

**STRATEGIES ADOPTED BY SMALL AND MEDIUM ENTERPRISES FOR
PERFORMANCE MANAGEMENT DURING COVID-19 PANDEMIC**

BY:

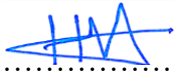
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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT OF
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DECLARATION

I accept that this project is my work and it has not been accepted in any other university.

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This project has been submitted for examination with my approval as the supervisor.

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DEDICATION

I dedicate this project to my mum Rachael Mugeci Maina, my sister Postina Maina, my brother Lawrence Maina, and my nephew Declan Maina for their support and encouragement towards my studies.

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ABBREVIATIONS AND ACRONYMS

CEO:	Chief Executive Officer
RBV:	Resource Based View
SME:	Small and Medium-sized Enterprises
UK:	United Kingdom

ABSTRACT

The business environment is challenging hence the need for firms to employ strategies that will manage their business operations. Strategies adopted by firms are meant to grant them an advantage of gaining marketing leadership by outperforming existing rivals in the industry. Competitive strategies are essential in affecting the performance of the companies in the industry, especially when business performance is facing uncertainty. This study focused on strategies adopted by small and medium enterprises to enhance operations in Kenya as the country's market fluctuated during the pandemic of Covid-19. The study assessed strategies adopted by small and medium enterprises for performance management during covid-19 pandemic in Kenya. Quantitative data was collected using questionnaires from senior officials in the institutions. The data was analyzed using descriptive and inferential statistics. The descriptive statistics entailed means and standard deviations while inferential statistics entailed correlation and regression analysis. The findings showed that during the covid 19 pandemic, SMEs in Nairobi adopted online working, digital marketing, free delivery, discounts and low pricing of products as performance management strategies. Results showed that there was a positive and significant relationship between online working, digital marketing, free delivery, discounts, low pricing and performance of SMES in Nairobi. Findings from regression analysis also showed that online working, digital marketing, free delivery, discounts and low pricing have a positive and significant influence of SME performance. It was concluded that using online methods of communication to staff and customers leads to improved organizational performance. It was also concluded that processing orders and payments using online platforms leads to improved business revenues. Furthermore, it was concluded that using online financial management tools for financial tracking leads to reduction in operational costs thus improving organizational performance. It was further concluded that working online leads to improved employee delivery and reduction in running costs. It was recommended that business owners should prioritize investing in digital infrastructure, such as robust online platforms, e-commerce capabilities, and digital marketing tools. By leveraging the power of the internet and digital technologies, SMEs can expand their reach, attract a wider customer base, and improve overall performance. The findings suggest that free delivery, discounts, and low pricing are associated with improved SME performance. Business owners should consider implementing these value-added services to attract and retain customers. Offering free delivery or discounted prices can incentivize purchases and enhance customer satisfaction. However, it is important to carefully assess the financial implications and profitability of these strategies to ensure long-term sustainability.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

With increasing changes in the world, firms are finding it challenging and hard to manage their operations. According to Yawson (2020), only firms that have the ability to manage their operations through the adoption of different plans can succeed and improve their success. Dansoh (2017) also noted that firms must find new ways of managing their systems as well as operations and programs to cope with the various challenges in the global market. Competitive strategies are critical in influencing the performance of companies in the industry, mainly when business performance is uncertain. Feece (2017) demonstrates in his study that any organization's business strategies are critical in establishing financial reward and retaining its role in the face of competition and industry forces. For businesses to stay functional in this current challenging business market and environment, firms have to analyze and scan their environment of operations. This involves analysis of the threats and taking a quick view of the opportunities in the areas of operations. Firms also consider their key proposition in terms of strengths and how to control their weaknesses (Shatilo, 2019). Careful analysis in various countries reveals that specific businesses that have implemented strategies appropriately will be able to compete in an uncertain business environment. Through the use and application of different strategies, firms have a chance to meet their customer's needs, evaluate their environment, and adopt plans that promote their competitive edge over their rivals. Obtaining a competitive advantage at the business unit level has received extensive explanation in the literature over the years (Elif & Şengül, 2015).

The study was guided by two theories, the contingency theory that defines different systems and programs for managing operations. The study also considered the RBV-the Resource-Based view which is based on resource power in firms. Wernerfelt (1984) developed the Resource-Based concept as a competitive edge theory, which takes a firm-specific or an 'inside-out' approach to understand why firms fail or succeed (Johnson & Scholes, 2015). The theory supports the use of assets in managing firm success. However, the main contingent factors are people employed, product diversity, size, technology, and environment. As a result, the Contingency theory posits that an organization's effectiveness depends on managers taking into account various factors that affect their success (Betts, 2003). The theory emphasizes the need for flexibility in managing different firm plans and programs.

The study focused on SMES strategies for performance management to enhance operations in Kenya as the country's market fluctuates due to the coronavirus epidemic. According to FIDIC (2016), the contribution of SMEs to Kenya's growth is significant, particularly in terms of generating wealth, employment, and income prospects for a large number of people nationwide. The SMEs in Kenya exhibit dynamism and intense competitiveness. A good example is the second-hand industry which is part of the stable and thriving SMEs in Kenya. According to Omagwa (2021), the small-scale business sector is one of the most stable and booming businesses in various regions in Africa including Kenya. The sector has been associated with huge competition due to the rising growth of business in nearly all parts of the country (Isik et al., 2015). In such a setting, a company has the potential to either diminish or enhance its market standing within the industry, depending on the strategic decisions made in the market. Intense competition is prevalent in the SME sector in Kenya, particularly during these challenging times. This necessitates a carefully formulated strategy to ensure their success. This, therefore, calls for strategies to balance the cost and quality of small businesses (Omagwa, 2021).

During COVID-19 many businesses were affected some recovered some closed. The senior leadership team has realized the importance and impact of using various strategies for performance management and ensuring sustainability. The purpose of this study was to establish the strategies adopted by SMEs for performance management during covid19 pandemic.

1.1.1 Concept of Strategy

Yawson (2020) defines a strategy as a company's capacity to adapt to an established or changing environment through systematic activities and ongoing modifications in the market. This means that when operating in a dynamic environment, an organization's strategic actions must be flexible. On the views of Pearce and Robinson (2007), strategic programs in firms should be based on formal systems and aim at coordinating business programs, especially when coping with unpredictable business settings. Grant (2013) asserts that the long-term focus and direction of an organization is its strategy to cope with areas or sectors that are fast expanding. It is the application of strategy that allows firms to adopt systematic decisions on deploying resources to achieve predetermined organizational goals. According to Thompson and Strickland (2017), a strategy

differs from immediate actions or tactics since it is a long-term action plan designed to achieve a specific goal. It also has resources that are meticulously planned and frequently practiced.

Porter (2013) indicates that a strategy is about how an organization attempts to gain a competitive advantage in a specific industry. He says that businesses typically use three categories: strategic strength, strategic decision, and strategic scope. In order to attain long-term objectives in Strategic choices, Rhodes and Slater (2019) indicate that an organization has to connect environmental needs with its resources. To meet the increasing demands of their business environment, organizations must make decisions and implement multidimensional action plans.

A firm's internal environment is important for its development since it includes managers, leadership, and the firm workers. The internal environment can be a source of problems or business growth that threaten its existence (Shatilo, 2019). In all business operations, firms must consider the external business environment to promote their success. External and internal environment factors influence overall management decision-making, innovation, and company operation (Kihia, 2017). A system for strategic management and a lack of innovation processes are two elements that contribute to poor business performance in various parts of the country (Elif & Engül, 2015). A company needs to improve its internal structure, which is where challenges and development possibilities come from, while simultaneously adapting to its external environment (Kotler, 2016).

This means that strategy is key in managing environmental operations and every organization has its own unique environment. Operating in this environment also requires the organizations to be flexible to changes as well as have contingency plans in place. This will ensure quick and smooth adjustment or review of strategies in case of any environmental turbulences. During strategy formulation, senior leadership team is required to be creative and innovative as this will inform the strategic decisions that will be undertaken to ensure business growth and mitigation against any threat that might face the business.

1.1.2 Organizational Performance

This is delineated by the capacity of an entity to accomplish its objectives. and employ its values and resources that are scarce in pursuit of its operational goals (Graffins,2006). It denotes the comprehensive efficiency and success of an institution in accomplishing its aims and objectives. This covers diverse aspects such as fiscal effectiveness, operational proficiency, client contentment, workforce efficiency, and ingenuity (Bourne et al., 2018). Conceptual measures of organizational performance often include key performance indicators (KPIs) that reflect these dimensions, such as return on investment (ROI), market share, customer retention rate, employee turnover rate, and new product development success rate (Neely et al., 2017). Operational measures, on the other hand, are specific metrics or quantitative indicators used to assess and track performance. Examples of operational measures may include revenue growth rate, cost reduction percentage, order fulfillment time, customer complaint resolution time, and employee productivity ratios (Malik et al., 2019). By monitoring and analyzing both conceptual and operational measures of organizational performance, organizations can gain insights into their overall effectiveness and make informed decisions to drive continuous improvement and sustainable success.

Waggoner, Neely & Kennerley (2017) argue that in organization activities performance measurement is critical for identifying areas that require management attention. According to Neely et al. (2017), a firm performance is considered as the effectiveness and efficiency of the management team's actions for a period of time. According to Kaplan and Norton (2018), organizational performance is based on different aspects such as workers' morale, customer satisfaction and profits gained. Firms have a role to measure and evaluate their performance based on set goals and values. This is because businesses recognize the importance of improved performance in their major operations. Hence, the significance of organizational performance in management research is paramount, serving as a vital gauge for competitive strategy.

Ingraham (2015) observed that accountability for actions accompanies performance. To attain success in their endeavors, companies must assess and scrutinize their set of performance policies. Elevated performance translates to heightened productivity. Numerous enterprises are adopting performance metrics, employing diverse models to assess their comparative effectiveness against competitors (Van Doreen, 2012). Diverse criteria exist for evaluating performance, including the

production of superior products, the generation of substantial profits for the company, the expansion of market share, and the ability to endure challenging periods. The performance of an organization reflects its effectiveness relative to competitors. The evaluation should consider the quality of products, market share, and profit levels compared to other companies. During the assessment, it is essential to guarantee that the business employs suitable strategies and adheres to legal requirements (Lewis, Megicks & Jones, 2017).

Kaplan and Norton (2018) have been associated with the balance score card which indicates different performance measures. The performance card furnishes organizational managers and directors with a holistic outlook of the company. The scorecard serves as both an administrative framework and an assessment system. Organizations utilizing scorecards can clarify their strategy and vision, facilitating interpretation with ease. According to Houck et al. (2016), the merit of a sustainable, well-balanced scorecard lies in its ability to contribute insights into external outcomes and internal business operations, enhancing the overall performance of business processes and desired outcomes. Firms can employ the scorecard to illustrate the extent of learning, growth, and alterations within the internal operations of the company. The scorecard also encompasses financial initiatives and internal activities (Grant, 2013).

1.1.3 Small and Medium Enterprises in Kenya

Small and medium-sized businesses (SMEs) are firms categorized based on the revenue produced, economic activity, and number of employees (Kaberia & Muathe, 2021). The SMEs support the development of the Kenyan economy in terms of jobs and other opportunities. This is because many people are in the SMEs sector doing different kinds of business.

Kihia (2017) posits that a micro-enterprise is an organization with less than 10 workers. Small businesses are firms that employ between 10 to 49 people and operate using non-formal ways of doing business operations. Many of the SMEs work in low-income conditions and may have yearly turnovers between KES 500,000 to KES 5,000,000. There are also SMEs that support self-employment models of operations (Lawal et al., 2016). This is common in Kenya and many of the owners try to work in the same company as both the manager and part of the workforce. There is also family-owned SMEs in the region.

SMEs are crucial to Kenya's growth, especially in terms of giving people all around the nation chances to earn money and creating more jobs to boost the economy (Kaberia & Muathe, 2021). The Kenyan government's development plan in Vision 2030 emphasizes the importance of SMEs to the Kenyan economy. According to Omagwa (2021), expanding businesses results in a stronger capital base, more revenues, and more jobs. Over 800,000 new employments were created in the SMEs sector in Kenya; according to an economic survey, making it a crucial factor in the social and economic advancement of the nation (Kihia, 2017).

1.1.4 Covid-19 Pandemic and organizational performance on SMEs in Kenya

In early 2020, the COVID-19 crisis was confirmed in Kenya. The first case was on March 12, 2020, and the victim was in Nairobi (Kaberia & Muathe, 2021). This led to lockdown, travel restrictions as well as the mandatory wearing of face masks and other protective equipment to avoid the spread of the virus. Many people in Kenya were worried and the crisis negatively affected business operations. Since a majority of businesses in Kenya fall under SMEs, many people closed their businesses since there were no customers due to travel restrictions and a lack of access to funds from different investors across the world due to lock down caused by the covid 19 pandemic (Masago et al., 2020).

According to Muriithi (2021), the crisis led to losses in terms of revenue and sales among many SMEs in Kenya. Within one month after the outbreak of the pandemic, a third of the SMEs in Nairobi Kenya were already making losses. The pandemic disrupted their operations and more than 75% of the SMEs were directly affected in one way or another. There were supply chain disruptions and more than 20% of the SMEs have not resumed their operations to date due to the pandemic. This is because the pandemic led to increasing costs of doing business and a drop in sales. Many of the SMEs experienced increased cash flow problems and this is something that negatively affected their operations. With extreme revenue losses, many SME managers adopted layoffs, and many people lost their work during the pandemic (Nyamboga & Ali, 2021).

1.2 Research Problem

Strategy is critical to a firm's performance as it determines the firm's direction and how they intend to achieve its objectives. The business strategy used by an enterprise determines its performance

(Pearce & Robinson, 2007). Through effective adoption of plans and different ways of business management, firms are able to understand their strategic position as well as identify how to make strategic decisions for the future. Superior strategies lead to improved organizational performance; this is according to empirical and theoretical evidence from various studies. However, most studies have focused on large corporations and have established various conditions for the benefits of strategies to be felt (Lawal et al., 2016). Small businesses faced the most significant challenge because they lacked the resources to implement strategies. Therefore, there was a great need to understand the linkage between strategy and performance as a recipe for organizational success (Kihia, 2017). Understanding strategies that SMEs adopted to promote their performance was necessary.

In Kenya, the SME industry is const.ly expanding, with an increasing number of registered small and medium enterprises (Moochi & Mutswenje, 2022). However, SMEs must implement effective strategies to gain a competitive advantage since they face threats and challenges in business environments. These include limited financial resources, which may hinder their ability to invest in technology or expand operations. Additionally, they often face intense competition from larger corporations with greater economies of scale and marketing reach. With Kenya experiencing an increase in unemployment, this study recognizes the importance of the SME sector in Kenya (Kimani, 2017). The pandemic has altered the way businesses operate and many firms fail to maintain their stable operations during the crisis. The current economic problems engulfing the SME industry have prompted small and medium-sized businesses to develop competitive strategies to improve their performance and achieve their objectives and goals. There has been little research into the strategies and performance of SMEs, particularly in Kenya.

To discover the tactics used by small and medium-sized businesses to advance their performance management Lewis et al. (2016) conducted research in France's construction, transportation, agriculture, telecommunications, industrial, and service sectors. During his research, he found that SMEs must employ a cost leadership approach to advance their performance management. SMEs involved in the informal economy, such as those in the second-hand market, were not discussed in the research. However, Akman and Yilmaz (2008) in Turkey researched competitive advantage strategies in small and medium lodging facilities in Turkey's tourist industry and found that while

there are techniques available to advance performance management, most businesses have trouble putting them into practice. In Ghana Fieve and Chrysostom (2022) confirmed that the success of firms depends on the plans adopted by the top leadership. The study noted that cost leadership, differentiation, focused, and innovative strategies help firms to promote their success. However, these studies were done outside Kenya and they were also done before the outbreak of Corona Virus epidemic.

Locally, in Kenya, Kaberia and Muathe (2021) evaluated the effects of the pandemic on the performance of SMEs owned by women in Kenya and noted that the pandemic reduces the revenue and sales of the SMEs. In addition, Waithaka (2016) conducted a qualitative case study of the University of Nairobi to investigate the university's strategies for achieving competitiveness and discovered that strategies such as diversification, marketing, differentiation, and quality customer service among others, are essential for achieving performance. The study adopted a case study model. It was noted that strategic plans can promote the success of firms in the long run. However, this study was done in late 2012 before the onset of Covid-19 and things have changed.

An investigation of the performance of small and medium-sized businesses in Nairobi City County, Kenya, Omagwa (2021) discovered that the government had implemented measures such as entrepreneurial training, taxation, and business licensing to assist SMEs during the pandemic.

This review shows that some studies have been done on the concept of the study. However, the few studies done on the topic also focus on companies outside Kenya. The majority of the studies were based on Western literature and some of the studies were done before the outbreak of the Covid-19 pandemic. Therefore, this study will fill the contextual gaps and conceptual since many studies are not based on the concept of firm performance during the Covid-19 crisis and many of them only focus on banks and the educational or health sector and not the SME sector. Many other studies were also done outside the Kenyan context and this leaves contextual gaps. Thus, the research sought to fill the gaps by answering the view-What are the strategies adopted by small and medium enterprises for performance management during covid-19 pandemic?

1.3 Research Objective

To establish strategies adopted by small and medium enterprises for performance management.

1.4 Significance of the Study

This is important in managing SMEs in the country. SMEs employed more than 70% of people in Kenya and its effective management is necessary from policy point of view. The study will assist SMEs managers and other practitioners to understand how different strategies can be used by their firms to manage their operations in cases of business challenges such as Covid-19 pandemic. The study will be useful to SMEs and other organizations that use problem-solving strategies by providing them with appropriate strategies to understand how to deal with changes in the external environment using various strategies at their disposal. This will allow the managers to manage their operations in the long term.

This research will benefit other scholars and provide effective theoretical background. This is because it will be providing a good supplement and reference point on various existing strategies that businesses must implement to achieve performance. As a result, it will add to the general understanding of strategies in an ever-changing business environment. Scholars will use the study results as a reference point in their future studies. It will also provide a theoretical background on the concepts of the study.

Policy makers in Kenya's government will benefit from this study. The study will help in formulating and implementing policies that can promote resilience and strategic management of challenges such as the Covid-19 pandemic.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

As offered by various authors, scholars, analysts, and academics this chapter intends to explore numerous literary works on the topic. Additionally, it covers performance improvement strategy development and the ideas underpinning business success metrics.

2.2 Theoretical Foundation of the Study

This inquiry covers the RBV as well as the contingency models and theories.

2.2.1 Resource-Based View

This is both a performance and also a competitive advantage theory based on the firm's resources. Wernerfelt (1984) developed the Resource-Based concept to implement or acquire a product-market strategy. Barney and Arikan (2005) noted that the primary contribution to RBV was that a firm has capabilities and unique resources allowing it to be superior in implementing product market strategies (Barney & Arikan, 2005). This theory indicates that firms must adopt unique plans, develop rare resources and manage their capability to enjoy success in their sector of operations.

The VRIO framework has a significant mandate in enhancing performance of firms and sustaining competitive advantage. By evaluating resources and capabilities based on their value, rarity, imitability, and organization, firms can gain valuable insights into their unique strengths and areas of competitive advantage (Barney, 1991). Assessing the value of resources and capabilities helps firms identify those that contribute significantly to customer value creation, enabling differentiation from competitors (Helfat et al., 2007). Rarity is a key factor as it reflects the scarcity of valuable resources and capabilities among competitors, making them more difficult to imitate or replicate (Bainbridge et al., 2018). Evaluating imitability helps firms understand the challenges and barriers faced by potential competitors in duplicating their resources or capabilities, providing a protective advantage (Helfat & Peteraf, 2015). The organization dimension emphasizes the importance of effectively leveraging and coordinating resources and capabilities through strategic alignment and integration (Barney, 1991). By utilizing the VRIO framework, firms can

strategically allocate resources, prioritize investments, and build capabilities that enhance their competitive position and long-term performance.

The resource-based theory assumes that firms' resources and internal competencies are important in promoting firm success. It explains how a firm can handle problems by leveraging its capabilities and internal resources base to gain a sustained competitive edge. This is important towards promoting the success of the firms. The theory supports the application of rare assets in managing firm long-term views.

The RBV approaches the question of why businesses fail or thrive in the marketplace from the firm-specific perspective or "inside-out" (Wernerfelt, 1984). According to Barney (2001), a precious, uncommon, one-of-a-kind, and inimitable resources help firms create and preserve competitive edge and exploit those advantages to perform better in the future. Wernerfelt (1984) argues that an organization's RBV includes organizational, human, and physical resources. Thus, it essentially converts into unique resources that cannot be fully interchanged or imitated.

This theory is key in this study since it supports the fact that the firm resources can help promote success of firms (Barney & Arian 2005). According to Barney (2001), SMEs can benefit from effective strategies for providing services to their customers, thereby forming a valuable resource. In an organization, a focus strategy enables a business to concentrate on a certain market segment and adjust its strategy and goods to meet its demands. In order to implement this approach, niche markets must be identified, and methods must be tailored to the target market's requirements. As such, the theory can explain why some SMEs with enough resources succeed in their major operations.

Nevertheless, RBV tends to dwell more on internal factors, potentially neglecting the critical role of external factors such as market conditions, technological advancements, and regulatory changes. Furthermore, the RBV does not provide clear guidance on how to allocate resources effectively or how to respond to dynamic and uncertain environments. It also assumes a static view of resources, overlooking their potential to evolve and adapt over time. Lastly, the RBV may not be as applicable in industries where firms have relatively homogeneous resource endowments, as it relies heavily on the heterogeneity of resources for competitive advantage (Miller, 2019).

2.2.2 Contingency Theory

Organizational theory considers the contingency theory to be an open, logical, theoretical, and part of ways of managing firms' activities (Scott, 1992). According to the contingency concept, how an organization manages its activities depends on the environment in which it functions and flexibility of the management. According to Chepurensko (2015), organization theorists can highlight several organizational characteristics and define their performance in various ways. It has been noted that firms must try to identify a match between organizational and environmental characteristics with the aim of achieving success (Shapiro, 1989).

An early contribution of research employing a contingency perspective was the difference between organic and mechanistic kinds of management and organization. According to Thompson and Strickland (2017), the mechanical shape was related to an accepted technology and stable environment. A turbulent or an unstable environment and evolving technologies were associated with the organic form of organization. The concept of a continuum with each given organization falling somewhere in the middle and mechanical and organic as the two extremes was put up. Different technological systems or technologies impose various demands on an organization using knowledge from the concept. According to Van Doreen (2012), an organization could use several different forms depending on the circumstances. The contingency criteria was refined further when it demonstrated that organizational subunits could have various sub-environments; this indicates the urge for different organizational forms (Houck et al., 2016). According to Mintzberg (1979), there are 11 contingency variables, four of which concerned the environment, namely hostility, diversity, complexity, and stability. He also identified decision-making system design, lateral linkages, superstructure design, and position design as structural design parameters. Product standardization, strategic data control, investment in physical capital and intangible assets, horizontal mergers, and strategic contracting are all potential strategic moves that firms can make.

This study relies on the theory since it outlines some of the major contingency plans that firms must adopt to promote their success. It is important that firm's top management promote flexibility in their main operation. This is important towards their general profitability and growth. As such, managers can use the theory to explain the need for adopting different viewpoints and plans in their operations. This is imperative for the firm success in the long run.

However, the contingency theory does not provide clear guidelines on how to prioritize or weigh different contingencies, leaving managers with a potentially overwhelming array of factors to consider. Furthermore, the theory often involves analyzing situations after they have occurred, which may not always be practical for real-time decision-making. Additionally, contingency theory may not offer straightforward solutions for situations that involve multiple and overlapping contingencies, making it a potentially complex framework to apply in practice (Safari & Saleh, 2020).

2.3 Strategy and Organisational Performance

Both strategic formation and thinking are necessary inputs for all firms in today's fast-changing business environment since they help in dealing with uncertainty in the future. A change that is slow can be handled methodically. Radical change necessitates strategic rethinking (Kotler, 2016). According to a study by Jiang and Carpenter (2013) on the importance of strategy to organizations in UK, it was evident that strategy provides direction for the organization as it navigates business world's environment. Effective plans ensure that the firm is stable and plan for its operations (Johnson & Scholes, 2015). An organization must develop strategies to plan, direct, and control change to be successful. Plans define, correct and help build all systems in a firm. Three aspects of an organization's strategy are critical in determining how a company will respond to environmental challenges. They include goal setting, vision, the organization's mission, and its strategic direction (Ingraham, 2015).

A study by Whitley (2017) also noted that the strategies pursued by any firm will promote their success and this is important for future management. Future plans provide operational, business, and corporate direction. At the organizational level, the corporate strategy helps to build a particular competitive advantage and competency, which helps in advancing its performance (Hill & Jones, 2017). With the aim of meeting plans and demands of stakeholders and to improve various organizational components, corporate strategy helps in establishing a firm entire scope and purpose.

Muhammad (2015) indicates that companies operate in a setting that is more unpredictable, complicated, and dynamic than ever before. This environment includes a variety of dynamic

variables having an influence on organization's performance, such as shifting societal values, resource shortages, rivals, consumers, suppliers, sharp swings in the economic cycle, and globalization. A firm's purposes are to be achieved, through a collection of activities and decisions that implement or generate plans in a form of strategic responses. Chepurenko (2015) asserts that businesses respond by aligning with the environment as soon as they consider the economic environment to be unstable.

Isik et al. (2015) studied relationship between plans and company success and highlighted that environmental changes is one feature of generic models of task environment that poses constraints to firms performance and behavior. Environmental turbulence, according to Kohtamäki et al. (2012) noted that learning and management factors are important in all firms. They found that three sorts of capabilities, including improvisational, dynamic and operational will result in strategic advantage in a volatile environment.

In their study on the importance of strategies in promoting firm success, Waggoner, Neely and Kennerley (2016) noted that high levels of dynamism, complexity, and uncertainty characterize turbulent environments. Many factors contribute to business turbulence. These factors include technological convergence and the resulting reduction in entry barriers, increased information accessibility, and availability. It is important that managers consider factors that define their business scope. When managing firms, managers have the power to define the scope and plans that can guide their operations. As such, there is power in the decisions as well as the plans adopted in managing the firm (Rhodes and Slater, 2019). Changes in the market affect how firms manage their operations and this should be part of issues in firms.

From the view of Grant (2013), all enterprises ought to come up with ways of managing their plans and this includes the type of structure and resources adopted in major programs. This shows that the organization's ability to survive depends on its ability to adapt to its environment, and how well it does will determine how well it performs. As a result, the firm's capabilities and their strategy must be modified when environment deviates to maintain strategic alignment. The ability of an organization to handle shocks from the environment depends on how resources are allocated and regulated. The organization must alter its beliefs and tactics if it is to continue to be effective

in a challenging economy. Significant environmental changes must be anticipated by managers to achieve set plans.

Thompson and Strickland (2017) also noted that of an organization is to survive and thrive, it must address environmental challenges. The crucial growth approach resulting from clients' needs and requirements must be met by it. The experience and resources define the strategic capability and the need to attain a specific level in order for the organization to thrive (Johnson & Scholes, 2015). It includes managers' response capability, organizational climate, and organizational competence. The corporate environment refers to a person's proclivity to react in a certain way, either to welcome or resist the change.

Lewis, Megicks and Jones (2017) investigated the strategies used by SMEs in France in the transportation, telecommunications, building, manufacturing, agricultural industries. He found that the cost leadership strategy is essential to SMEs' operations. SMEs involved in the informal economy, such as those in the second-hand market, were not discussed in the research. Yawson (2020) noted that firms have the power to use different systems including modern technology to manage their major issues.

In Ghana, Ghana Fieve and Chrysostome (2022) noted that innovative strategies, differentiation focused and cost leadership influenced the operation of organizations in the country. The inquiry found that success is based on the plans used by the firms. This means management must be flexible and partner with others. However, this study was done in Ghana and it may not apply in Kenya.

In order to investigate the University of Nairobi's strategies for achieving competitiveness, Waithaka et al. (2018) conducted a qualitative case study of the institution operations for a period of time. They found that strategies like diversification, marketing, and superior customer service are crucial for achieving performance and success in the institution. However, this study was based on information gained in late 2018. This was before the crisis outbreak occurred in the world.

In late 2021, Kaberia and Muathe (2021) sought to evaluate how the crisis affected Kenyan women-based SMEs. The findings indicated that many SMEs failed to meet their goals after one

month within the pandemic outbreak. Cross-sectional models had been adopted in the study and it was evident that women SMEs are prone to decline in sales during pandemic. The authors concluded that women owned SMEs require supports to achieve their goals in challenging times. However, this study was done on micro-businesses levels as well and cannot apply to all SMEs alone.

Masago et al. (2020) also studied on how the pandemic affected the level of success and also the SMEs' growth in Narok Town in Kenya. This study adopted case review and it was noted that pandemics negatively influence SMEs value and growth. The authors noted that women-owned firms should be supported in developing regions to succeed. The study however failed to consider the effects of the pandemic on male-based firms. This is a contextual and conceptual gap that needs further research.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section addresses issues that cover how data will be gathered, the research design to be adopted and then the population of the study. It also includes how data will be reviewed, presented, and analysed. This is well presented here.

3.2 Research Design

The study adopted a cross-sectional survey of the SMEs in Nairobi, Kenya. It was appropriate since it allowed the researcher to derive information concerning current status of the phenomenon (Mugenda & Mugenda, 2003). Cross-sectional research design also helped to collect huge data from respondents. With this design, it was possible to collect data on multiple firms within a given time. This was important in collecting adequate data for this study.

3.3 Population of the study

The target here is all SMEs in Nairobi, Kenya. The study will focus on SMEs within different sectors in Nairobi, Kenya. This will include managers within the SMEs dealing with Beauty and cosmetic Services, hotels, Bars and restaurants, and Manufacturing sectors. SMEs are firms with 50-100 employees.

3.4 Sample Design

According to the Ministry of Industrialization and Trade (2022), there are 3000 stable SMEs in Nairobi, Kenya. However, the study adopted Yamane (2007) formula to determine the population sample as indicated:

$$N=n / (1+Ne^2)$$

$$N \text{ (Total population)} = 3000$$

$$E \text{ (Level of error)} = 0.05$$

$$N \text{ (Sample size)}$$

$$n = 3000 / (1 + 3000 \times 0.05^2)$$

$$n = 352$$

Therefore, the researcher sampled 352 SMEs managers in Nairobi, Kenya. To avoid bias, they were selected proportionately based on different categories as indicated below:

Table 3.1 Sample Size

Category	Sector	Number	Sample
1	Beauty and Cosmetics	600	70
2	Manufacturing	800	94
3	Hotel and Bar	200	23
5	Clothing	700	82
6	Stationeries	100	13
7	Sales in travel and tours	600	70
	Total	3000	352

Source: Author (2022)

The study adopted simple random sampling method. This was effective in providing the respondents with equal chances of participating in this research. Further, it helped reduce bias during the study.

3.5 Data Collection

Questionnaires were used to collect primary data. The questionnaire contained structured questions on strategies small and medium enterprises adopt for performance management during the covid-19 pandemic. Before beginning the exercise, pilot study was done to test the questionnaire on its validity and reliability. The researcher adopted drop and pick method of questionnaire delivery. This helped cover a wider area in the city. Managers and employees within major SMEs in Nairobi were the key respondents in this study.

3.6 Data Analysis

The study used quantitative methods since it involves numbers. The data involving numbers was reviewed and analysed using descriptive statistics. Both descriptive and inferential analysis were conducted for quantitative data. The models associated with descriptive view to cover frequencies, mean and standard deviation were part of the review and they were presented in table and charts.

The data analysis also involved regression models and this is important after data coding. The data was also sorted and errors erased. This was imperative in coming up with clear, direct and simple review.

The model of regression adopted was as shown below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where;

y = Performance Management among SMEs in Nairobi, Kenya during Covid-19 pandemic.

β_0 = Constant

X_1 = Working Online

X_2 = Digital Advertisement/Marketing

X_3 = Free Delivery

X_4 = Providing Discounts to attract clients

X_5 = Low-Cost Pricing

β_1 to β_4 , are the coefficients in the model.

e = the estimated error constant

CHAPTER FOUR: DATA ANALYSIS, RESULTS, AND DISCUSSION

4.1 Introduction

The study examined approaches adopted by SMEs for performance management throughout covid-19 period. This section contains the data analysis following the study objectives.

4.2 Response Rate

In all 352 SMEs in Nairobi, the respondents were availed with questionnaires to fill in. Specifically, the CEO and senior managers from the SMEs were targeted. They were contacted and briefed to enable the researcher to gain consent. They were then issued with questionnaires by hand or through e-mails and the filled questionnaires were collected after two days, other respondents took longer. All the questionnaires issued were received back, dully filled let alone two that had already closed business and were substituted This implies that the response was 100%, which is statistically excellent for a research's reliability.

4.3 Background Information and Demographic Characteristics

The researcher considered the participants' demographic information including age, education level and gender. It was established that 26% of the respondents were business owners,43% were directors, 28% were senior managers and only 3% were general staff. Gender wise, it was established that 65% and 35% represented the females. 56% had been in their organization's service for less than five years,28% for more than 5 years but less than 11 years and only 16% had served beyond 10 years.

Table 4.1. Demographic summary

Position in company	Frequency	Percentage
Owner	92	26
Director	150	43
Manager	100	28
General staff	10	3
Total	352	100
Gender of respondent		
Male	230	65
Female	122	35
Total	352	100

Experience Period		
1 to 5 years	200	56
6 to 10 years	100	28
10 years +	52	16
Total	352	100

The findings show that position in the organization is an important consideration in the SME sector. Another important factor is years of experience. The findings also show that there still exists gender disparity in the management of the SMEs and males are still the majority.

4.4 Working online

4.4.1 Descriptive Statistics for Working Online

Questionnaire required that participants indicate their responses regarding working online during the covid 19 pandemic. They were to capture the responses using a scale that ranged from 1 to 5 where by 1 reflected a “no extent” response, 2 reflected a “low extent” response, 3 reflected a “moderate extent” response, 4 stood for a “great extent” response and 5 represented a “very great extent” view. The results are shown below.

Table 4.2 Descriptive Statistics for Working Online

	Mean	SD
We have been using online methods of communication	4.05	0.17
We have been holding online staff meetings	3.96	1.01
We have been processing our orders online	4.07	0.99
We have been using e-commerce platforms to process payments	4.56	0.64
We use online financial management tools for financial tracking	3.99	1.09
Average	4.13	0.78

As depicted in table 4.2, the consensus among the participants indicated that they acknowledged using online communication methods to a substantial degree as supported by a mean of 4.05 and SD of 0.17. Additionally, Most of the survey participants expressed that they have been holding online staff meetings to a substantial degree which is evidenced by an

average of 3.96 and SD of 1.01. Most of the respondents also indicated that they have been processing orders online to a substantial degree which is evidenced by an average of 4.07 and SD of 0.99. In addition, many respondents indicated that they have been using e-commerce platforms to process payments, which is evidenced by an average of 4.56 and SD of 0.64. Moreover, most of the respondents indicated that they use online financial management tools for financial tracking to a substantial degree which is evidenced by an average of 3.99 and SD of 1.09. The overall responses' mean was 4.13 thus the conclusion that majority of the SMES had employed online working techniques which could have affected their performance management, however, the responses were varied as shown by a SD of 0.78.

4.4.2 Analyzing the Corr. between Working Online and Performance Management

Correlation analysis was done to establish strength of relationship between working online and performance management. These findings were as captured in table 4.3 below:

Table 4.3 Analyzing the Corr. between Working Online and Performance Management

		Performance Management	Working online
Performance Management	Pearson-Corr.(R)		1
	Sig.(2 tail)		
Working online	Pearson-Corr.(R)	.766**	1
	Sig.(2 tail)	0.000	

** Corr. holds significance at the 0.01 threshold (two-tailed)

The findings indicated strong positive and significant relationship between working online and performance management among the SMEs in Nairobi Kenya ($r=0.766$, $p=0.000$). This meant that more online working led to improved performance management among the SMEs.

4.4.3 Regression Analysis between Working Online and Performance Management

Regression analysis was done to show the relationship existing between working online and Performance Management. Results of the model summary were as shown in table 4.4.

Table 4.4 Regression Analysis between Working Online and Performance Management

Model	R	R Square	Adj. R Square	Std. Error of the Estimate
1	.766	.587	.563	.53823

From the findings, working online was found satisfactory in explaining performance management among the SMEs in Nairobi. It was reinforced by R square of 0.563 which indicated 56.3% of the variation in performance management was influenced by working online, while 43.7% was influenced due to additional variables not accounted for in the model.

Table 4.5 ANOVA for the influence of working online on performance management

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.005	1	45.005	63.687	0
	Resid.	247.212	350	0.706		
	Total	292.217	351			

The ANOVA results unveiled the statistical significance of the model. Additionally, the outcomes suggested that working online effectively predicted performance management in the SMEs in Nairobi. It was reinforced by F statistic of 63.687 and the noted significance level (p-value) (0.000) that was smaller than 0.05 level of significance.

Table 4.6 Coeff. of regression in relation to working online

Model	Unstd. Coeff.		Std. Coeff.	t	Sig.
	B	Std. Error	Beta		
1 (Const.)	9.297	9.72		0.956	0.08
Working Online	0.574	0.167	0.233	2.83	0.021

Regression Coeff. results revealed that working online has both positive and also significant influence on performance management of SMEs ($\beta=0.233$, $p=0.021$). This signifies that an increment of one unit in working online would cause an enhanced performance management of the SMEs by 0.233 units.

4.5 Digital Marketing

4.5.1 Descriptive Statistics for Digital Marketing

The participants gave their responses regarding digital marketing during the covid 19 pandemic using a scale ranging from 1 to 5 where by 1 reflected a “no extent” response, 2 reflected a “low extent” response, 3 reflected a “moderate extent” response, 4 stood for a “great extent” response and 5 represented a “very great extent” view. The results of the analysed data is shown below:

Table 4.7 Descriptive Statistics for Digital Marketing

	Mean	SD
We used social media platforms to market our business	4.23	0.85
We collaborated with content creators to market our products	3.84	1.34
We used email marketing for our products	3.67	1.56
We collaborated with social media influencers to market our products	3.98	1.32
We used online ads to market our business	4.08	0.65
Average	3.96	1.14

Majority of the respondents revealed that they used social media platforms to market their business, to a substantial degree (Mean=4.23, SD= 0.83). Majority of participants also indicated that collaborated with content creators to market their products to a substantial degree (Mean=3.84, SD= 1.34). Most of respondents also indicated that they used email marketing for our products to a substantial degree (Mean=3.67, SD= 1.56). Further, most of respondents collaborated with social media influencers to market their products to a substantial degree (Mean=3.98, SD= 1.32). Most of participants also indicated that they used online ads to market their business to a substantial degree (Mean=4.08, SD= 0.65). The average mean of the responses was 1.14 implying that majority of SMES utilized digital marketing during the covid 19, which could have influenced their performance management.

4.5.2 Analyzing the Corr. between Digital Marketing and Performance Management

Corr. analysis was done to find out strength of relationship between digital marketing and performance management of the SMEs in Nairobi. The results were as shown in table 4.8 below:

Table 4.8 Analyzing the Corr. between Digital Marketing and Performance Management

		Performance Management	Digital Marketing
Performance Management	Pearson-Corr.(R) Sig.(2 tail)		1
Digital Marketing	Pearson-Corr.(R) Sig.(2 tail)	.819** 0.000	1

** Corr. holds significance at the 0.01 threshold (two-tailed)

The findings indicated the presence of strong positive and significant relationship between digital marketing and performance management among the SMEs in Nairobi Kenya ($r=0.819$,

p=0.000). This implied that more digital marketing led to improved performance management among the SMEs.

4.5.3 Regression Analysis between Digital Marketing and Performance Management

Regression analysis was done to show the relationship existing between digital marketing and Performance Management. Results of the model summary were as shown in table 4.9.

Table 4.9 Regression Analysis between Digital Marketing and Performance Management

Model	R	R Square	Adj. R Square	Std. Error of the Estimate
1	.819	.679	.662	.54009

From the findings, digital marketing was found satisfactory in explaining performance management among the SMEs in Nairobi. It was reinforced by R square of 0.662 which indicated 66.2% in performance management variation was influenced by digital marketing, whereas 33.8% was influenced due to additional variables not accounted for in the model.

Table 4.10 ANOVA for influence of digital marketing on performance management

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.057	1	47.057	66.092	0
	Resid.	245.160	350	0.712		
	Total	292.217	351			

The ANOVA results unveiled the statistical significance of the model. Additionally, the outcomes suggested that digital marketing effectively predicted performance management in the SMESs in Nairobi during the covid 19 pandemic. It was reinforced by F statistic of 66.092 and the noted significance level (p-value) (0.000) that was smaller than 0.05 level of significance.

Table 4.11 Coeff. of regression in relation to Digital Marketing

Model		Unstd. Coeff.		Std. Coeff.	t	Sig.
		B	Std. Error	Beta		
1	(Const.)	4.897	9.72		1.996	0.001
	Digital Marketing	0.596	0.142	0.279	4.19	0.000

Regression Coeff. results revealed that digital marketing has positive and also significant influence on performance management of SMEs ($\beta=0.279$, $p=0.001$). This signifies that an increment of one unit in digital marketing would cause an enhanced performance management of the SMEs by 0.279 units.

4.6 Free Delivery

4.6.1 Descriptive Statistics for Free Delivery

Participants gave their responses regarding free delivery of their products during the covid 19 pandemic using a scale ranging from 1 to 5 where by 1 reflected a “no extent” response, 2 reflected a “low extent” response, 3 reflected a “moderate extent” response, 4 stood for a “great extent” response and 5 represented a “very great extent” view. The results of the analysed data is shown below:

Table 4.12 Descriptive Statistics for Free Delivery

	Mean	SD
We provided free delivery services for existing customers	3.87	1.26
We provided free delivery services for new customers	3.92	1.18
We provided free delivery services for customers who purchase bulky goods	3.80	1.34
We provided free delivery services for loyalty program members	3.76	1.44
We offered free delivery services for customers who purchase high value goods	4.04	0.75
Average	3.88	1.19

From the findings, Most of the survey participants expressed that they provided free delivery services for existing customers to a substantial degree which is evidenced by an average of 3.87 and SD of 1.26. Findings showed that majority of survey respondents expressed that they provided free delivery services for new customers to a substantial degree (Mean=3.92, SD=1.18). Most of the respondents indicated that they provided free delivery services for customers who purchased bulky goods to a substantial degree (Mean=3.80, SD=1.34). Most of the respondents indicated that they provided free delivery services for loyalty program members to a substantial degree (Mean=3.76, SD=1.44). Most of the respondents also indicated that they offered free delivery services for customers who purchase high value goods to a substantial degree (Mean=4.04, SD=0.75). The responses’ average was 3.88 indicating that

most of the participants adopted free delivery services which could have influenced performance. However, the responses were varied which is evidenced by an average of 3.88 and SD of 1.19.

4.6.2 Analyzing the Corr. between Free Delivery and Performance Management

Corr. analysis was done to find out the strength of the relationship between Free Delivery and performance management of the SMEs in Nairobi. The results were as shown in table 4.13 below:

Table 4.13 Analyzing the Corr. between Digital Marketing and Performance Management

	Performance Management	Free Delivery
Performance Management	Pearson-Corr.(R) Sig.(2 tail)	1
Free Delivery	Pearson-Corr.(R) Sig.(2 tail)	.804** 0.000

** Corr. holds significance at the 0.01 threshold (two-tailed)

The findings indicated the presence of strong positive and significant relationship between free delivery and performance management among the SMEs in Nairobi Kenya ($r=0.804$, $p=0.000$). This implies that more free delivery led to improved performance management among the SMEs.

4.6.3 Regression Analysis between Free Delivery and Performance Management

Regression analysis was conducted to show the relationship between free delivery and Performance Management. The results of the model summary were as shown in table 4.14.

Table 4.14 Regression Analysis between Free Delivery and Performance Management

Model	R	R Square	Adj. R Square	Std. Error of the Estimate
1	.804	.647	.631	.6754

From the findings, free delivery provided a satisfactory explanation for performance management among the SMEs in Nairobi. It was reinforced by R square of 0.631 which indicated 63.1% of the variation in performance management was influenced by free delivery

services, while 36.9% was influenced due to additional variables not accounted for in the model.

Table 4.15 ANOVA for influence of Free Delivery on performance management

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.048	1	53.048	77.692	0
	Resid.	239.169	350	0.6836		
	Total	292.217	351			

The ANOVA findings showed that the model was statistically significant. Additionally, the outcomes suggested that free delivery effectively predicted performance management in the SMEs in Nairobi during the covid 19 pandemic. It was reinforced by F statistic of 77.692 and the noted significance level (p-value) (0.000) that was smaller than 0.05 significance level.

Table 4.16 Coeff. of regression in relation to Free Delivery

Model	Unstd. Coeff.		Std. Coeff.	t	Sig.
	B	Std. Error	Beta		
(Const.)	1.908	8.99		2.90	0.000
Free Delivery	0.588	0.155	0.268	3.79	0.000

Regression Coeff. results revealed that free delivery has a positive and significant influence on performance management of SMEs in Nairobi ($\beta=0.268$, $p=0.001$). This signifies that an increment of one unit in free delivery would cause an enhanced performance management of the SMEs by 0.268 units.

4.7 Discounts

4.7.1 Descriptive Statistics for Discounts

They were to indicate their responses using a scale that ranged from 1 to 5 where by 1 reflected a “no extent” response, 2 reflected a “low extent” response, 3 reflected a “moderate extent” response, 4 stood for a “great extent” response and 5 represented a “very great extent” view. The results of the analysed data is shown below. Findings were shown in the table below:

Table 4.17 Descriptive Statistics for Discounts

	Mean	SD
We offered percentage discounts to our frequent customers	4.07	1.09
We offered quantity discount for bulk buyers	3.78	1.19
We offered welcome discounts for new customers	3.92	1.18
We offered cash discounts for customers who paid on delivery	3.99	1.15
We offered bundle discounts for customers who purchased various product combinations	4.05	1.27
Average	3.97	1.18

Findings showed that most of the respondents offered percentage discounts to their frequent customers, to a substantial degree, which is evidenced by an average of 4.07 and SD of 1.09. Findings also revealed that most of the respondents offered quantity discount for bulk buyers, to a substantial degree, which is evidenced by an average of 3.78 and SD of 1.19. Findings also revealed that most of the respondents offered welcome discounts for new customers, to a substantial degree, which is evidenced by an average of 3.92 and SD of 1.18. Additionally, most of the respondents indicated that they offered cash discounts for customers who paid on delivery as supported by a mean of 3.99 and SD of 1.15. It was also revealed that most of the respondents offered bundle discounts for customers who purchased various product combinations to as great extent which is evidenced by an average of 4.05 and SD of 1.27.

4.7.2 Analyzing the Corr. between Discounts and Performance Management

Corr. analysis was done to find out the strength of the relationship between discounts and performance management of the SMEs in Nairobi. The results were as shown in table 4.18 below:

Table 4.18 Analyzing the Corr. between Digital Marketing and Performance Management

	Performance Management	Discounts
Performance Management	Pearson-Corr.(R) Sig.(2 tail)	1
Discounts	Pearson-Corr.(R) Sig.(2 tail)	.799** 0.000

** Corr. holds significance at the 0.01 threshold (two-tailed)

The findings indicated the presence of strong positive and significant relationship between giving discounts and performance management among the SMEs in Nairobi Kenya ($r=0.799$, $p=0.000$). This implies that more discounts led to improved performance management among the SMEs.

4.7.3 Regression Analysis between Discounts and Performance Management

Regression analysis was conducted to show the relationship between discounts and performance management. The results of the model summary were as shown in table 4.19.

Table 4.19 Regression Analysis between Discounts and Performance Management

Model	R	R Square	Adj. R Square	Std. Error of the Estimate
1	.799	.638	.626	.3409

From the findings, giving discounts provided a satisfactory explanation for performance management among the SMEs in Nairobi. It was reinforced by R square of 0.626 which indicated 62.6% of the variation in performance management was influenced by giving discounts, while 36.9% was influenced due to additional variables not accounted for in the model.

Table 4.20 ANOVA for influence of discounts on performance management

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.539	1	53.539	78.512	0.00
	Resid.	238.678	350	0.6819		
	Total	292.217	351			

The ANOVA findings showed that the model was statistically significant. Additionally, the outcomes suggested that giving discounts effectively predicted performance management in

the SMEs in Nairobi during the covid 19 pandemic. It was reinforced by F statistic of 78.512 and the noted significance level (p-value) (0.000) that was smaller than 0.05 significance level.

Table 4.21 Coeff. of regression in relation to Discounts

Model	Unstd. Coeff.		Std. Coeff.	t	Sig.
	B	Std. Error	Beta		
(Const.)	0.718	9.88		3.94	0.000
Discounts	0.578	0.136	0.259	4.25	0.000

Regression Coeff. results revealed that discounts has a positive and significant influence on performance management of SMEs in Nairobi ($\beta=0.259$, $p=0.001$). This signifies that an increment of one unit in discounts would cause an enhanced performance management of the SMEs by 0.259 units.

4.8 Low Pricing

4.8.1 Descriptive Statistics for Low Pricing

The respondents were asked to give their responses regarding low pricing on their products during the covid 19 pandemic. They were to indicate their responses using a scale that ranged from 1 to 5 where by 1 reflected a “no extent” response, 2 reflected a “low extent” response, 3 reflected a “moderate extent” response, 4 stood for a “great extent” response and 5 represented a “very great extent” view. The results of the analysed data is shown below:

Table 4.22 Descriptive Results for Low Pricing

	Mean	SD
We reduced our product prices against that of the competitors	3.98	1.22
We offer low priced product options	3.88	1.23
We reduced the price of our products during the peak business hours	3.76	1.28
We reduced the charges associated with product stocking	4.09	0.63
We significantly reduced price for low income earners	3.59	1.25
Average	3.86	1.12

From the findings Most of the survey participants expressed that they greatly reduced their product prices against that of the competitors (Mean=3.98, SD=1.22). It was also found that most of the respondents indicated that they offered low priced product option, which is evidenced by an average of 3.88 and SD of 1.23. It was also found that most of the respondents indicated that they reduced the price of our products during the peak business hours, to a substantial degree, which is evidenced by an average of 3.76 and SD of 1.28. Majority of the respondents also indicated that they reduced the charges associated with product stocking, to a substantial degree, which is evidenced by an average of 4.09 and SD of 0.63. Most of the respondents also indicated that they significantly reduced price for low income earners to a moderate extent which is evidenced by an average of 3.59 and SD of 1.25. The overall mean of the responses was 3.86 implying that most of the respondents adopted the low pricing strategy, which could have influenced performance management. However, the responses were varied as shown by a SD of 1.12.

4.8.2 Analyzing the Corr. between Low Pricing and Performance Management

Corr. analysis was done to find out the strength of the relationship between low pricing and performance management of the SMEs in Nairobi. The results were as shown in table 4.23 below:

Table 4.23 Analyzing the Corr. between low pricing and Performance Management

		Performance Management	Low pricing
Performance Management	Pearson-Corr.(R)		1
	Sig.(2 tail)		
Low pricing	Pearson-Corr.(R)	0.822**	1
	Sig.(2 tail)	0.000	

** Corr. holds significance at the 0.01 threshold (two-tailed)

The findings indicated the presence of strong positive and significant relationship between low pricing and performance management among the SMEs in Nairobi Kenya ($r=0.822$, $p=0.000$). This implies that more price reduction led to improved performance management among the SMEs.

4.8.3 Regression Analysis between Low pricing and Performance Management

Regression analysis was conducted to show the relationship between low pricing and performance management. The results of the model summary were as shown in Table 4.24.

Table 4.24 Regression Analysis between low pricing and Performance Management

Model	R	R Square	Adj. R Square	Estimate Std. Error
1	.822	.675	.647	.7357

From the findings, low pricing provided a satisfactory explanation for performance management among the SMEs in Nairobi. It was reinforced by R square of 0.647 which indicated that 64.7% of the variation in performance management was influenced by low pricing, while 35.3% was influenced due to additional variables not accounted for in the model.

Table 4.25 ANOVA for influence of low pricing on performance management

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.508	1	50.608	49.912	0.00
	Resid.	241.609	350	0.6903		
	Total	292.217	351			

The ANOVA findings showed that the regression model on influence of low pricing on performance management was statistically significant. Additionally, the outcomes suggested that low pricing effectively predicted performance management in the SMESs in Nairobi during the covid 19 pandemic. It was reinforced by F statistic of 49.912 and the noted significance level (p-value) (0.000) that was smaller than 0.05 significance level.

Table 4.26 Coeff. of regression in relation to Low Pricing

Model	Unstd. Coeff.		Std. Coeff.	t	Sig.
	B	Std. Error	Beta		
(Const.)	0.675	0.286		2.36	0.001
Low Pricing	0.584	0.209	0.281	2.79	0.000

Regression Coeff. results revealed that low pricing has a positive and significant influence on performance management of SMEs in Nairobi ($\beta=0.281$, $p=0.001$). This signifies that an increment of one unit in low pricing would cause an enhanced performance management of the SMEs by 0.281 units.

4.9 Performance Management

4.9.1 Descriptive Statistics for Performance Management

The respondents were asked to give their responses regarding performance management of their SMES during the covid 19 pandemic. They were to indicate their responses using a scale that ranged from 1 to 5 where by 1 reflected a “no extent” response, 2 reflected a “low extent” response, 3 reflected a “moderate extent” response, 4 stood for a “great extent” response and 5 represented a “very great extent” view. The results of the analysed data is shown below:

Table 4.27 Descriptive Statistics for Performance Management

	Mean	SD
There was an increase in sales volume	3.89	1.44
There was an improvement in profit margins	3.76	1.46
There was a reduction in running costs	4.09	0.98
There was improvement in employee productivity	3.99	1.21
There was an increase in the number of customers	3.96	1.38

The results showed that the sales volumes in most of the SMEs improved to a substantial degree which is evidenced by an average of 3.89 and SD of 1.44. It was also found that there was an improvement in profit margins in most of the SMEs, to great extent, which is evidenced by an average of 3.76 and SD of 1.46. Moreover, most of the respondents indicated that there was a reduction in running costs in their businesses to a substantial degree, which is supported by a mean of 4.09 and SD of 0.98. Most of the survey participants expressed that there was improvement in employee productivity to a substantial degree, which is evidenced by an average of 3.99 and SD of 1.21. Similarly, Most of the survey participants expressed that there was an increase in the number of customers to a substantial degree, which is evidenced by an average of 3.96 and SD of 1.38.

4.10 Discussions of Findings

The investigation focused on examining the strategies employed by small and medium enterprises for performance management amid the COVID-19 crisis in Nairobi, Kenya. It was evident that the COVID-19 pandemic affected businesses worldwide, including Small and Medium-sized Enterprises (SMEs) in Nairobi, Kenya. The analysis confirmed that to manage

performance during this difficult time, SMEs in Nairobi have adopted various strategies, including the adoption of remote work. Many SMEs have implemented remote work policies to minimize exposure to the virus and ensure the safety of their employees. This strategy involves setting up communication channels and tools to enable effective communication and collaboration among team members as well as with customers.

Many of the employees adopted online work experience, and active performance monitoring and evaluation using digital tools. SMEs in Nairobi have implemented performance monitoring and evaluation strategies to track the productivity and progress of their employees. This strategy involves setting targets and key performance indicators (KPIs) to ensure that employees remain focused and productive while working remotely. These findings are similar to Yawson (2020) who noted that strategic evaluation and use of digital tools was a big milestone among many firms in late 2020. In the concluding months of 2020, a noteworthy milestone emerged within the business landscape, as many firms strategically evaluated and embraced the use of digital tools. This shift represented a fundamental transformation in how businesses approached various aspects of their operations. From enhancing efficiency to adapting to changing market dynamics, the integration of digital tools played a pivotal role in reshaping the strategies adopted by organizations. This transformative journey encompassed a multifaceted approach. Firms engaged in strategic evaluations to assess the relevance and impact of digital tools within their specific industries. The emphasis on strategic evaluation underscored the proactive stance taken by these entities, indicating a deliberate effort to align their operations with the evolving technological landscape. The adoption of digital tools was not merely a technological upgrade; rather, it signified a strategic response to the challenges and opportunities posed by the contemporary business environment. This paradigm shift laid the groundwork for a more digitally resilient and competitive business ecosystem.

The analysis also reveals that many SMEs use digital tools to maintaining customer relationships. SMEs in Nairobi have invested in maintaining relationships with their customers to ensure customer satisfaction and loyalty. This strategy involves providing quality products and services, offering discounts and incentives, and communicating regularly with customers. This is in line with findings by Omagwa (2021) who confirmed that training was important to all workers and customers after the breakout of the crisis. There was high employee training and development among SMEs. SMEs have invested in employee training and development programs to help employees acquire new skills and knowledge that can be useful in adapting

to the changing business environment. This strategy ensures that employees remain relevant and competitive in the market. Employee training and development programs serve as a proactive approach to addressing the challenges posed by the changing dynamics of the market. These initiatives go beyond mere compliance with industry standards; they represent a commitment to nurturing a workforce that is not only capable but also agile in responding to emerging trends. Through ongoing learning opportunities, employees are empowered to broaden their skill sets, stay abreast of industry advancements, and contribute meaningfully to the growth and innovation within their respective organizations (Leaky, 2020). This strategic investment in employee development not only benefits individual career trajectories but also ensures the overall competitiveness of SMEs in the market. By fostering a culture of continuous learning, these businesses create a workforce that is not just reactive but proactive in navigating the complexities of the contemporary business landscape. As a result, SMEs position themselves to thrive amid uncertainty, leveraging a well-equipped and adaptable workforce as a cornerstone for sustained success (Boaz, 2020).

The analysis also confirms that there was a high value in redefining roles and responsibilities. Some SMEs have redefined the roles and responsibilities of their employees to align with the changing business needs. This strategy involves identifying new opportunities and markets that SMEs can leverage to stay afloat during the pandemic. By redefining roles and responsibilities, SMEs aim to capitalize on new opportunities and markets that can provide resilience and sustainability during the ongoing pandemic. This strategic realignment is not only about cost-cutting or efficiency measures but reflects a proactive effort to identify and leverage emerging prospects. In essence, it allows SMEs to pivot swiftly in response to market dynamics, ensuring that their workforce is strategically positioned to address the challenges and harness the opportunities presented by the unprecedented circumstances. In doing so, SMEs not only navigate the immediate challenges posed by the pandemic but also fortify their foundations for long-term resilience and success in the ever-changing business landscape (Ahmed & Magdy, 2019).

SMEs also implemented financial management strategies to help them manage their finances during the pandemic. This strategy involves cutting unnecessary expenses, seeking financial assistance, and exploring new revenue streams. This confirms the view that many SMEs in Nairobi, Kenya, have adopted a range of strategies to manage performance during the COVID-19 pandemic, and these strategies are likely to continue even after the pandemic subsides.

The analysis also revealed that the SMEs in Nairobi adapted to the pandemic and are finding new ways to meet the needs of their customers. Offering discounts and reducing prices helped them to attract new customers and retain existing ones during difficult economic times. In addition, adopting online sales and home delivery was one of the effective ways to reach customers who are hesitant or unable to visit physical stores. This helped the SMEs expand their customer base beyond their immediate geographic area (Ofori, Ai Lin & Tjandra, 2012).

The review also supported the resource-based view and contingency theory. It was evident that SMEs unique resources and capabilities were the primary drivers of its competitive advantage and long-term success (Kaberia & Muathe, 2021). SMEs that had resources like intellectual property, brand reputation, specialized knowledge or skills, physical assets, and financial resources, enjoyed high performance. In addition, SMEs with superior resources and capabilities were able to create a sustained competitive advantage by differentiating themselves from competitors and achieving higher profits (Kaplan & Norton, 2018). The analysis also confirms that SMEs adopted different management approaches and this depends on the specific circumstances, or contingencies, faced by the organization. These contingencies can include factors such as the size of the organization, the industry in which it operates the cultural and social environment, and the goals and objectives of the organization (Ofori, Ai Lin & Tjandra, 2012).

From this analysis, it can be argued that organizations must be flexible and adaptable in order to respond to changing circumstances and identify the most effective management approach for their particular situation (Kaberia & Muathe, 2021). Therefore, managers must be able to identify and respond to contingencies in order to maximize organizational performance and achieve success. This promoted long term value (Kashero 2018).

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study summary based on the analysis findings was presented under this section. Further, conclusions based on the study results were outlined. Moreover, the policy framework and also the implications of the findings on practice are presented. In addition, limitations are also outlined here and finally what other researchers can do to obtain proper practice are also provided.

5.2 Summary of Findings

The study objective was to establish strategies adopted by SMEs for performance management. Findings showed that majority of respondents have been using online communication methods to great extent. Additionally, majority of them revealed that they have been holding online staff meetings to a great extent. Majority of respondents also revealed that they have been processing orders online to great extent. Moreover, many of the respondents revealed that they have been using e-commerce platforms to process payments. The findings from correlation analysis showed that there was strong positive and significant relationship between working online and performance management of the SMEs ($r=0.766$, $p=0.000$). Further, regression analysis showed that working online has positive and also significant influence of performance management of SMEs ($\beta=0.233$, $p=0.000$).

The findings revealed that majority of the SMES used social media platforms to market their business to great extents. Further, it was revealed that majority of respondents collaborated with content creators to market their products to a great extent. Most of the respondents further indicated that they used email marketing for our products to great extent. Results showed that most of the SMES collaborated with social media influencers to market their products to great extent. Majority of respondents also showed that they used online ads to market their business to great extent. The correlation analysis findings showed that there was a strong positive and also significant relationship between digital marketing and performance management of SMEs ($r=0.819$, $p=0.000$). These findings were further supported by regression analysis that revealed that digital marketing has positive and also significant influence on performance management of SMEs ($\beta=0.279$, $p=0.000$).

Further, findings portrayed that majority of the SMES provided free delivery services for existing customers to a great extent. Results revealed that majority of the SMES provided free delivery services for new customers to a great extent. Most of the SMES provided free delivery services for customers who purchased bulky goods to great extent. Most of the SMES provided free delivery services for loyalty program members to great extent. A greater percentage of respondents also indicated that they offered free delivery services for customers who purchase high value goods to great extent. Correlation analysis showed strong positive and also significant relationship between digital marketing and performance management of SMEs ($r=0.804$, $p=0.000$). These findings were backed up by those of regression analysis which showed that free delivery services have positive and also significant influence on performance management of SMEs ($\beta=0.268$, $p=0.000$).

Additionally, results showed that most of the SMES offered percentage discounts to their frequent customers, to great extents. It was also revealed that most of respondents offered quantity discount for bulk buyers. Findings also revealed that most of respondents offered welcome discounts for new customers to great extent. Additionally, majority of respondents indicated that they offered cash discounts for customers who paid on delivery. It was also revealed that most of the respondents offered bundle discounts for customers who purchased various product combinations to a great extent. The correlation analysis showed strong positive and significant relationship between discounts and SMEs' performance management ($r=0.799$, $p=0.000$). The findings were further supported by regression analysis findings which indicated that discounts has both positive and also significant influences on performance management of SMEs ($\beta=0.259$, $p=0.000$).

Moreover, majority of the SMES greatly reduced their product prices against that of the competitors. It was also found that most of the SMES offered low priced product options. Most of the SMES reduced the price of our products during the peak business hours to great extent. Majority of SMES also showed that they reduced charges associated with product stocking, to a great extent. Most of the SMES also significantly reduced price for low income earners to a moderate extent. Correlation analysis showed strong positive and also significant relationship existing between low pricing and performance management of SMEs ($r=0.822$, $p=0.000$). Regression analysis supported these results by showing that discounts have both positive and significant influence on performance management of SMEs ($\beta=0.281$, $p=0.000$).

5.3 Conclusion

It was concluded that using online methods of communication to staff and customers led to improved organizational performance. It was also concluded that processing orders and payments using online platforms leads to improved business revenues. Furthermore, it was concluded that using online financial management tools for financial tracking leads to reduction in operational costs thus improving organizational performance. It was further concluded that working online leads to improved employee delivery and reduction in running costs.

The study also concluded that use of digital marketing platforms enhanced organizational performance. It was concluded that use of social media platforms to market a business leads to improved profit margins. He study also concluded that collaborating with social media influencers to market products leads to increased profit margins and increase in customer base. Furthermore, it was concluded that use of online ads for marketing improves organizational performance.

The study also concluded that providing free delivery services to new and existing customers led to increased customers and market share. In addition, free delivery services to customers who buy bulky goods leads to improved firm performance. Furthermore, it was concluded that giving discounts to customers leads to increase in sale volume in a firm. In addition, it was concluded that giving discounts increases customers' numbers. The study further derived the conclusion that low pricing leads to increased sales volume and increase in organizational profitability.

5.4 Recommendations

5.4.1 Recommendations to Management and Practitioners

This study highlights importance of online working and digital marketing for SME performance. Business owners should prioritize investing in digital infrastructure, such as robust online platforms, e-commerce capabilities, and digital marketing tools. By leveraging the power of the internet and digital technologies, SMEs can expand their reach, attract a wider customer base, and improve overall performance. The findings suggest that free delivery, discounts, and low pricing are associated with improved SMEs performance. Business owners

should consider implementing these value-added services to attract and retain customers. Offering free delivery or discounted prices can incentivize purchases and enhance customer satisfaction. However, it is important to carefully assess the financial implications and profitability of these strategies to ensure long-term sustainability.

5.4.2 Recommendations to Policy Makers

Policy makers should focus on facilitating digital infrastructure development, supporting digital skills training, fostering an enabling regulatory environment, establishing support mechanisms for SMEs, and encouraging data-driven decision-making. These policy recommendations can help create a conducive environment for SMEs to leverage online working, digital marketing, free delivery, discounts, and low pricing, ultimately enhancing their performance and contributing to economic growth.

5.4.3 Theoretical Implications

Theoretically, future scholars should conduct studies that deal with the comparison of Performance Management Strategies of SMEs in different industries during COVID-19 Pandemic. The study can compare and contrast performance management strategies adopted by SMEs in different industries, such as manufacturing, service, retail, etc., during the pandemic, and identify the industry-specific challenges and opportunities. This will help develop new theoretical models in the future.

5.5 Limitations of the Study

Based on an angle of inquiry, the current research was only based on an analysis of SMEs in Kenya. The study had limited sample size, which could thus reduce the findings generalizability to the larger population of SMEs. The sample of SMEs may not be representative of the broader population, as businesses that are more successful or have greater resources may be more likely to participate.

Moreover, there was self-report bias. It should be noted that the data collected may be subject to self-report bias, as participants may not accurately report their strategies or overestimate their effectiveness. In addition, the study may not take into account contextual factors that may influence strategies adopted by SMEs, such as industry, location, or government policies.

Finally, the study failed to control for all confounding variables that may influence effectiveness of strategies adopted by SMEs during the pandemic.

5.6 Suggestions for Future Research

This study considered strategies adopted by SMEs for performance management during the covid-19 pandemic. In future, scholars should delve into long-term impact of COVID-19 pandemic on SMEs performance management. Future scholars can explore how SMEs can sustain their performance management strategies in the long run, considering the pandemic's long-term impact on the economy and society. This should be done through consideration of digital transformation among SMEs in Kenya.

Moreover, future inquiry should evaluate the role of leadership in SMEs during the COVID-19 pandemic. SMEs are known to be heavily dependent on their leadership for performance management. Future inquiry can explore how leadership strategies have influenced the performance of SMEs during the pandemic.

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APPENDIX

Appendix 1: Questionnaire

The study aims to establish strategies adopted by small and medium enterprises for performance management during the COVID-19 pandemic.

SECTION A: BACKGROUND DETAILS

1. No of employee _____
 2. What is your scope of the market (*Nairobi, Mombasa, across the country etc*)

 3. In which year was this SME established? _____
 4. What is your position in the company?
 - a. Owner
 - b. Director
 - c. Manager.
 5. Indicate your Gender, where M stands for Male and F for Female
 - a. M
 - b. F
 6. Indicate highest level of education you have attained
 - a. Diploma
 - b. Bachelors
 - c. Masters
 - d. Doctorate
 - e. Other (please specify) _____
- For how many years have you been working in the SME? (Years of experience)**
- a. Less than 3 years
 - b. 3 – 5 years
 - c. 6 – 10 years
 - d. More than 10 years

SECTION B: Working Online

This section aims at collecting information regarding working online in your business. Kindly indicate the response that reflects your opinion. Use the scale provided where: 1=no extent, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent. Tick in the spaces provided (✓)

	1	2	3	4	5
We have been using online methods of communication					
We have been holding online staff meetings					
We have been processing our orders online					
We have been using e-commerce platforms to process payments					
We use online financial management tools for financial tracking					

SECTION C: Digital Marketing

This section aims at collecting information regarding digital marketing in your business. Kindly indicate the response that reflects your opinion. Use the scale provided where: 1=no extent, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent. Tick in the spaces provided (✓).

	1	2	3	4	5
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We used social media platforms to market our business					
We collaborated with content creators to market our products					
We used email marketing for our products					
We collaborated with social media influencers to market our products					
We used online ads to market our business					

SECTION D: Free Delivery

This section aims at collecting information regarding Free Delivery in your business. Kindly indicate the response that reflects your opinion. Use the scale provided where: 1=no extent, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent. Tick in the spaces provided (✓).

	1	2	3	4	5
We provided free delivery services for existing customers					
We provided free delivery services for new customers					
We provided free delivery services for customers who purchase bulky goods					

We provided free delivery services for customers who purchase bulky goods					
We offered free delivery services for customers who purchase high value goods					

SECTION E: Discounts

This section aims at collecting information regarding discounts in your business. Kindly indicate the response that reflects your opinion. Use the scale provided where: 1=no extent, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent. Tick in the spaces provided (✓).

	1	2	3	4	5
We offered percentage discounts to our frequent customers					
We offered quantity discount for bulk buyers					
We offered welcome discounts for new customers					
We offered cash discounts for customers who paid on delivery					

Who offered bundle discounts for customers who purchased various product combinations					
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SECTION F: Low Pricing

This section aims at collecting information regarding low pricing strategy in your business. Kindly indicate the response that reflects your opinion. Use the scale provided where: 1=no extent, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent. Tick in the spaces provided (✓).

	1	2	3	4	5
We reduced our product prices against that of the competitors					
We offer affordable product options					
We reduced the price of our products during the peak business hours					
We reduced the charges associated with product stocking					
We significantly reduced price for low income earners					

SECTION G: PERFORMANCE MANAGEMENT

This section aims at collecting information regarding low performance management in your business. Kindly indicate the response that reflects your opinion. Use the scale provided where: 1=no extent, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent. Tick in the spaces provided (✓).

	1	2	3	4	5
There was an increase in sales volume					
There was an improvement in profit margins					
There was a reduction in running costs					
There was improvement in employee productivity					
There was an increase in the number of customers					