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**STRATEGY IMPLEMENTATION PRACTICES AND THE PERFORMANCE OF  
SMALL AND MEDIUM ENTERPRISES IN KENYA****ABDULLAHI HAJI ADAN****Abstract**

This study sought to explore factors which influence performance of SMEs in Namanga Town, Kajiado County. This study was guided by the following specific objectives: To analyse the effects of market access on performance of small and medium enterprises at Namanga; To assess whether transportation cost has any effects on performance of small and medium enterprise at Namanga; To survey employee capacity on the performance of Small and Medium Enterprise at Namanga; and To find out the effects of financial access on performance of small and medium enterprise at Namanga. The study was reinforced by the following theories; Theory of firm survival and performance. The focus population is on 334 SME situated in Namanga, Kajiado County. The said target population was basic to this study since it gave direct data for analyses. For the reasons of the study stratified sampling testing was utilized to choose the objective gathering. Stratified random sampling was utilized in choosing respondents. The population is isolated into a few fundamentally unrelated sub-populations or strata grouped as business classifications. The sample size was 30% of the target population. The real business examined was picked by utilizing straightforward arbitrary techniques to draw the example from every stratum. This study used a survey to manually gather essential information. The survey outlined in this study will involve two areas. The poll was intended to incorporate both organized and unstructured inquiries. Before preparing the reactions, the finished polls were altered for fulfilment and consistency. Information gathered was quantitative and subjective in nature. The elucidating factual apparatuses helped the researcher to portray the information and decide the degree utilized. Study was done quantitatively and subjectively by utilization of expressive measurements. This included recurrence circulation, tables, rates, mean and standard deviation. Likewise, progress measurable systems (inferential insights) were additionally considered. The study presumes that market got to is decidedly identified with execution. Worker ability and preparation is decidedly identified with performance of small and medium enterprises. Transportation costs influenced performance of small and medium enterprises and money related access is decidedly identified with performance of small and medium enterprises. The study prescribes that to build the market; the legislature should expand its utilization of items from small and medium enterprises from the current 30% to half over every one of its departments and parastatals. The administration ought to enhance its offering framework by making it less demanding for small and medium enterprises to win government tenders.

**Key Words:** Market Access, Transportation Cost, Employee Training and Capacity, Financial Access, Performance, Small and Medium Enterprises

## **Background of the Study**

Medium enterprises constitute a classification hard to separate from the little and huge business classifications. The Small and Medium enterprise business in Kenya is described by the workforce of between 50 to 200 representatives and capital resources of a generous measure of about Ksh. 2 million (GoK, 2010). There is no standard meaning of Small and Medium enterprise in Kenya. Loan specialists definitions change, however ordinarily they characterize Small and Medium enterprises as organizations with six to 50 representatives or with yearly incomes fewer than 50 million Kenyan shillings. Small and Medium Enterprises are seen as the motor of development in Kenya as a result of their key part in monetary improvement. The sector produces work openings, gives merchandise and enterprises and steers rivalry and development (KIPPRA, 2006). Small and Medium enterprises contain around 75% of all organizations, utilize 4.6 million individuals (30%), represents 87% of new employments made and contributes 18.4 % of the gross domestic product (Kiveu, 2008).

The part of framework advancement on Small and Medium Enterprise development has been all around recorded in the writing (Sahoo & Dash, 2009). Foundation advancement, both monetary and social, is one of the real determinants of Small and Medium Enterprise development, especially in creating nations. Coordinate Investment on framework makes generation offices and animates monetary exercises; decreases exchange expenses and exchange costs enhancing aggressiveness and gives business chances to poor people. Conversely, absence of framework makes bottlenecks for reasonable Small and Medium enterprises development and neediness decrease. The significance and commitment of Small and Medium enterprises to accomplishing macroeconomic objectives of countries, particularly in creating countries, has pulled in the consideration of researchers in the business enterprise train as of late (Shelley, 2004).

A complex worldwide condition in which Small and Medium enterprises survive, develop and flourish is, in this way, considered a vital goal of strategy creators in both new and rising economies around the globe. Small and Medium enterprises are for the most part known for their serious work and furthermore for utilization of nearby assets and resources. In any case, these variables are additionally in charge of specific factors that add up to absence of aggressiveness in the light of globalization (Eeden, 2004). Support for Small and Medium enterprises is a typical topic since it perceives that Small and Medium enterprises add to the national and worldwide financial development.

It was noticed by Eeden (2004) that effective independent companies are basic to keeping up a vigorous economy. Bennet (2005) kept on watching that the independent companies are perceived in America for building the economy as well as supporting popular government, confidence and freedom. He ascribed the high pervasiveness of entrepreneurial and independent venture movement to the American economy, positive social and recorded foundation. Baumbark, (2007) in an article on independent venture in U.S. history watched that for over a century, the administration had executed laws meant for keeping huge organizations from contending unreasonably with private venture.

It was also watched by Lambin, (2010) that verifiably, Small and Medium enterprises have assumed an essential part during the time spent on work assimilation. Because of the critical importance pretended by the big private companies, the South African government has instituted projects to energize development of Small and Medium enterprises, instituted mediations process, for example, formation of an empowering legitimate system, access to

business sectors, access to fund, preparation of foundation, limit building cost, limit tax collection and encourage monetary motivating forces among others (Eeden, 2004).

Support for Small and Medium enterprises can positively convert into help for entrepreneurial action. Expanding business rivalry, specifically against vast and current contenders, place Small and Medium enterprises in a powerless position. In improving development, most Small and Medium enterprises work along customary lines underway and advertising. It has been contended that the principle issue for Small and Medium enterprises in development isn't their little size yet their uniqueness which blocks access to business sectors, and also to data, fund and institutional help. Absence of capital, absence of abilities, and issues in business improvement are a portion of the issues experienced by Small and Medium enterprises. Inside constraints, including capital deficiency, old gear and obsolete innovation have blocked the advancement of Small and Medium enterprises. Regardless of the way that some Small and Medium enterprises have declined or stagnated, others have been developing and effectively growing (Calderon & Serven, 2003).

The Kenyan government considers the sector the focal point of economic development and influences other sectors of the economy (GoK, 2007). However the area faces difficulties that make it illogical for it to understand its maximum capacity and convey to the administration desires even after the development of the East African Community. Despite these difficulties, Kenya still emerges to be the main economy in the locale however other rising economies like Ethiopia and Rwanda are gaining honourable ground by enrolling higher financial development rates when contrasted with Kenya. Restricted access to business sectors remains a serious requirement to Small and Medium enterprises development and aggressiveness in Kenya, attributable to a contracting household showcase because of globalization (KIPPRA, 2006).

Constrained access to business data and advertisement makes Small and Medium enterprises less mindful of chances in the market. General total interest for the division's items is low and markets are soaked because of overproduction and dumping of shoddy imports. Markets don't work well because of lacking business data, high exchange expenses and hardened rivalry for comparative items. High exchange costs are because of market wasteful aspects and data asymmetry. Small and Medium enterprises confront challenges getting to business sectors because of constrained market data, poor showcasing limit and poor statistical surveying prompting an error between the free market activities (KIPPRA, 2006).

### **Statement of the Problem**

The small and medium-sized enterprise has an imperative part to play in making economies financially change, as well as in poverty reduction and employment creation, (Baumbark, 2007). The segment faces various challenges like lack of legal backing, lack of access to financial borrowing, lack of access to business data and innovation and hurdles in business sector preparation. Interest in the sector can add to the accomplishment of advancement of livelihood objectives, as it promptly enhances the quality of life and improves the wellbeing of society, creates work and upgrades a nation's capacity to exchange in economic forums, while diminishing the expenses of merchandise and ventures for the general populations, (Scott and Bruce, 2006). Infrastructure development play an important role in business growth through reduction in transportation cost for the business activities, enhanced security, ease of accessibility of business by customers and attraction of investors, (Arbury, 2011). Infrastructures have become more than linking channels between towns or cities; they have become a tool for business performances (International Federation, 2011).

The infrastructure development in Namanga has led to the demolishing of Small and Medium Enterprises to give room for the massive infrastructure construction. Small and Medium Enterprises have also been forced to move out of the area for lack of access to their markets while others have scaled down operations, whereby outlets such as roadside pubs, petrol stations, restaurants and even some general businesses established to primarily tap business from highways consumers have lost out, (RoK, 2010). To the researcher's best knowledge there is limited information available on factors affecting Small and Medium Enterprises performance at Namanga. Therefore, this study seeks to survey the factors influencing performance of small and medium enterprises in Namanga, Kenya

### **Objectives of the Study**

#### **General Objective**

The general objective of the study was to Survey the factors influencing performance of small and medium enterprises in Namanga.

#### **Specific Objectives**

The study was guided by the following specific objectives:

- i. To analyse the effects of market access on performance of small and medium enterprise at Namanga.
- ii. To assess whether transportation cost has any effects on performance of small and medium enterprise at Namanga.
- iii. To survey employee training and capacity on the performance of Small and Medium Enterprise at Namanga.
- iv. To find out the effects of financial access on performance of small and medium enterprise at Namanga.

### **Theoretical Review**

This is a gathering of interrelated thoughts in view of theories. It is a prepared arrangement of suggestions which are gotten from and supported by information or proof. This study will be guided by the following theories.

#### **Theory of firm survival**

This theory was advanced by Schumpeter in 1942. Schumpeter argues that innovation is important for survival, not only for new firms introducing new products or creating new markets, but also for incumbent firms that need to continuously innovate to face the threat of disruption from new technologies (Christensen, 1997). Banbury and Mitchell(1995) show that in the established industry of cardiac pacemakers, the incumbent firms that more frequently introduce incremental innovations, and are able to support them in the market, have greater probability of survival. These studies, however, are based on specific industries, especially high-technology industries, and they do not allow establishing more general properties of the influence of innovation survival across the industries.

Despite this strong emphasis on innovation and survival in both industrial economics, organizational theory and management, few attempts have been done in trying to estimate the effect of the ability of firm to innovate on its own likelihood to survival. Indeed, Sorensen and Stuart (2000) argue that the link between innovation and firm survival is an "unresolved" and "largely undocumented" issue of empirical enquiry. In their study of the relationship between the ageing of a firm and innovation (as measured by patents), they argue that this bears on implications on firm survival, which need to be directly addressed.

Schumpeter argued that innovation plays a key role for the survival of firms. Innovation strikes not at the margins of the profits and the outputs of the existing firms but at their foundations and their very lives (Schumpeter, 1942). More recently this view has been stated by Baumol (2002) that under capitalism, innovative activity becomes mandatory, a life-and-death matter for the firm and innovation has replaced price as the name of the game in a number of important industries (Baumol, 2002). Innovation matters for all different types of firms, new as well as established firms. As Schumpeter emphasizes, innovation is a powerful vehicle for new firms to successfully enter the market and undermine the established firms. As well, established organizations need innovating to maintain their competitive position in the face of new and emerging or 'disruptive' technologies (Christensen, 1997).

In industrial economics, most of the literature looking at firm-specific determinants of survival focuses on the structural features of the firm, such as its size and age. In organizational theory, the focus of attention has been on the organizational ageing process, and the environmental features of survival, and says little about innovation. This theory therefore indicates that for small and upcoming enterprises to survive and be competitive they must embrace innovation and continuous improvement coupled with use of modern technology.

### **Theory of firm performance**

Firm performance when all is said and done implies augment in measure. To investigate, firm performance has been operationalized from various perspectives and assorted measures have been used. This may be one reason behind the clashing results reported by past examinations; however extraordinary elucidations have furthermore been shown. The practically from time to time used measure for performance has been change in the organization's turnover (Sahoo and Dash, 2009).

Regardless, it has been found that these measures, which are as regularly as conceivable used as a piece of the Small and Medium Enterprise setting, are unequivocally between related. Such a between relationship may not exist among capital-concentrated tremendous associations. Most examinations of firm performance have focused on far reaching associations or new interest, while the performance of developed, apparently never-ending Small and Medium Enterprises seems to have pulled in considerably less thought. Honestly, various definitive life cycle models display improvement as one period of progression in the various leveled life cycle. On the other hand, it has been exhibited that most new jobs are made by existing, not new, Small and Medium Enterprises. In any case, past examinations of *Small and Medium Enterprise performance* have focused on the performance of new interests rather than on existing Small and Medium Enterprises and on the components behind their life expectancy and advancement (Sahoo and Dash, 2009).

### **Empirical Review**

#### **Market access and Small and Medium Enterprises Performance**

The significance of market access to associations is all around archived in writing (Stoica & Boncella, 2013). It might be accomplished through market administration which is hypothesized to be able to upgrade a venture's upper hand through expanded market outreach. Administration of business sectors through ceaseless advancement, items or procedures in foresight of, and reaction to, dynamic client prerequisites, contenders and supply investigation is the substance of Small and Medium Enterprise survival and development (Price & Boncella, 2013). A significant movement under market administration is showcase

advancement through development which has been noted as essential in enhancing item and administration offering in firms.

Market advancement, which has been comprehensively viewed as particular or general to associations, empowers firms to attempt new thoughts, grab the open door which are fundamental amid showcase access and increase upper hand (Gomez, 2013). As per surviving writing, showcase gets to has been exhibited in various structures. For instance Small Enterprise Education Program (SEEP) manual for business improvement administrations contended that market get to comprises of showcasing business, showcase linkages, exchange fairs and displays, advancement of tests for purchasers, showcase data, subcontracting and outsourcing, promoting tips and meeting, statistical surveying, promoting space advancement, showrooms, bundling and publicizing (SEEP, 2000). Conversely, UNDP (2004) introduced showcase access as a seven component factor including statistical surveying, advertise data, exchange fairs, item presentations, promoting, bundling, showcasing excursions and gatherings, and subcontracting and outsourcing. Writing (Mahmoud, 2011) has brought up that market get to have an effect on performance of associations in Ghana. In any case, contrasts in assessments have been accounted for in measuring the variable and in regards to this impact.

Advertising decides in the long haul, regardless of whether the business will succeed or not. Actually, it has been perceived as a standout amongst the most critical business exercises and basic component to the survival and development of the undertakings (Stokes, 2011). It was stated by Murphy (2010) that entrepreneurs display certain identity attributes that is in charge of the achievement or disappointment of their organizations. Lacking promoting aptitudes of proprietors make showcasing issues in the independent venture part. (Gilmore, 2011) surveys promoting confinements of Small and Medium Enterprises as restricted assets, for example, money related, time and showcasing learning, deficiency of elite advertising systems, and constraint in advertise impact.

### **Transportation Cost and Small and Medium Enterprises Performance**

The cost of transportation includes the actual cost of travel or transportation of goods, the delays, vehicle maintenance costs, transport infrastructure maintenance, transports projects capital outlay and the level of service to the travellers etc. In general, this constitutes the social costs (O'Flaherty, 2004). Where the social costs are high; the cost of doing business is correspondingly high. Similarly, as user's transportation costs are reduced, resources are freed for other purposes, (Shelley, 2008). Therefore being one of the components of production costs, the fundamental importance of transport policy is to bring down the total cost of urban transport in order to restore a healthy urban economy, (Eeden, 2004).

Failure of the authorities to provide for the Non-motorized facilities ignores the travelling needs of the poor and the marginalized/vulnerable groups who often eke out their living from Small and Medium Enterprises. While there is a lot of transport infrastructure improvements going on in the city, this improvements create inequity as they benefit those with cars (the wealthy, and often at the cost of the public purse) rather than the general environment and the poor, (ECDE, 2010). While the social inequality and the associated social economic problems due to poor infrastructure are well documented, no detailed studies have been carried out to establish the effect of transportation on the performance of Small and Medium Enterprises. Insecurity on the roads reduces mobility especially after darkness while well connected routes/roads increase the concentration of pedestrian flow and cars on the secure routes and roads. The busy walkways/routes attract informal sector businesses and trade, the presence of

which improves safety. Hence as the security along the transport routes increase, so is the improvement in the performance of Small and Medium Enterprises.

In additional to this, (UN Habitat report on crime in Nairobi, 2010) indicates that the areas in which residents are likely to be attacked or hijacked are formal lower income followed by formal middle income suburbs. The report further adds that the largest group of people attacked are those returning home from work and it happens mostly in public vehicles. As can be noted from the fore going, there is consistent data over the years on transport safety and security. However, there is no associated study to assess the effect of this lack of transport safety and security on the performance of Small and Medium Enterprises. Studying infrastructure facilities is vital as there could be an arrangement of particular issues included which may help depict it as a basic component in understanding *Small and Medium Enterprise performance* (World Bank, 2008). As indicated by Estache (2006), framework offices have been seen as the essential structures physical and hierarchical that offers help for advancement of an association or economy. It has been viewed as a fundamental linkage between a firm and its business sectors which can possibly effect on the company's incomes and general adequacy (Price, Stoica & Boncella, 2013).

### **Employee capacity and small and medium enterprises Performance**

Employee getting ready and change have been said to be essential parts of key human resource organization, and furthermore strategies for diminishing vulnerability in the business focus and finishing various levelled destinations. The rule target of employee' change is to empower the relationship to fulfil its focal objective and business goals (Pinnington & Edwards, 2000). Fundamentally, specialist getting ready and change give sensible opportunities to delegates according to their objectives and presents for picking up data and know-how, and for applying them in perfect and unprejudiced conditions of business or free work to revive industrialization for the money related and social focal points of themselves and distinctive gatherings or countries (UNIDO, 1995).

### **Capacity Building**

#### **Employee Training and Development**

An association is just as compelling as the general population working in it. The arrangement of proficient administrations by any association relies upon the nature of its workforce. Preparing and advancement of work force as per Bratton and Gold, (2003) involves the strategy and procedures that intentionally look to give learning exercises to improve abilities, information and capacities of individuals, groups, and associations so that there is no adjustment in real life to accomplish the coveted results. It is truly inconceivable today for any person to go up against a vocation or enter a calling and stay in it for quite a long time with his abilities essentially unaltered. Representative preparing and advancement isn't just attractive however it is an action which administration must confer human and financial assets on the off chance that it is to keep up a talented and proficient staff. Staff preparing and advancement is a procedure of adjusting representative's conduct to encourage hierarchical objectives.

Training was characterized by Cole (1993) as any learning action which is coordinated towards the obtaining of particular information and aptitudes for the motivations behind an occupation or errand. The concentration of preparing is the activity or errand. Advancement then again he said is any learning movement which is coordinated towards future needs as opposed to show needs and which is concerned more with profession development and quick execution. The concentration of advancement has a tendency to be basically on an

association's future labor prerequisites, and also, on the development needs of people in the work environment. Advancement is the procurement of information and aptitudes that might be utilized as a part of the present or future. This is all the more long haul centered. It is a complete term used to portray all the distinctive manners by which individuals can be urged to build, refresh and embrace their insight, aptitudes, individual capacities and skills. He stated, improvement has a more extensive concentration, long time span and more extensive degree.

As per Cole (2002), the training strategy of an association may incorporate a scope of approaches managing human resource. The approach articulation sets out what the association is set up to do as far as building up its workers and it must help the authoritative mission, objectives and procedures. The strategy articulation must be characterized in clear terms and should likewise be accessible to for references. A few associations have a custom of developing their own supervisors and authority by giving a significant interior preparing to maintain every one of their needs (Noe, 1999). Different associations get their preparation to outside suppliers, for example, schools, colleges, experts and private preparing associations. There are, be that as it may, different associations that receive a mid-way position, giving acceptance preparing and work preparing inside however contracting out administration and administrator preparing.

### **Employee Performance**

It was alluded to by Cascio, (1992) that performance as a representative's achievement of appointed errands. He placed further that pre-decided benchmarks are set against which genuine exhibitions are measured and that with no govern of estimation it will be hard to survey execution. As such before cases can be made that individuals are failing to meet expectations at that point there must be some performance desires. The goal of worker performance investigation practice is to audit representative performance against principles set and recognize qualities and shortcomings of people both as far as individual attributes and conveying abilities (Goss, 1994). It is then an inquiry to embrace singular appraisals and take after this with an advancement design in order to accomplish higher profitability and an outcomes yielding group.

It was found by Joyce & Glynn, (1989) that a specific worker advancement approach, given time and support for full usage, had immediate, sensational impact on execution. Additionally investigations of this write are expected to help what is for the most part accepted to be valid. Representative improvement can and has effect on staff execution. There is practically no inquiry that compelling improvement programs do change the performance of workers. In the case of preparing program, singular request or some other model laid out before, representative advancement keeps on being a basic component that adds to laborer viability and general performance change.

Because of poor performance issues, associations will all over offer their delegates top notch setting up that has alongside zero effect on the individuals' action execution. Organization may blame the inability for the readiness for the planning program or the mentor, when in all actuality the arrangement effort was not the correct assurance to the issue regardless. In case readiness is unquestionably not the proper reaction, the guide must perceive the fundamental driver (or causes) of the issue and pass this information on to organization (Gupta, 1999). The Small and Medium Enterprises acknowledgment and their capability to tackle the joblessness issue and make riches, extensive help programs have been set up by the legislature and the private segment to help little ventures enhance their execution. Be that as it may, notwithstanding the obvious performance in the foundation of little and small scale



undertakings and the endeavors made to enhance performance some of the ventures have either stagnated or shut down with a couple of recording some level of performance (Eeden, 2009). In an study led by Saiyadain and Ahmad, (1997) on Malaysia found that 90 percent and 68 percent of laborers in the private and open homes, separately, showed that what they despised most is poor working conditions in their bequests. Human resource practices, for example, pay advantages and preparing are contrarily identified with turnover since they spur workers to remain inside the association.

### **Financial access and small and medium enterprises Performance**

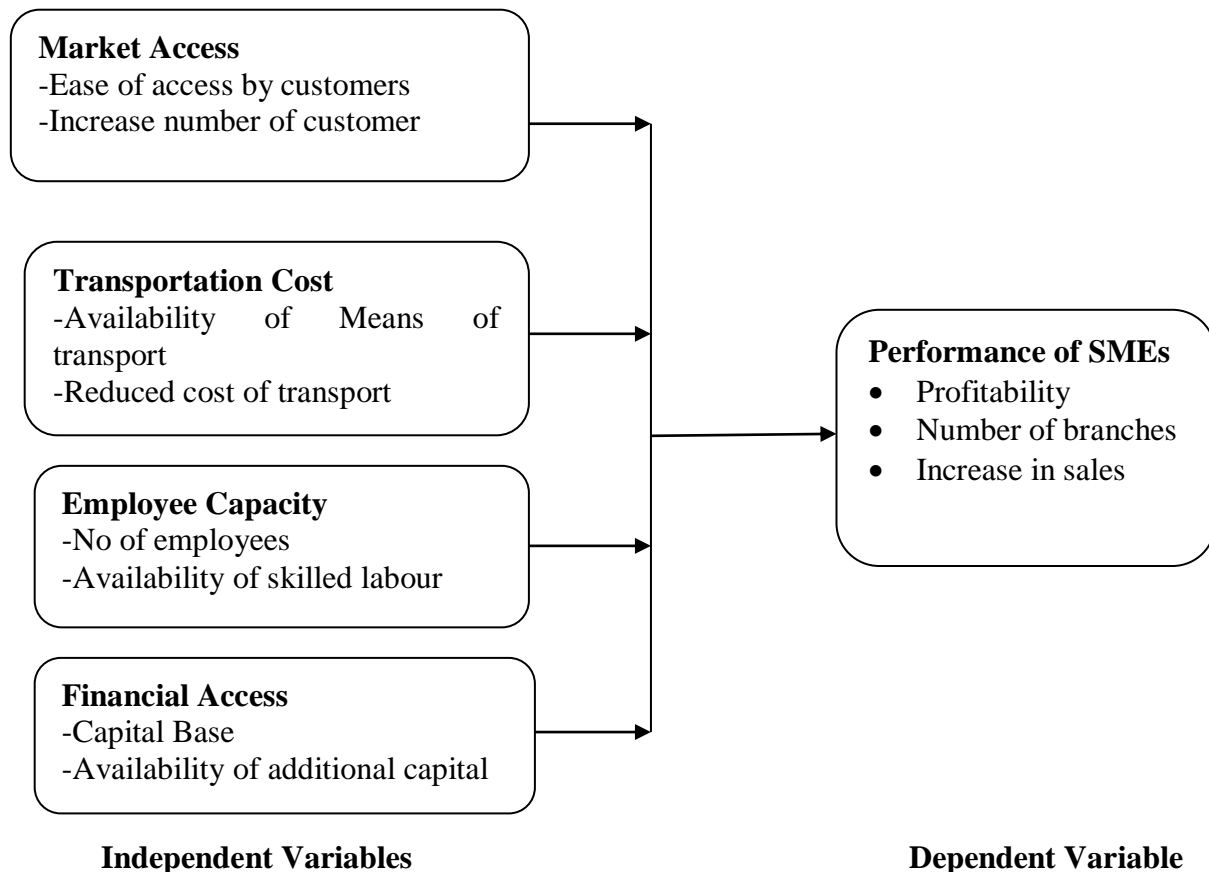
Through financial access Small and Medium Enterprises can perform better and grow. Absence of access to credit/fund is generally shown as a key issue for Small and Medium Enterprises. Limited finances call for innovation to enhance efficiency and lean operations. Various Small and Medium Enterprises may use a dishonourable advancement since it is the only a solitary they can oversee. Now and again, even where credit is open, the agent may require chance of choice in light of the way that the advancing conditions may drive the purchase of significant, unflinching rigging that can fill in as protection for the progress. Credit constraints work in arrangement of courses in Kenya where undeveloped capital market powers businessmen to rely upon self-financing or getting from buddies or relatives. Nonattendance of access to whole deal credit for little endeavours drives them to rely upon high cost at this very moment back, (Eeden, 2004).

There are diverse cash related challenges that face Small and Medium Enterprises. They consolidate the high cost of credit, high bank charges and costs. The circumstance found in Kenya particularly in the midst of the topping time 2008 insists the necessity for credit among the typical and low gaining representatives. Different money banks for Pyramid designs came up, promising desire among the 'little examiners,' which they can profit related open door through sensitive getting. The purpose for swinging to these plans among a respectable number of business visionaries is basically to search for alternatives and sensitive credit with low financing costs while making benefits. Cash related necessity remains an important test facing Small and Medium Enterprises in Kenya (Wanjohi & Mugure, 2008).

Research disclosures by Wasonga (2008) show how Small and Medium Enterprises are obliged by subsidize. Concentrates endeavoured by Kiiru, Mirero and Masaviro, (2008) for Kenya Rural Enterprise Program (K-Rep) assert that an imperative necessity inside the privately owned business try part is financing. Insufficient financing is as much an issue as nonappearance of back as Yankaya a counsellor for a non – authoritative affiliation (NGO) Techno-Serve watches (2006). As a result of deficiency of back, Small and Medium Enterprises can't develop, modernize or meet squeezing demands from customers. The net income are by and large little to help execution.( Harper, 2004) observes that associations like grain process administrators and tailors can't battle with immense manufactures of moment items since they have to hold up until the point when the moment that a customer outfits them with unrefined material or money to get it. Some may be not capable to start until the point when the moment that a customer pays the store, which will be used to buy the unrefined material. Capital is therefore fundamental for the whole deal survival and performance of little endeavours. It should moreover be seen that more money than required can be a lot of an issue as less money. More money infers high cost for money to the extent premium and may moreover provoke un-favourable hypotheses.

### Conceptual Framework

The dependent variable is performance of Small and Medium Enterprises which is influenced by a set of independent variables which includes market access, transportation cost, employee training and capacity building and financial access. The first variable which is market access has two measurable parameters which include ease of access by customers and increase number of customer. The second variable is transportation and its parameters include the reduced cost of transport and availability of means of transport. Employee training and capacity building is measured by the number of employee trained and capacity built and the availability of skilled labour. Finally financial access will be measured by the capital base and availability of additional capital.



### Research Methodology

The study adopted a descriptive research design. This research design enables the researcher to collect information on the factors affecting performance of small and medium enterprises (SMEs) in Namanga. The target population for this study was the SMEs in Namanga. The study population is on 334 SME located in Namanga, Kajiado County. Stratified arbitrary examining strategy is utilized when population of intrigue isn't homogeneous and can be subdivided into gatherings or strata to acquire a delegate test. A sample of respondents was drawn from all the 334 SMEs operating in Namanga, Kajiado County.

For the purposes of the research stratified random sampling was used to select the target group. Stratified random sampling was employed in selecting respondents. The population is segregated into several mutually exclusive sub-populations or strata herein referred to as business categories. The research applied 30% sampling across the strata. The actual business sampled was arrived at by using simple random procedures to draw the sample from each stratum. A total of 100 questionnaires were given to business managers and owners which

represent 30% of the population planned. In order to achieve the intended 100 questionnaire's, 130 contacts were made. In the end 100 respondents were achieved as planned.

To measure SMEs performance, this study used a poll to manually gather essential information. The questionnaire was intended to incorporate both organized and unstructured inquiries. The organized inquiries were utilized as a part of a push to save time and cash and additionally to encourage a simpler study as they were in quick usable frame; while the unstructured inquiries were utilized in order to urge the respondent to give an inside and felt reaction without feeling kept down in uncovering of any data. This study gathered both qualitative and quantitative information utilizing a self-regulated questionnaire. An introductory letter from Kenyatta University was brought to empower the overseeing of the poll. The respondents were guaranteed of privacy of their names and reactions and that the reactions were not taken care of by some other individual yet rather to be utilized only for scholarly purposes. Every survey was coded and just the analyst had the learning on which individual reacted.

The researcher did a pilot study to pre-test and approves the questionnaire. The pilot included 10 respondents working in SMEs inside Namanga. The respondents were advantageously chosen since factual conditions are a bit much in the pilot think about. Content validity which was utilized by this study is a measure of how much information gathered utilizing a specific instrument answered the research questions. Reliability alludes to the consistency of estimation and is every now and again evaluated utilizing the test– re-test reliability technique. Reliability is expanded by including numerous comparative things on a measure, by testing a differing test of people and by utilizing uniform testing techniques. The specialist likewise registered a Cronbach alpha score of the instrument used to get the essential information.

Before data processing, the finished questionnaires were altered for consistency and completeness. The information was then coded to empower the reactions to be gathered into different classifications. Information gathered was quantitative and qualitative in nature. The engaging factual instruments helped the specialist to portray the information and decide the degree utilized. Study was done quantitatively and qualitatively by utilization of enlightening measurements. This included recurrence dissemination, tables, rates, mean and standard deviation. Furthermore, progress factual methods (inferential insights) were likewise considered.

To measure the quality of the connection between market access, transportation cost, employee capacity and financial access and performance of SMEs the researcher directed a multiple regression analysis. The regression equation ( $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$ ):

Whereby: Y = SMEs Performance; X<sub>1</sub> = Market Access; X<sub>2</sub> = Transportation Cost; X<sub>3</sub> = Employee Capacity; X<sub>4</sub> = Financial Access;  $\beta_1, \beta_2, \beta_3, \beta_4$ , =Coefficients;  $\epsilon$  = Error term.

## **Data Analysis And Presentation**

### **Descriptive Statistics**

#### **Market Access**

According to the findings the respondents agreed that there has been closure of some business due to blockage by the construction of the infrastructures as shown by a mean of 3.750, they

were moderate that construction of the EAC infrastructures has led to increased number of customer to our enterprise as shown by a mean of 3.480, construction of the EAC infrastructures has led to reduction in the number of customer in our enterprise as shown by a mean of 3.090 and they disagreed that there has been an increase in market access in the enterprise due to infrastructures construction as shown by a mean of 2.490. Administration of business sectors through nonstop advancement, items or procedures in suspicion of, and reaction to, dynamic client prerequisites, contenders and supply investigation is the substance of SME survival and development (Price and Boncella, 2013).

**Market Access**

	Mean	Std. Deviatio
There has been an increase in market access in the enterprise due to infrastructures construction	2.490	0.319
Construction of the EAC infrastructures has led to reduction in the number of customer in our enterprise	3.090	0.699
Construction of the EAC infrastructures has led to increased number of customer to our enterprise	3.480	0.602
There has been closure of some business due to blockage by the construction of the infrastructures	3.750	0.773

**Employee Capacity and SMEs Performance**

From the findings the respondents agreed that enterprise in the region are easily accessible to employee thus increase in the number of employee as shown by a mean of 3.710, due to increase in the numbers of customer there has been increase in number of employee in the enterprise as shown by a mean of 3.630, there has been influx of employee in the region which has led to increase in labour availability as shown by a mean of 3.550 and there has been availability of labour in the region as shown by a mean of 3.490. As indicated by (Cole, 2002), the preparation arrangement of an association may incorporate a scope of strategies managing HR. The approach explanation sets out what the association is set up to do as far as building up its representatives and it must help the hierarchical mission, objectives and techniques.

**Employee Capacity and SMEs Performance**

	Mean	Std. Dev
There has been availability of labour in the region	3.490	0.588
Due to increase in the numbers of customer there has been increase in number of employee in the enterprise	3.630	0.669
There has been influx of employee in the region which has led to increase in labour availability	3.550	0.603
Enterprise in the region are easily accessible to employee thus increase in the number of employee	3.710	0.720

**Transportation cost and SMEs Performance**

From the findings the respondents agreed to a great extent that efficient transportation facilities support performance of SMEs as shown by a mean of 3.760, well maintained roads reduce the cost of doing business due to the low cost of vehicle maintenance, which subsequently reduces cost of goods as shown by a mean of 3.740, the performance and development of SME’s varies with the level of efficiency of transportation as shown by a mean of 3.710, availability of physical infrastructure is a principle cause of high levels of investment and satisfactory performance of SMEs as shown by a mean of 3.660 and currently, the range of transport options available are unlimited due to infrastructure development and affordability as shown by a mean of 3.590. Efficient transportation facilities support economic performance, which then leads to more travel and movements of goods, which in turn leads to an increased demand for transportation facilities. The performance and development of SME’s varies with the level of efficiency of transportation. Therefore, there is need to maintain an efficient road network with the aim of optimizing the use of the existing infrastructure facilities, keeping capital and maintenance costs low while trying to maintain high levels of service (MOTC Report 2004, Kenya Roads Board, 2003).

**Transportation cost and SMEs Performance**

	Mean	Std. Dev.
Currently, the range of transport options available are unlimited due to infrastructure development and affordability	3.590	0.691
Efficient transportation facilities support performance of SMEs	3.760	0.724
The performance and development of SME’s varies with the level of efficiency of transportation.	3.710	0.724
Well maintained roads reduce the cost of doing business due to the low cost of vehicle maintenance, which subsequently reduces cost of goods.	3.740	0.805
Availability of physical infrastructure is a principle cause of high levels of investment and satisfactory performance of SMEs	3.660	0.734

**Financial access and performance of SMEs**

The respondents agreed to a great extent that they have been able to open new branches in the region since start of infrastructures development as shown by a mean of 3.770, there has been increase in capitalization of enterprise since start of infrastructures construction as shown by a mean of 3.570 and construction of infrastructures has necessitated the increase in capital base of the firm as shown by a mean of 3.560. Discovering start-up fund for the business is the greatest obstacle that numerous business visionaries experience. Indeed, even subsequent to beginning, getting adequate fund to manage business performance is another issue. Research discoveries by (Wasonga 2008), Daniels *et al* , 2008), (Kinyanjui 2006), indicate how SMEs are compelled by fund.

**Financial access and performance of SMEs**

	Mean	Std. Dev
There has been increase in capitalization of enterprise since start of infrastructures construction	3.570	0.650
We have been able to open new branches in the region since start of infrastructures development	3.770	0.741
Construction of infrastructures has necessitated the increase in capital base of the firm	3.560	0.701

**Regression analysis**

The study used regression analysis to measure the strength of association between market access, employee training and capacity, transportation cost and financial access and performance of SMEs.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.849 <sup>a</sup>	0.72	0.702	0.00314

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the Table 4.17 the value of adjusted R squared was 0.702 an indication that there was variation of 70.2% on the performance of SME due to changes in market access, employee training and capacity, transportation cost and financial access at 95% confidence interval. This shows that 70.2 % changes in performance of SMEs could be accounted to changes in market access, employee training and capacity, transportation cost and financial access. R is the correlation coefficient which shows the relationship between the study variables, from the findings there was a strong positive relationship between the study variables as shown by 0.849.

**ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	13.654	4	3.414	17.125	.051 <sup>b</sup>
Residual	18.936	95	0.199		
Total	32.59	99			

From the ANOVA statistics in Table below, the processed data, which is the population parameters, had a significance level of (F=17.125, P=0.051) which shows that the data is ideal for making a conclusion on the population parameters as the value of significance (p-value) is less than 5%. The calculated value was greater than the critical value (17.125 > 2.467) an indication that market access, employee training and capacity, transportation cost and financial access significantly affect the performance of SMEs. The significance value was less than 0.05 indicating that the model was significant.

**Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.975	0.144		6.771	0.002

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Market access	0.433	0.092	0.391	4.707	0.006
Employee training and capacity	0.564	0.112	0.435	5.036	0.004
Transportation cost	0.478	0.107	0.388	4.467	0.006
Financial access	0.634	0.086	0.579	7.372	0.001

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The established regression equation was

$$Y = 0.975 + 0.433 X_1 + 0.564 X_2 + 0.478 X_3 + 0.634 X_4$$

From the above regression equation, it was revealed that holding market access, employee training and capacity, transportation cost and financial access to a constant zero, performance would stand at 0.975.

A unit increase in market access would lead to increase performance by a factor of 0.433. This implies that market access is statistically significant to performance of SMEs. A unit increase in employee training and capacity would lead to increase in performance by factors of 0.564. This implies that employee training and capacity is statistically significant to performance of SMEs. A unit increase in transportation cost would lead to increase in performance by a factor of 0.478. This implies that transportation cost is statistically significant to performance of SMEs. A unit increase in financial access would lead to increase in performance by a factor of 0.2634. This implies that financial access is statistically significant to performance of SMEs. The study further revealed that market access, employee training and capacity, transportation cost and financial access were statistically significant to performance SMEs, as all the p value (sig) was less than 0.05%. The study also found that there was a positive relationship between performance of SMEs and market access, employee training and capacity, transportation cost and financial access.

### **Conclusions**

The study found a statistically significant relationship between market access and performance of SMEs. This implies that a unit increase in market access will lead to a unit increase in performance. The ability of the SMEs to have easy access to markets shows that they are able to sell their products and services, hence improving their performance. The study concludes that market access is positively related to performance. There was a statistically significant positive relationship between employee capability and training and performance of SMEs. This shows that a unit increase in employee capability and training leads to a unit increase in performance of SMEs. When employees are trained on new skills emerging due to changes of technology and business environment, helps in ensuring that the organization gains competitive advantage which is important in improving organization performance. The study therefore concludes that employee capability and training is positively related to performance of SMEs.

The study revealed that transportation costs influences performance of SMEs. Increase in transportation costs has a negative effect on performance of SMEs while decrease in transportation costs has a positive effect on performance of SMEs. The study concludes that transportation costs affect performance of SMEs. There was a statistically significant relationship between financial access and performance of SMEs. This implies that a unit increase in financial access leads to a unit increase in performance. When the SMEs are able to acquire finance to be used in their operations then they are able to conduct their business efficiently and effectively. Therefore availability of finances is very important for the survival of an organization. The study concludes that financial access is positively related to performance of SMEs.

### Recommendations

The study recommends that to increase the market access the government should increase its consumption of products from SMEs from the current 30% to 50% across all its ministries and parastatals. The government should improve its tendering system by making it easier for SMEs to win government tenders. Entrepreneurship training programmes and capacity building sessions should be rolled out in the organizations. These programmes should be tailored in a manner that can equip the employees with skills to run the enterprises. The government should promote the development of roads in all parts of Kenya to ensure that the markets are easily accessible at lower costs. Credit programmes ought to be upgraded to conquer the shortcomings that obstruct their adequacy. The hindrances confronted while getting to credit on singular premise from budgetary organizations and these projects ought to be tended to.

### Areas for further Studies

The study recommends that other studies should be conducted on factors influencing the performance of start-up organizations and also the youth enterprises.

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