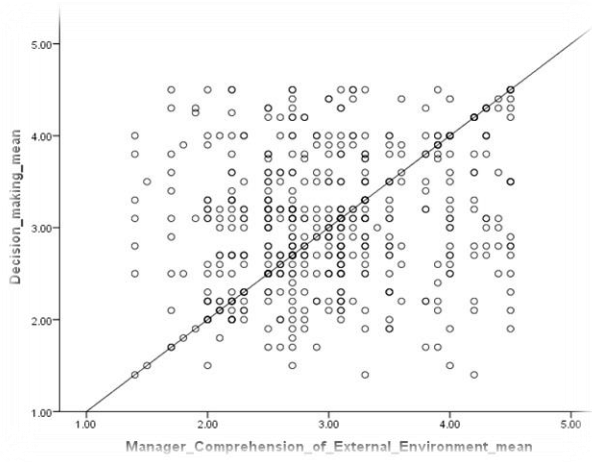
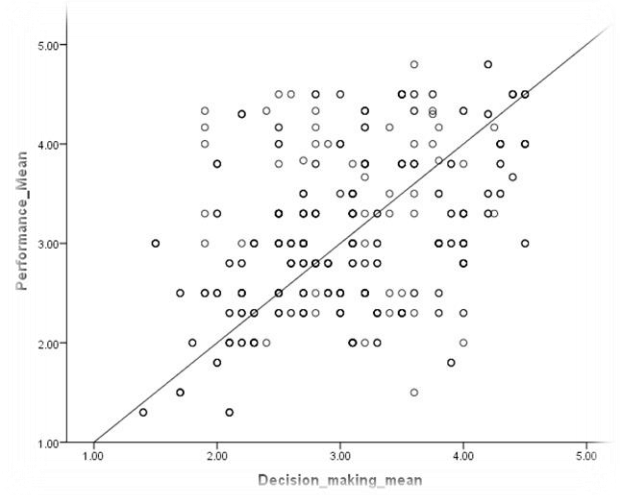
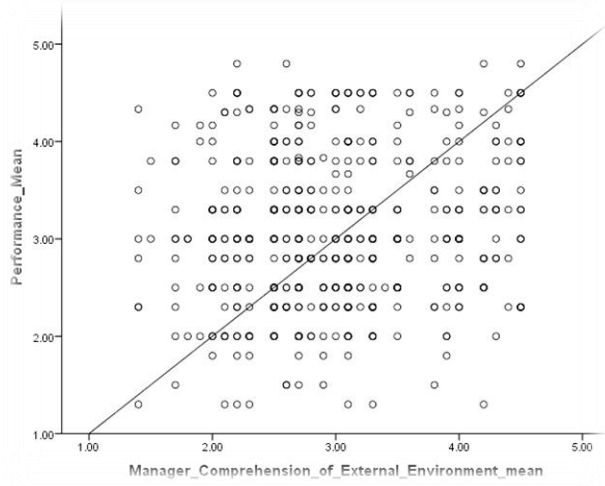


Figure 2: Graphical Diagram for Linearity