

**INFLUENCE OF ACCESS TO BUSINESS ENHANCEMENT INFORMATION  
ON THE PERFORMANCE OF SMEs IN SIAYA TOWN**

**BY**

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
ARTS IN PROJECT PLANNING AND MANAGEMENT OF THE UNIVERSITY OF  
NAIROBI.**

**2015**

**DECLARATION**

This research proposal is my original work and has not been submitted to any other university or college for academic credit.

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## **DEDICATION**

This Research project report is dedicated to my husband Jude for his support & perseverance; and my parents who encouraged me to work hard always and wished me the best even during my academic turmoil.

## **ACKNOWLEDGEMENT**

I take this opportunity to sincerely thank all who helped me successfully complete this Research Project. First and foremost, I thank God for this far He has brought me. I am grateful to my supervisors; Dr. Raphael Nyonje and Dr. Benson Ojwang for reading the draft that I presented to him and the counsel they gave me in the course of writing this project. I thank University of Nairobi for giving me the chance to study at the institution, the university lecturers and support staff who facilitated me during the research and my entire studies.

I am also indebted to my class colleagues who gave thoughtful insights during the process of making this report a reality. To my family, I thank them for their understanding and support, both spiritually and physically when I was working on the research and report.

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## ABSTRACT

SMEs are getting more relevance as widely known in terms of creating jobs, wealth creation, and the development of innovation. The contribution of business enhancement information is considered a critical factor in the success and survival of small and microenterprises. Nevertheless, not much is known about the level by which small business owners use business enhancement information knowledge practicing in coming up with various business management decisions in order to influence performance of small and Micro enterprises in Siaya Town. The study aimed at examining the influence of access to business enhancement information on the performance of micro and small enterprises (SMEs) in the town of Siaya. These small and micro enterprises play important role in the economic development of a county yet it is generally accepted and known for a high mortality rate of SMEs which last less than two years. Due to this high rate of failure, it becomes important to research the influence of access to business enhancement information on the performance of SMEs in Siaya town, Siaya County. The purpose of this research proposal was to explore the factors affecting performance of small and micro enterprises in Siaya town. The objectives were; To establish the extent to which access to market dynamics influence performance of SMEs in Siaya Town, to determine how access to financial information influence performance of SMEs in Siaya Town, to examine how access to business enhancement information influence performance of SMEs in Siaya Town, and to assess how access to infrastructural information influence performance of SMEs of Siaya Town. The study employed a descriptive research design to achieve the objectives. The target population under study was the 448 traders within Siaya town. The study used a questionnaire to collect the required data from a sample of 116 SMEs. The data collected was coded, quantified and analyzed quantitatively and qualitatively. Quantitative data was analyzed by the use of statistical package for social sciences (SPSS). The study concluded that influence of access to business enhancement information on the performance of SMEs in Siaya town was able to recommend the government to start offering basic business and financial management skills as this made it possible for the entrepreneurs to make investment decisions that are informed. This study also benefited entrepreneurs to exploit and recognize the opportunities that are available. The other key factors that were found to affect businesses in Siaya town positively are: access to market dynamic information, access to strategic business enhancement information, financial information and infrastructural information.

## **ABBREVIATIONS AND ACRONYMS**

<b>SMEs:</b>	Small and Micro Entrepreneurs
<b>IFLA:</b>	International Federation of Library Associations
<b>UN:</b>	United Nations
<b>UNESCO:</b>	United Nations Educational, Scientific and Cultural Organization
<b>CIDP:</b>	County Integrated Development Plan
<b>PAI:</b>	Population Action International
<b>SPSS:</b>	Scientific Packages for Social Scientists
<b>KNBS:</b>	Kenya National Bureau of Statistics
<b>EU:</b>	European Union
<b>IIF:</b>	Institute of International Finance

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

SMEs are important to individuals and the entire nation. To the individual they provide employment and raise the standard of living of both employers and employees. To the nation, they complement large scale modern sector enterprises, they utilize agricultural and other raw materials that would have gone to waste, they serve limited or closed markets that warrant only small scale production, they mobilize resources otherwise left out of the mainstream formal mobilization channels and they provide the necessary platform for take-off into large scale modern production by many indigenous Kenyans (Bwisa 2011).

In Europe, a Commission formed with the aim to promote successful entrepreneurship and improve the business environment for Micro, Small and Medium Enterprises, allows them to realize their full potential in today's global economy, notably through the Small Business Act (SBA) for Europe. Whilst the SBA seeks to improve the business environment for all sizes and types of SMEs, the Commission recognizes that specific initiatives and sustained efforts are required to enable Europe's smallest firms to realize their true potential. It is therefore undertaking work in a range of areas to help and encourage Member States identify and implement measures in support of craft and micro-enterprises.

European Commission works with financial institutions to improve the funding available to Micro, Small and Medium Enterprises by stimulating the provision of loans and venture capital through financial instruments. The Commission also helps European Union countries share good

policy on improving access to finance which allows them to benefit from the experience of others. European Union financing programmes are generally not provided as direct funding. Aid is channeled through local, regional, or national authorities, or through financial intermediaries such as banks and venture capital organizations that provide funding through financial instruments. (Enterprise & Industry Magazine, 2014).

While in India, there is a dearth of quality people in industry, which demands high level of entrepreneurship development programme throughout the country for the growth of Indian economy. India, a country with a strong social system, and large variety of intellects has its own scope for the giving new entrepreneurs to the global economy. Entrepreneurship development scope in states such as India is magnificent. The Government strategy for promoting entrepreneurship in the country: subsequent to the guidelines that were provided in the Industrial Policy Resolution 1956, planners increasingly laid emphasis on small industries promotion. From 1956, the Indian government has strived to promote this sector through various promotional policies that include various incentives for example; providing concessional finance, infrastructural facilities, creation of technical and support institutions and managerial guidance and protective measures such as reserving 675 products exclusively for the Small and Medium, Micro Enterprises (MSME). The Indian government makes its purchases from the MSME on the price preferential terms to make it possible for the sector to have marketing support, besides purchasing 358 items exclusively from small-scale industries. The government (India) has created a wide network of institutions that supports emergence and growth of SME's in the country. Due to this, small enterprise sector in India has attained very impressive growth. (Smallbone et al. (1995).



Nigeria has been an independent nation for the past 45 years with policies on SME development in rural communities, but rural areas are still not developed and the quality of life of people in the rural areas continues to deteriorate throughout all tiers of government of both politicians and the military regimes. Nigerian people are still dominantly peasant farmers, petty traders, middle men or commission agents Diso (2005). The country has many small businesses who pose as potential to develop all sectors of human endeavor more especially if information services are fully enhanced in the rural communities throughout the country. The rural communities in Nigeria are the majority in terms of population, and yet are faced with challenges like any other African nation in starting up and sustaining the small businesses (Diso,2005). Also the rural communities' accessibility to pertinent information becomes extremely difficult and impractical.

In Kenya SME entrepreneurs and their contribution to small businesses to development are acknowledged, they do face many obstacles though that limit their long term survival and development. Arinaitwe (2002) he pointed out that small business development has indicated that the failure rate in developing countries is higher than in the developed world. Kenya National Bureau of Statistics (2007) previous studies show that three out of five businesses fail within the first few months of operation. The major challenge shows that lack of capital and financial resources. However, Dia (2006) found that additional capital and finance can be overcome through innovation and creativity. Kallon (1999) also found out that access to commercial credit did not contribute to entrepreneurial success in any significant way. Some researchers argue that small businesses are undercapitalized.

Business owners in Africa tend to depend upon their own savings and capital access remains a problem. Most of them cannot meet the requirements for commercial loans, while those who

have the access find the loans expensive. Problems of administration have been cited as a major cause of business failure. Lack of basic business management experience and skills and poor record keeping are major contributors (Kazooba, 2006). Additional factors according to Lusier (2006) Mahadea & Murphy (2006) are inexperience in the field of business particularly lack of technical knowledge, inadequate planning, lack of managerial skills, and failure to do market research.

Small businesses constantly face competition not only from their peers but also from large corporations. Taking part in niche markets was in the past thought to be a preserve for small businesses (Ntakobajira, 2013). According to Amyx (2005), negative perception is one of the most crucial challenges towards SMEs. Potential clients perceive small businesses as not having the capability to advance quality services and are unable to satisfy more than one critical project at the same time. According to Bowen, Morara & Mureithi, (2009) most often, larger companies are chosen and given business for their clout in the industry and name recognition alone. Inadequate planning, improper financing and poor management have been regarded as the main reasons of small enterprises failure (Longenecker, 2006). Regardless of the high failure rate by SMEs in Kenya, their enormous contribution to the entire economy cannot be overlooked (Mbogo, 2011).

SMEs have been all over the world as the ways and means for industrialization. Robust economies like the United Kingdom and United States of America delineate their development from growth and development of their SMEs. Studies by Hatega (2007), Kauffmann (2005) argued that of all firms in Sub-saharan Africa SMEs cover more than 95% and their importance cannot be overestimated. SME's are more often than not found in the service sector of various

economies which in most countries account for two-thirds in the employment of countries. The SME sector in Kenya contributes an estimated 18% of the GDP as well as creating 80% of the population's employment (Kithae, 2012).

SMES's are widely known for their role in the social, political and economic development. Their significance is particularly evident in its capacity to provide reasonably priced goods, services, employment and income to a number of people (Kauffmann, 2006). There has therefore been a growing concern and interest by the development agencies and government for the enhanced performance and growth of the small and medium enterprises.

A positive relationship between the small-business development and economic growth has been documented in developed countries (Harris and Gibson, 2006; Monk, 2000; Sauser, 2005). Studies in small-business development and performance are necessary in nations such as Kenya because of the disparity in the process between developed and developing countries (Arinaitwe, 2002). It is also essential to understand the issues influencing small-business performance in African countries because they are notably distinct from those facing developed countries.

They include: accessibility to market dynamics information, accessibility of financial information, strategic business enhancement information and access to infrastructure business enhancement information. The First 1993 SME's baseline survey showed approximately 910,000 SMEs employing up to 2 million people. Today it is estimated that the contribution to the GDP by this sector stands at over 25% (Economic Survey, 2012). In spite of the statistics, the SME sector in Kenya often operates on small-scale, locally and at a subsistence level. They

have few employees; they operate for a shorter period, and have poor access to electricity and water and a small number make sales outside the area where the entrepreneurs live (World Bank, 2006).

Majority of the SMEs have fewer than 10 employees, while 70 per cent of them are one person, own account workers. Hence, majority of SME entrepreneurs operate at the bottom of the economy, with a significant percentage lying in the 53 percent bracket of Kenyans who live below the poverty line of USD 1 per day. The latter are largely for maintenance and take part in uncompetitive activities both in urban and rural areas (Kihonge, 2014).

At the fore front of Kenya's challenges lies the high level of unemployment among young people, which is estimated to be double 12.7 percent which is the unemployment level of the nation. The young people who have a job are often engaged in low-paying jobs. Therefore, according to UNDP (2013) majority of the people who are unemployed disproportionately stem from the youth segment of the population and belong to the bottom 40 margin of the distribution of income.

## **1.2 Statement of the Problem**

Owing to the problems related to small and micro enterprises in Siaya town, a large number is on self-financing in regards to retained earnings and poor management which last them three months after conception (Kenya National Bureau of Statistics, 2007). Small and micro enterprises have inadequate funds to sustain needs at various levels of growth or knowledge on how to get funds and from which entities. Thus, a gap exists for firms starting or wishing to expand. The main development challenges in Siaya County are poor infrastructure, inadequate water supply, erratic electricity supply, high prevalence of HIV/AIDs and high unemployment rates. These factors have greatly impacted negatively on development in the County. As a result about 40% of the

total population in the County is living below the poverty line (Siaya CIDP, 2013-2017). In order for the small and micro enterprises to flourish, business owners and entrepreneurs need to achieve understanding the information needs of small and micro enterprises in Siaya town. According to Durrance 1989; Taylor 1986; Wilson (1981) being unable to access information on the performance is an indication of the challenges for a better understanding of those who need information and the area in which they operate in order for useful policies to be implemented. Siaya happens to be among the country's known towns, which has very little documentation on financing of SME's. It therefore makes the basis of the proposed study.

### **1.3 Purpose of the study**

The study aimed at examining the influence of access to business enhancement information on the performance of micro and small enterprises in the town of Siaya.

### **1.4 Objectives**

- i. To establish the extent to which access to market dynamics information influence performance of SMEs in Siaya Town.
- ii. To determine how access to financial information influence performance of SMEs in Siaya Town.
- iii. To examine how access to strategic business enhancement information influence performance of SMEs in Siaya Town.
- iv. To assess how access to infrastructural business enhancement information influence performance of SMEs of Siaya Town.

### **1.5 Research Questions**

The research attempted to address the following research questions;

- i. To what extent does access to market dynamics information influence performance of SMEs in Siaya Town.
- ii. To what extent does access to financial information influence performance of SMEs in Siaya Town.
- iii. To what extent does access to strategic business enhancement information influence performance of SMEs in Siaya Town.
- iv. To what extent does access to infrastructural business enhancement information influence performance of SMEs of Siaya Town.

### **1.6 Significance of the study**

It is hoped that the findings and the recommendations of the study were to be useful to the traders of SMEs. The result of the study hopefully would be used by the Kenyan Central Government for the policy formulation to foster a suitable environment for the small and micro entrepreneur to enhance growth of business and the subsequent social standard improvement. This research would also assist the Siaya County Government in formulating planning policies to assist them build holistic policies that included all the county traders including SME's. For the purpose of taxation and also reaching out to this group of earners who may not have an idea of the obligation to pay tax as per the laws of Kenya. The study would help to research institutions, students and other researchers who would find the results handy in their investigation in the area of study.

### **1.7 Basic Assumptions of the Study**

It was assumed that all other extraneous factors contributing to small and micro enterprises performance was not captured in this study remained constant. In addition, it was assumed that all respondents honestly participated and responded to all the questions in the questionnaires. Access

to market dynamics, access to strategic business enhancement information, financial information and infrastructural information; all influence the performance of SMEs in Siaya town.

### **1.8 Limitations of the Study**

The research was limited to examine influence of access to business enhancement information on the performance small and Micro Enterprises in Siaya involving a sample population of 116 out of 448 traders in this research study. The study depended on the data provided by the respondents. This meant that the accuracy of the data provided was dependent on the provision of information. The researcher needed to be patient and skilled to clarify any issues that are not clear or handling arising problems.

Information for businesses was usually confidential. Most of the respondents who were approached were not willing to give information due to fear of being offended. The researcher carried a letter of introduction from the University to reassure the respondents that the information would be treated as private and would be for academic purposes only.

Since the respondents were busy traders, caution and proper discipline was needed to avoid offending the respondents.

### **1.9 Delimitations of the Study**

This study was on the influence of access to business enhancement information on the performance of SMEs in Siaya town. This study was restricted to the micro and small business established in Siaya town where special focus was on their performance and effects they had to the traders and to the entire town. This involved collecting information from small, micro enterprises population that had been in existence for over three years. This was crucial for data collection from across the required areas in the study.

## **1.10 Definition of significant terms**

### **Performance**

Performance in regard to this study is “how well business is managed” and “the value the business delivers for customers and other stakeholders.”

### **Small and Micro Enterprise**

These are business employing 10 people or less, and have a capital asset of less than Ksh. 50,000

### **Business Enhancement Information**

Information used by business owners with either short or long term goals to achieve their business or financial needs.

### **Access to market dynamics information**

Change in either the supply or demand for a specific product or group of products forces corresponding to variances causing pricing signals.

## **1.11 Organization of the Study**

The study was organized into five chapters. Chapter one dealt with background of the study, Statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, limitations of the study, delimitation of the study and definition of significant terms used in the study. Chapter two dealt with review of literature thematically as per the research objectives, theoretical framework, conceptual framework as well as summary of literature review. Chapter three focused on research methodology which entailed research design, target population, sample size, sampling procedure, data collection instruments, data analysis and ethical considerations. Chapter four entailed a detailed discussion of the results obtained from the study. Finally, chapter five presented the conclusions and recommendations of the study on the basis of the results.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter evaluates existing literature on the subject of this study. It outlines the literature review, the theoretical and conceptual frameworks and summary.

#### **2.2 Access to market dynamic information**

Access to market dynamic information is affected by various factors one of which is the national government. Government has so much influence over the free markets. Monetary policy used by the government through increasing or decreasing the interest rates of a country which can result in slowing or attempting to speed up growth within the country. County government have different levies they impose on traders and investors within their regions. Fiscal policy can be termed as the government's ability to increase its spending or contract. With the budget allocated funds to every county, Siaya County have not been able to stabilize prices or solve unemployment crisis. Trade among counties has effect on their economy. Siaya County is bordered by Busia County to the north, Kakamega County and Vihiga County to the northeast and Kisumu County to the south east. The more money leaving a county, the weaker the county's economy becomes. County government together with other stakeholders is called to enhance SMEs performance through market dynamism. To stimulate business performance in Siaya town, the county needs to export more products and or services in order to bring in more money which in return can be reinvested.

Access to market dynamic information has impacted the integral parts of financial system through speculation and expectation. The way the consumers, investors and politicians behave today affects the economy in the future. Thus, the expectation of the future and actions is dependent on

current acts and shapes both current and future action is dependent on current acts and future trend. Siaya County is backyard of the opposition leader. Sentiment indicators are showing how the inhabitants are feeling about the current economy. Analysis of these indicators as well as other forms of fundamental and technical analysis can create a bias or expectation of future price rates and trend direction.

Access to market dynamic information has had effect on the supply and demand for products, currencies and other investments which creates a push-pull dynamic in prices. Normally, prices and rates change as supply or demand changes. If something is in demand and supply begins to shrink, prices will rise. If supply increases beyond current demand, prices will fall. However, if supply is relatively stable, prices can fluctuate higher and lower as demand increases or decreases.

Access to market dynamics information for the SMEs has affected their performance. Small and micro enterprises mostly focuses on the majorly available goods or services which the government has monopolized affecting their performance. Siaya traders have to face competition which has an impact to their businesses. Its possible to have a street with traders selling the same good for example vendors selling foodstuff. The way they handle the heat determines how long they live.

Access to market dynamics information factors: governments, international transactions, speculation/expectation, and supply and demand are all linked as expected future conditions shape current decisions and those current decisions shape current trends. Government affects trends mainly through monetary and fiscal policy. These policies affect international transactions which in turn affect economic strength. Siaya County has considered foreign countries and local investors to implement business development within its region. Speculation and expectation drive

prices based on what future prices might be. Finally, changes in supply and demand create trends as market participants fight for the best price.

### **2.3 Access to financial Information**

Lack of access to credit/ finance is almost universally regarded as the main problem faced by SMEs. Constraints of credit operate in variety of ways in Kenya where undeveloped capital market makes entrepreneurs rely on borrowing from friends or relatives and self-financing which is not enough for SMEs to optimally undertake their business activities in an optimal way. Lack of access to long-term credit for small enterprises makes them rely on short term finance that is costly. There are various financial challenges that face small enterprises. These include high credit cost, high bank fees and charges. The scenario witnessed in Kenya particularly during the ending period of 2008 shows the requirements for credit among the low and common earning entrepreneurs. Many money lenders such as Pyramid schemes came up, promising hope among the 'little investors,' that entrepreneurs would have financial freedom in the form of soft borrowing. The rationale behind turning to these schemes among a good number of entrepreneurs was to get soft credit with low interest rates while still making profits. Constraints in terms of finances remain a big challenge facing SMEs in Kenya (Wanjohi and Mugure, 2008).

Finding start-up finance for the organization is the biggest obstacle that numerous entrepreneurs have to go through. Even after getting started, getting sufficient finance for sustaining growth of the business is the other challenge. The problem related to finance includes lack of information on the sources of finance, lack of access to finance, insufficient financing, restrictive lending offered by commercial banks, insufficient track record required by the banks,

access to collateral, and the fact that financial institutions do not have enough structure for handling SMEs.

Inadequate financing is as much a problem as lack of finance and as a result of finance scarcity, it's difficult for small enterprises to expand, modernize or meet urgent orders from customers. The Margins on the profits are usually little to maintain growth. Harper (1984) notes that businesses like tailors and grain millers are unable to compete with big manufactures of ready-made goods because they have to wait until a customer provides them with money to buy raw materials. Some may be unable to get started until a customer pays the deposit.

Having financial access is essential for improving SME competitiveness, as SMEs have to invest in new skills, technologies and innovation. Access to finance issues cannot be resolved by implementing financing programs or schemes in a vacuum. Basil (2005) pointed out that there are issues in institution covering a spectrum from the micro level to the macro level, which are tagged along with capacity deficiencies. A wide spectrum such as this may only be tackled by embracing the development of SME in government frameworks. Also, it's worthwhile noting that that effort to resolve access to finance matters is not the only governments' responsibility. SMEs are required to take a better initiative than pointing it out as their main obstacle. The SME's need to mobilize joint advocacy and recommendations based on sound analyses, through their organizations in which they members. Most importantly, SMEs must implement sound business practices and continuously spend their resources in sound internal management systems: in planning, accounting, financial, operations and human resource management.

SMEs find medium to long-term financing, as their topmost obstacle to growth and investment. These challenges are viewed in two perspectives. In economies that are least developed, and in some transition and developing economies deficiencies in both the microeconomic environments and macroeconomic environment and pose challenges: high budget deficits and unstable exchange rates and legal, regulatory and administrative environment poses major obstacles to access of SMEs to financing. According to Kinyanjui (2006) capital may be unavailable in some economies, property rights regimes may not allow ownership of land, markets for immovable assets transfer may be underdeveloped, credit and collateral legislation may not allow certain assets, to be used as collateral, absence of registries for mortgages and pledges may raise the lenders risks, enforcement of contracts and asset liquidation may be hampered due to weaknesses in in the judiciary and legislation.

The challenges may be due to organizational capacity weaknesses: For example, in economies that are least developed, markets of business services in auditing, accounting, financial management and legal counsel are underdeveloped, therefore, SMEs are unable to access or afford such services: essential services they would require when they approach any type of lenders. In more advanced developing countries, where there progress in the important institutions is reasonable, SMEs could face difficulties in getting formal finance in the form of guarantees, venture capital, bank loans and leasing. Case in point, although SMEs are by a greater percentage the largest group of customers of commercial banks in any economy, SME's loans are usually limited to very short periods say one year, thereby ruling out financing of any sizable investments. Moreover, due to SME loans high-perceived risks, having access to competitive interest rates may also be a limiting factor.

In many developing economies, governments lending by banks is preferred, which offer higher returns and less risk, crowding out most of the private sector from the system of these finances. The problem connected to finance includes lack of information on where to source for finance, lack of access to finance, lending offered by commercial banks that is restrictive, insufficient financing, limited access to security for loan, lack of track record, and the fact that financial institutions lack appropriate model for dealing with SMEs. Due to the scarcity of finance, small enterprises are unable to expand, modernize or meet urgent customers' orders. Therefore, capital is necessary for the long-term survival and growth of small businesses. It's worthwhile to note that more money than its required can be much of a problem as less money. More money eludes high cost for money in the form of interest which may lead to un-worthwhile investments.

Most studies (Chijoriga and Cassiman, 2007, Ngobo, 2005; Kibera and Kiberam, 1997), point to finance as one of the key growth constraints of small enterprise. The absence of financial markets in the developing countries worsens the case. Owners of small enterprise cannot access finance easily, to expand business and they are usually faced with problems of collateral, the unexplained bank charges and feasibility studies they are required to do. It means that they cannot access finance to enable them to develop. Ngobo (1999) pointed out the hindrances to small enterprise growth as a limiting factor and includes interest rates, collateral, extra bank charges, inability to evaluate financial proposals and lack of proper financial management skills. Financial markets that are under developed impose additional constraints. There are no independent financial sources and no financial instruments that are driven by the market.

Lack of access to credit/ finance also affects technology choice by hindering the alternatives

that should be considered. Many SMEs may use inappropriate technology because if it is the only one affordable. In some instances, even where credit is available, the entrepreneur may lack freedom of selecting since the lending conditions may bring about the purchase of heavy, immovable equipment that can serve as loan collateral. Constraints of credit operate in various ways in Kenya where undeveloped capital market forces entrepreneurs to rely on borrowing or self-financing from friends or relatives. Lacks of access to long-term credit for small enterprises make them rely on short term financing that are very costly.

#### **2.4 Access to strategic business enhancement information**

Managers play a major role in informing the entire business on business enhancement.

Access to business enhancement information promotes a gainful and fruitful business that is just a significant speculation for current shareholders and for forthcoming financial specialists. Management is important to enable group or business goals to be accomplished through the functions of planning, staffing, directing, controlling activities, coordination and directing. Personal characteristics of the owner/manager were interpreted by Larson and Clute (1999) as lack of experience for the managers who happen to be the owners leading to poor performance and consequently to business failure. Bamback and Lawyer (2001) also identified poor management as the root cause of many failings and poor performance of small business. Nzioka (2005) in the role of education in business performance notes that one of the things that restrain small – business development is the need for better management. Good management means need for proper planning, control, organizing skills and proper staffing with qualified and competent employees.

Access to business enhancement

Access to business enhancement information helps managers build high performance business operations through making smart investments in Information and Communications Technology (ICT) assets and enhance business value investments. Managers are expected to improve business operations, execute capital projects on time and ahead of time, strategize on how to achieve objectives, simplify roles and duties delegated to employees, steer business to greater heights and finally internal and external communication feedback is important. Most owners or managers of SME's lack managerial experience and training. The typical managers or owner of small businesses comes up with their own way of management, which is done by a process of trial and error. As a result, their management style tends to be concerned with day-to-day operations than long-term issues, more intuitive than analytical and more opportunistic than strategic in concept's terms (Hill, 2007). Although this attitude is the key strength at the start-up stage of the business as it gives the creativity needed, it may present problems when complex decisions have to be undertaken. The poor managerial ability consequence is that SMEs owners are ill prepared to face changes in the environment that the business operates in and to plan the relevant changes in technology.

Majority of those who run SMEs are ordinary lot who don't have a any background on how business is run. Good managers are street wise with the knowledge of the seasonal goods that are on demand and also have good ears on the ground to note commodities that may be lacking in the market and their desire is high. Strategic business managers learn from previous errors and make a turn around on the profitability of the business.

Having the right skills and education are needed to run micro and small enterprises. Research shows that majority of the lot carrying out small and micro enterprises in Kenya aren't quite well equipped in terms of skills and education. Studies suggest that those with more



education and training are more likely to be successful in the SME sector (King & McGrath, 2002). As such, for small businesses to do well in Kenya, people are required to information in terms of skills and management. SMEs in ICT appear to be doing well with the sprouting of several colleges offering quite a number of computer applications. Wanjohi & Mugure (2008) further, studies show that most of those running SMEs in have at least gotten a college level education.

Harper (2004) found out that the poor growth of many enterprises of all sizes; suggest that the competent manager's scarcity is a more serious constraint on economic development. As the enterprise becomes larger, the more need for managers to plan, coordinate and control the activities of the enterprise. The owner who is likely to be the manager of the small enterprise may not have the skills, training and experience to steer the operations of the business successfully hence affecting business performance. They may operate in a very inflexible environment not dictated by sound management and business decision but by social and cultural norms. The inability to keep proper records, manage cash flow, to separate business operations from personal and growth is likely to affect business performance.

The informal sector has also shown that it can be a factor that can increase Kenya's economic growth. In the sector, practical skills are being enhanced with financial support and at low cost; various kinds of small scale technology could be reinforced for the enterprises that are labor-intensive and that could give employment to hundreds of the youths seeking jobs. Nevertheless, those who run the businesses in this sector do not have enough business skills mainly attributed to low education levels. It's very crucial to know how to make a product of high quality. The

producer should also know how to sell it effectively and how to control the business financial side and in doing so the entrepreneur must be skilled in business (Wanjohi, 2009).

## **2.5 Access to infrastructural business enhancement information**

The requirements of SMEs and the fundamentals they uphold may be weakened by the poor networks driven by institutions/business organizations, the inadequacy of the physical infrastructure, lack of innovative solutions for building and expanding more to enhance their performance. The infrastructure problem consists of inaccessibility to work space, poor state of roads and electricity and utility. Inaccessibility to land and lack of property rights hinder access to utilities and infrastructure by line SMEs (Nteere, 2012).

Ombura (2007) discovered that infrastructure networks are useful instruments within network economies. Technology related services help to make things happen, it feeds and it is fed by trade, it backs up sustainability and the creation of industrial clusters, it fuels foreign direct investment, it cuts costs and raises competitiveness. Radio, television, telephone, internet and newspaper are some of the equipment or devices that relay communication or information to the SMEs and their target market. (Rozee, 2003). It becomes an ongoing, enduring process of managing change by a range of actors, in the interests of sustainable development (Tewdwr, 2004).

## **2.6 Government regulations on performance of SMEs**

The current constitutional framework and the new Small and Micro Enterprise Act 2012 (MSE Act 2012) provide a window of opportunity through which SMEs the evolution can be realized in the way of devolution framework. However, the impact of devolution of SMEs development relies on the regulatory and institutional framework architecture inclined to support SMEs in an economy (Kigguddu, 2000). Harper (2004) found out that governments that are not concerned

with the promotion of small enterprises should determine the impact of its programmes and policies on the small businesses. Mann et al (1984) makes a similar finding that government regulation about taxation, wages, licensing and others are among the important reasons of the development of informal sector business. Without careful attention, government policies could crush the small business sector in an economy. Policies of the government should be concerned with encouraging and promoting the development of local technologies. Emphasis should be on the local tool industry promotion to reduce reliance on imports. SMEs are said to face a “liability of smallness” which is because of their resource limitations and size. They are not able to make vital changes in existing ones or develop new technologies. It’s also evidence that SMEs have the potential to initiate minor technological innovations to match their circumstances. Besides, for SMEs to fully develop and use this potential, they need specific policy measures to enhance technology services and infrastructure provision (Wanjohi, 2009). Policy initiatives in revitalizing the SME sub-sector should not be engineered by the government only, but the interested parties in development arena should take frontline.

## **2.7 Theoretical Framework**

The Balanced Scorecard (BSC) gives a guideline four dimensions in which organization’s performance should be viewed. According to Kaplan and Norton (1996) they include; customer perspective, internal perspective, financial perspective, and learning and innovative perspective. Financial and non-financial measures are incorporated into one measurement system by the BSC. The measures and objectives of BSC are derived from an organization’s vision and strategy. The BSC gives the executives a comprehensive framework that translates a company’s vision and strategy into a coherent set of performance measures. Kaplan & Norton (1996) discovered that the balanced scorecard not only allows the monitoring of present performance, it also captures

information about how well the organization is positioned in its future performance. Also, the Balanced Scorecard has evolved to become a core management tool, in that it enables CEOs to not only communicate and clarify strategy, but to manage strategy. In practice, BSC approach is used by companies to accomplish four critical management processes. They include: clarify and translate vision and strategy, link and communicate strategic objectives, plan, set targets, align strategic initiatives and enhance strategic feedback and learning.

## **2.8 Conceptual Framework**

Performance of traders in Siaya town depends on certain factors as set out into two categories as independent variables and dependent variables. Independent variables include: access to market dynamics, access to financial information, access to business enhancement and access to infrastructural information in business and access to infrastructure. The regulations that are set by government are included as a moderating variable. The relationship of the variables is displayed in the figure below:

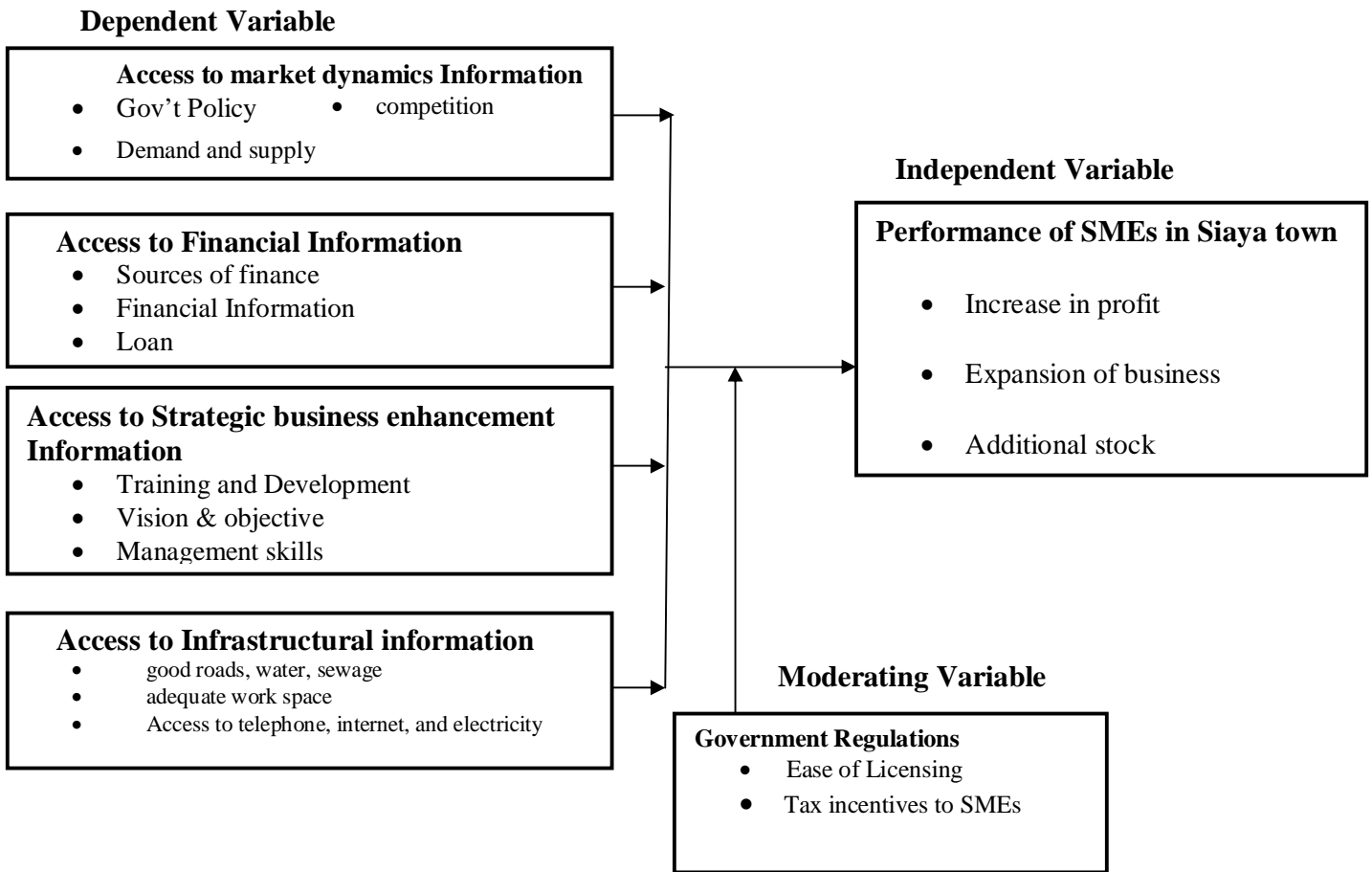


Figure 2.1: Conceptual framework

Figure 2.1 Moderating variables contribute towards how the independent variable would influence the dependent variable. For example available information easily accessed by the people of Siaya may influence access to financial information on the performance of small and micro enterprise of Siaya town depending with how it is implemented. (Kothari, 2004)

## 2.9 Summary

The study was on the influence of access to business enhancement information on the performance of small and micro enterprises in Siaya town. The study explained how performance of SMEs in Siaya Town was influenced by information accessed on business

enhancement. Thus concluded that access to market dynamic affects business performance highly and that access to financial information affects performance of SMEs because it limits entrepreneurs' the ability to take up opportunity advantage as and when they arise. The study further concludes that technology affects businesses to a great extent by enhancing communication with both the customers and suppliers, by making the transportation and marketing of the products easy.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

This chapter presents the research methodology including research design, target population, sample size and sampling techniques, research instruments, research procedures, data analysis techniques and ethical issues.

#### **3.2 Research Design**

This study adopted descriptive survey research design with both qualitative and quantitative approaches. Descriptive survey design is a method of collecting information by interviewing or administering questionnaires to a sample of individuals hence suitable for extensive research. Descriptive survey design is an excellent vehicle to measurement of characteristics of large population (Orodho, 2003). Kothari (2003) affirms that the strategy maintains a high level of confidentiality, convenience and enables data to be collected faster, enables questions to be asked personally in an interview/impersonal through a questionnaire about things which cannot be observed easily. It also gives the study an opportunity to get accurate view of response to issue as well as test theories on social relationship at both the individual and group level. Descriptive design is appropriate for this study because it enabled the collection and analysis of both qualitative and quantitative data. With quantitative approach, the study used closed-ended design selection on questionnaires for data collection. With qualitative approach the study provided for uptake of interviews, open-ended sections were inscribed in the questionnaire to collect data on how accessed information on business enhancement may influence performance of SMEs. The study used descriptive survey design. Data was collected, analyzed and presented to make inference on the scope focusing on the study objectives and research questions.

According to Bell (1993), descriptive research design is a systematic method which involves collecting relevant data and subsequently describing the behavior of a subject without influencing it in any way.

The descriptive survey design were more suitable because it can collect a varied range of information regarding the influence of access to business enhancement information on the performance of SMEs in Siaya town. Qualitative methods were used to collect data from the District Trade Development Office, Siaya Municipal council which were captured, measured and verified through administering questionnaire. Qualitative methods were used to collect data pertaining to the independent and dependent variable. Participant observation were also applied. Participant observation is a method where data are collected by an observer who is a regular full time participant in the activities being observed (Mugenda and Mugenda, 1999). Face to face interview was used to collect relevant information from the staff at the District Trade Development Office. An interview schedule was used in this regard. The survey design was used to address objective one, two, three and four. Descriptive survey design used to achieve objective one.

### **3.3 Target Population**

The target population of the study comprised of 448 small and micro enterprises of small and micro enterprises of 1345 SMEs within Siaya County. The SMEs were divided into various strata which were broken down and were categorized into various startups which are in service delivery, product, retail and also agribusiness. Within Siaya town, a population of 116 SMEs was chosen from 448 registered and non-licensed enterprises.



### 3.4 Sample size and sampling procedures

The researcher looked at the sampling frame to determine the size of the sample to include the study and the procedure of arriving at the sample.

#### 3.4.1 Sample size

The sample size of the target population depended on the purposive selection of variables in the research, the type of research design, the method of data analysis and the size of accessible population. The total population of shops, bakery, drapery, mobile phone sales, fabrics, petroleum products, charcoal dealers, electronics, hawking. Carpentry includes furniture shops, timber yards. Bookshops, photo studios, music and video libraries. Tailoring include dress making, laundry services, 'mitumba' selling and boutiques. Bars and restaurants include wine and spirit. Wholesale trade includes soda distribution and supermarkets. Posh mills, cereal shops. Agribusiness includes poultry farming, food crop farming for consumption, agro vet, horticulture, tannery, mushroom growing, dairy farming and groceries. Foodstuff/catering include hotels, food kiosk, butcheries. Chemists, clinics, colleges, computer services, Mpesa services among other professional services totaling to 448. This study had a sample size of 116 respondents' randomly sampled small and micro enterprises within Siaya town. The sample size was computed using the Yamen (2007) formula:

$$n = \frac{N}{1 + N(e)^2}$$

where, n = sample size  
N = target population  
e = level of precision

Thus, Out of the target population of 448, the study engaged 116 respondents. The sample size is derived from a computation by Yamen (1967) whose formula provides that same size (n) for

precision levels of between  $\pm 3\%$  and  $\pm 10\%$  (where confidence level is 95% and the level of maximum variability (P=0.5)) can be obtained through the formula:

$$n = \frac{N}{1+N(e)^2}$$

Where, n = sample size  
N = target population  
e = level of precision

When this formula is applied, taking 8% to be the precision level, we get

$$\begin{aligned}n &= 448 \\ &\frac{448}{1+448(0.08)^2} \\ &= 115.8 \\ &\approx 116 \text{ were be the sample size.}\end{aligned}$$

### **3.4.2 Sampling procedures**

Simple random technique was employed during the data collection. Simple random technique was used to select the 116 SMEs which were the sample units and each respective SME within the selected group were respondent. The sampling technique is appropriate because it gives all individuals in the defined population an equal and independent chance of being selected as a member of the sample. At the District Trade Development Office, a database containing all list of SMEs within the county can be accessed. Also, at the county municipal council office, a database on the small and micro enterprises within the town can be accessed to enable conducting a successful research on the SMEs. This was done by splitting the population into categories of what they specialize on. A sample chosen at random from within the strata. The research assistant approached the sampled respondents at their work stations and explained the overall objective of the survey to them then interview them.

The population of 448 SMEs within Siaya Town was distributed as tabulated below.

**Table 3.1 illustration of the selection of the sample size.**

<b>Sectors</b>	<b>No. of businesses</b>	<b>selected sample</b>
Retail Trade	223	58
Carpentry	24	6
Bookshop	16	4
Tailoring	42	11
Bar and restaurant	30	8
wholesale trade	12	3
Posho mill	28	7
Agribusiness	8	2
Foodstuff/catering	15	4
Chemist/professional services	14	3
Hardware	30	8
salon/beauty parlor	6	2
<b>Total</b>	<b>448</b>	<b>116</b>

Mugenda and Mugenda (2003) affirms that a sample is representative if it is between 10% - 30% or more. Out of a population of 448, a sample size of 116 respondents represent 26%, therefore this is representative enough to allow generalization of the findings.

All the 448 businesses that were financed were listed to form the population under study (Sekaran, 2006; Mugenda & Mugenda, 1999). For this study, stratified random sampling were used. Stratified random sampling involves a system of segregation, followed by random selection of subjects from each stratum. The businesses were divided into mutually exclusive groups based on the sector operation's that ensured the inclusion of sub-groups which could otherwise be excluded from the sample. The sectors are retail trade which includes shops, bakery, drapery, mobile phone sales, fabrics, petroleum products, charcoal dealers, electronics, hawking. Carpentry

includes furniture shops, timber yards. Bookshops, photo studios, music and video libraries. Tailoring include dress making, laundry services, 'mitumba' selling and boutiques. Bars and restaurants include wine and spirit. Wholesale trade includes soda distribution and supermarkets. Posh mills, cereal shops. Agribusiness includes poultry farming, food crop farming for consumption, agro vet, horticulture, tannery, mushroom growing, dairy farming and groceries. Foodstuff/catering include hotels, food kiosk, butcheries. Chemists, clinics, colleges, computer services, mpesa services among other professional services.

Hardware include brick making, bicycle/motorcycle repair, blacksmiths, battery charging, welding, engineering works, glass dealers, garages and light manufacturing. The last stratum is salon and beauty parlor. A stratum is a subject of the population that shares at least one common characteristic.

### **3.5 Research Instruments**

Data collection was from two main sources: primary and secondary. Secondary included data which was collected by reviewing available literatures or publications in relation to the topic. The study utilized three sets of instruments to collect and gather data. These were self-administered questionnaires, structured interviews and non-participant observation. According to (Sekaran, 2006) questionnaires have advantage of obtaining data more efficiently in terms of researchers' time, energy and costs. Interviews on the other hand, offer highest flexibility as the interviewer can adopt and change questions based on the reactions of the respondent as the interview proceeds.

Government records was relied on as a source of statistical data as they had the advantage of accuracy and comprehensiveness. These methods were selected because of accuracy, time

constraints and cost effectiveness. Structured interviews was used to obtain information from the District Trade Development Officer and his staff. Structured interviews was used to obtain information from the District Trade Development Officer and his staff. Structured interviews were conducted with prior knowledge of the information that is needed, whereby the interviewer has a list of predetermined questions to be answered by the respondents personally through other media. The questionnaire was the main instruments for collecting primary data. Consequently, the wording of the questions were selected carefully. Care was taken to categorize variables and scale them to facilitate the coding of received responses to minimize biases. Simple language that can be understood by business operators were used. The questionnaire is a blend of open-ended and closed questions. Several measuring scales are also applied appropriately in the questionnaire.

Thus, Part A is the bio data section that aims to establish the name, address, location and the number of years the business has been in operation. Part B tackles access to market dynamics information procedures and whether the amounts offered are adequate.

Part C is geared towards ascertaining if financial information is available to business owners have decreased and by what margin. Part D aims to measure the business growth in Siaya town if any is initiated from the influence of accessed business enhancement information. Part E. of the questionnaire aims to measure the growth of the business which measured by asking the respondents whether they have been able to steer their business owing to the business enhancement information accessed. Part F required the respondents to add additional information by commenting should there be an oversight.

### **3.5.1 Pilot Testing**

The instrument was piloted among the study population for determination of their reliability and validity. This process administered the research instruments to a given group of SMEs within Siaya County. Siaya County has other towns bordering Siaya for example Bondo, Ukwala, Ugunja, Yala.

In this study, pilot testing for the instruments was conducted in Bondo town which has not been sampled for the study. The study employed test-retest technique during piloting process. The pilot testing was administered by the researcher personally.

### **3.5.2 Validity of the Instrument**

Validity has to do with how accurately the data will be obtained in the study to represent the variables of the study (Mugenda & Mugenda, 1999). Validity was maintained by including questions representing all the variables in the study and appropriate indicators which were used to capture the data required. The questions were structured to present similar perceptions and interpretations to the respondents. Sample of respondents in the study for data collection were representative of the population so that information received represented the populations' real situation. In the pilot test with 116 samples the questionnaire were basically be checking for accuracy and whether they do represent the variables of the study. Items that were found to be inadequate for measuring the variables were modified and were correctly worded to ensure they are free from misrepresentation. Questionnaire administrators were trained and also familiarize with the questions and showed how to record the responses.

### **3.5.3 Reliability of instrument**

To ensure reliability, the survey tools were pretested in a small sample drawn from outside the study area to determine soundness, accuracy, clarity and suitability of the research instruments before final field survey. This provided opportunity to test the appropriateness of the survey tools and verify if the questions were properly worded. Subsequent to the pre-test necessary adjustments were made on the final survey process. To further ensure data reliability, the team of enumerators were trained on basic survey techniques including, comprehension of the survey tool, questionnaire administration techniques, need for integrity, pre-testing and fieldwork logistics.

### **3.5.4 Data collection procedures**

The researcher sought for a letter of introduction from the University of Nairobi in order to ask for permission to collect data from the National Council of Science and Technology. The researcher then proceeded to the study location to make acquaintance with target population as well as selection of the sample. The study respondents was then introduced to the study objectives and was also assured of confidentiality of the study findings. The researcher administered the data collection process personally as per the agreed appointment dates with the study respondent.

### **3.6 Techniques of Data Analysis**

The fixed items within questionnaire were analyzed using the quantitative and qualitative data analysis method. The responses were mainly in the form of Yes and No. The score cared of each respondent was added together to get the overall score for each SME group. The scores for each group was pooled together to get the overall score for each strata. The score for each SME group was then be converted to a percentage by expressing each score as a percentage fraction of the total.

The influence of access to business enhancement information was compared against the corresponding values of performance of the SMEs at 95% significance level. Thus, Out of the target population of 448, the study engaged 116 respondents. The sample size was derived from a computation by Yamen (1967) whose formula provides that same size (n) for precision levels of between  $\pm 3\%$  and  $\pm 10\%$  (where confidence level is 95% and the level of maximum variability (P=0.5)). In 100 possible cases, only 5 such difference could be due to chance (Oso & Onen, 2008).

### **3.7 Research Ethics Consideration**

Information from the respondents was treated as confidential and the data given used in a congregated format where the individual could not be identified. The respondents were made aware of this and guaranteed confidentiality.

The researcher and assistants' behavior was responsible and respectful of the respondents and their households. While the households present some situations which were not acceptable to the researcher and the assistants, such as family composition and structure or division of labor, the researcher and assistants had to accept the reality of the situation. The feedback from the respondents were received with respect and any clarifications sort with humility.



## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

#### 4.1 Introduction

This chapter presents the findings from analyzed data collected from the respondents. The findings are presented according to the variables under study. The data were analyzed using means, frequency and percentages and Person product-moment correlation. Data is presented in the form of tables. Responses from the interviews are also included to verify data.

#### 4.2 Questionnaire Return Rate

During the research study the researcher worked with a target population of 448 where a sample size population of 116 was given questionnaire of which 98 (84%) were returned fully answered. However 18 (16%) of the questionnaires were returned not fully answered thus not being able to be used for analysis in the research study. In order to establish the response return rate for sample population, the total number of the questionnaires were tallied and presented in frequency counts and percentages.

**Table 4.1: Questionnaire Return Rate**

	<b>Respondents</b>	<b>Percent</b>
Questionnaires distributed	116	100
Questionnaires returned answered	98	84
Questionnaires returned not fully answered	18	16
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field data, respondents.

The results as presented in table 4.1 indicate that a sample size population of 116 was given questionnaire of which 98 (84%) were returned fully answered. However 18 (16%) of the questionnaires were returned not fully answered thus not being able to be used for analysis in the research study.

#### 4.2.1 Background Information of SMEs

In order to establish the background information of the study, respondents were asked to indicate the type of business they operated, number of employees in the business, age of the business and factors that led to starting of the business. The results are presented as shown in table 4.2.

**Table 4.2 Basic Characteristics of the SMEs**

	Category	Frequency	Percentage
Nature of business	Sole proprietorship	70	60
	Partnership	34	30
	Subsidiary of a group	12	10
<b>Total</b>		<b>116</b>	<b>100</b>
Number of employees	I employee	59	51
	2-4 employees	33	28
	5-8 employees	23	11
	10-Sep	11	10
<b>Total</b>		<b>116</b>	<b>100</b>
Age of Business	1-3 months	11	9.4
	4-8 months	24	20.6
	9-12 months	33	28.4
	More than I year	48	41.3
<b>Total</b>		<b>116</b>	<b>100</b>
Type of business	Retail	55	47
	Wholesale	28	24
	Industrial	11	9
	Services	6	5
	Others	16	13
<b>Total</b>		<b>116</b>	<b>100</b>
Reason for Business	Business profitability	59	78
	Lack of another alternative	33	16
	Government support	23	6
<b>Total</b>		<b>116</b>	<b>100</b>

Source: Field data, respondents.

The study findings presented in table 4.3 aimed at determining the type of businesses that are in Siaya town based on the number of people that are needed to start the business. Most of the respondents said that their businesses were sole proprietorship kind of businesses. In addition, as shown on table 4.2 above, majority of the respondents (60 %), were sole proprietors while 30% of the respondents were involved in a partnership kind of a business while only 10% of the respondents were involved in business in the form of a subsidiary. The results further indicated that, most of the business had only one employee meaning that they were sole proprietorship business, 28% had 2-4 employees, 11% of the business had 5-8 employees and 10% had 9-10 employees. From the above table it is also clear that most of the business were more than one year old. The businesses that were 1-3 months old were the least at 9%. Those between 4-8 months at 20% and finally the ones that were 9-12 months old were 28%. On the other hand, as indicated in the above table 3, most of the businesses were retail businesses at 47% while the least number of businesses at 5% were involved in services operations. Wholesale businesses were 28%, industrial were 11% while 16% of the businesses offered other kind of business transactions. Finally, business profitability was seen as the main reason why people engaged in business with the percentage of those interviewed being 78% of the total respondents. 16% of the respondents engaged in business since they did not have another alternative. 6% of the respondents engaged in business because they had the government support

#### **4.2.2. Business Performance**

The research also sought to find out the factors that affect the performance of businesses in Siaya town. The factors that were seen to have an impact on the performance of businesses were the economy, finance, access to a suitable premises competition, late payment and other obstacles.

**Table 4.3: Business Performance**

	Frequency	Percentage
The economy	29	25
Finance	43	37
Suitable premises	6	5
Competition	13	11
Late payment	16	14
Other obstacles	9	8
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field data, respondents.

The study revealed that access to finance affected most of the businesses performance in Siaya. 25% of the respondents said that the economic changes had an impact on the performance of businesses in Siaya. 5% of the respondents said that access to a suitable premise had an effect on their business performance. 11% of the respondents thought that competition had an influence on the performance of their businesses, 14% thought that late payment had an impact while 8% said other obstacles impacted their business performance.

#### 4.2.3. Business Incomes

Another important factor for analyzing business performance was by analyzing the different profits of the different businesses.

**Table 4.4: Business Incomes**

	Frequency	Percentage
Less than 1,000 ksh	3	2
0-5,000 ksh	36	31
5001-10000 Ksh	54	47
More than 10,000 ksh	23	20
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field data, respondents.

The table 4.4 indicates the range of incomes according to the respondents' views. Out of the twelve months analyzed the biggest percentage of the businesses earned an income of between 5,000 and 10,000 ksh. The least percentage of the respondents earned an income of less than 1,000 Ksh.

#### 4.2.4. Source of Suppliers

As part of business performance, the study sought to find out the sources of supplies. The results are presented as shown in table 4.5.

**Table 4.5: Sources of Supplies**

	Frequency	Percentage
Local supplies	92	79
Within the country	13	12
External suppliers	11	9
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field data, respondents.

Table 4.5 shows that 79% of the businesses in Siaya got their supplies from the local supplies, 12% of them got their supplies within the country while the remaining 9% of the businesses sourced their supplies from neighboring countries. 4.6.5. Impacts of investors

**Table 4.6: Investors Impacts**

	Frequency	Percent
Yes	9	8
No	107	92
<b>Total</b>	<b>116</b>	<b>100.0</b>

Source: Field data, respondent.

Table 4.6 shows that 92% of the respondents are not affected in any way by the presence of investors in the country while 8% thought that the presence of investors in the country has had an impact in their businesses.

**4.2.5 Access to Market Dynamic Information**

The study sought to find the influence of access to market dynamic information on performance of SMEs using various aspects that were related to market dynamics, which involved the government policies, competition, and demand and supply forces in the market. To begin with, respondents were asked to share their views on whether the government affected levy. The results are presented as shown in table 4.7.

**Table 4.7: Effects of Government Levy**

	<b>Frequency</b>	<b>Percent</b>
Yes	87	75
No	29	25
<b>Total</b>	<b>116</b>	<b>100.0</b>

Source: Field data, respondent.

From the study findings in table 4.7, most of the respondents who interviewed though that the levy by the government affected their businesses while the rest thought the levy did not affect their business but helped them to advance their businesses.

In addition to these findings, a standard multiple linear regression model was carried out to determine the influence of access to market dynamic information on the performance of SMEs in Siaya County. The aspects under access to dynamic information included government policy, competition, demand and supply. The model coefficient results are presented in table 4.8 as shown.

**Table 4.8 Influence of Access to Dynamic Information on Performance of SMEs**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.265	.422		2.996	.003
	Government policy	.162	.068	.202	2.375	.019
	Competition	.249	.072	.293	3.431	.001
	Demand and supply	.273	.076	.296	3.596	.000

a. Dependent Variable: Mean Performance of SMEs

The results in table 4.8 indicate that all the aspects under access to dynamic information had an influence on performance of SMEs. From the results, demand and supply had the highest unique and significant influence, ( $\beta=.296$ ,  $p<.05$ ). The second variable in the order of uniqueness was competition, which was also unique and significant, ( $\beta=.293$ ,  $p<.05$ ), and finally, government policy was the last, though very unique and significant predictor of performance of SMEs at ( $\beta=.202$ ,  $p<.05$ ). These results indicate that access dynamic information has got a unique and significant influence on the performance of SMEs.

A summary of the influence of access to dynamic information on the performance of SMEs was presented in a table in percentage. This was performed so as to ascertain the exact percentage change or variance in the performance of SMEs explained by access to dynamic information. The results are presented as shown in table 4.9.

**Table 4.9. Summary Model for Influence of Access to Dynamic Information on Performance of SMEs.**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F	df1	df2	
1	.501 <sup>a</sup>	.251	.231	.56088	.251	12.489	3	112	.000

a. Predictors: (Constant), government policy, competition, demand and Supply

The results in table 4.9 indicate that the percentage change in performance of SMEs accounted for by access to dynamic information was 23.1%, (Adjusted R Square=.231,  $p < .05$ ). As revealed by the result, this percentage was significant as well as the overall model which consists of the predictor variables,  $F(3, 112) = 12.489$ . The initial percentage explained by the model without controlling for the overestimation or underestimation was 25.1%, (R Square=.251). A careful consideration of the model when the effect of confounding variables were incorporated revealed that there was no significant influence of these variables which included the government regulations.

#### **4.2.6 Access to Financial Information**

In order to establish whether access to financial information had an influence on the performance of SMEs, respondents were asked to share their views among different aspects. The study first considered the source of financial information and finally the influence of financial information on performance of SMEs. The various aspects under financial information were sources of finances, nature of financial information and loans. The results for sources of financial information are presented as shown in table 4.10, with subsequent influence results.



#### 4.2.7. Source of Information for Business Support

**Table 4.10: Source of Information**

	<b>Frequency</b>	<b>Percent</b>
Bank advisors	11	9
Business colleagues	67	49
Magazines	2	1
Mentor	8	6
Television/radio	34	29
County government	4	3
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field data, respondents.

As shown in table 4.10, 67(49%) of the respondents got their information from their colleagues. This was the largest group out of those who were interviewed. The least percentage of the businesses got their information from magazines. Banks were at 9% based on the way businesses prefer to get information from them. 3% of the respondents got their information from the county government and 29% of the respondents depended on the information from television and radios.

#### 4.2.8. Business and Bank Relationship

**Table 4.11: Business & Bank Relationship**

	<b>Frequency</b>	<b>Percentage</b>
Excellent	18	15
Good	48	41
Bad	35	29
Don't have	15	15
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field data, respondents.

Table 4.11, shows that 15% of the respondents said that they had an excellent relationship with

the bank, 41% of the respondents said that they had a good relationship with the financial institutions, 29% of the respondents thought that they had a bad relationship with their banks while 15% of the respondents felt that they didn't have a relationship with the financial institutions.

#### 4.2.9. Reasons for not applying for Loan

**Table 4.12: Loans Application**

	Frequency	Percentage
Will be rejected	14	12
Expensive	35	30
Additional risk	16	13
Economic conditions	21	18
Don't have access	19	16
Credit history	13	11
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field data, respondents.

From the information obtained from the respondents, it was found out that the largest percentage which stood at 30% failed to take loans since they viewed the loans as expensive. 11% of the respondents failed to take loans since they did not have a good rating with the banks. Another factor that highly affected respondent's access to credit was the changing economic conditions in the country.

#### 4.2.10. Loan Requirements

The research tried to find out if the requirements that have been set up by financial institutions on loan accessibility were friendly.

**Table 4.13: Loans Requirement**

	Frequency	Percentage
Yes	47	41
No	69	59
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field data, respondents.

From the information obtained from the respondents, it was found out that the largest percentage thought that the loan requirements set by the financial institutions were not favorable. 41% said that the requirements were favorable and with this they were able to access more loans.

The figure shows the impacts of information access to the performance of the business performance. 80% of the respondents said that having access to information had an impact of their businesses while 20% of the respondents thought that information access did not have any impact on their businesses.

#### **4.2.11. Relationship between Financial Information and Performance of SMEs**

To establish the influence of financial information on the performance of SMEs, Pearson product moment correlation was carried out first, followed by regression model to find the influence of these financial information on the performance of SMEs.

**Table 4.14 Relationship between Sources of Financial Information and Performance of SMEs.**

	1	2	3	4	5
1 Performance of SMES	1				
2 Loans	.357**	1			
3 Sources of Finance	.188**	.110*	1		
4 Financial Information	.107**	.154**	.203**	1	

Source: Field data, respondents.

From the results in table 4.14, Pearson product moment correlation indicates a low positive significant correlation between SMEs performance and Loans, ( $r=.357$ ,  $p<.05$ ), SMEs performance and sources of finance, ( $r=.188$ ,  $p<.05$ ), nature of financial information and performance of SMEs ( $r=.107$ ,  $p<.05$ ). This implies that financial information in many aspects is positively related to performance of SMEs and therefore it could have an influence.

To determine the influence of the financial information on performance of SMEs, a standard multiple regression model was carried out. First, model coefficient table results were presented to establish the uniqueness of the influence of the different aspects under financial information as classified by the study. Finally, Summary results were then presented to shown the percentage change in performance accounted for by the financial information. The results for the model coefficients are presented as shown in table 4.15.

**Table 4.15 Uniqueness of the Influence of Information on Performance of SMEs**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	1.868	.326		5.735	.000
	Loan	.281	.073	.357	3.844	.000
	Nature of information	.188	.090	.188	2.096	.038
	Sources	.051	.042	.107	1.236	.219

a. Dependent Variable: Performance of SMEs

The results in table 4.15 indicate that Loans had the highest unique influence on performance of SMEs, ( $\beta=.357$ ,  $p<.05$ ) followed by nature of information ( $\beta=.188$ ,  $p<.05$ ) and finally sources of information, which was not significant as shown in table xx. Out of the three aspects, loans and nature of financial information had the highest significant influence on the performance of SMEs. This implies that while controlling for the effect of the government regulations and the other two independent variables which are nature of information and sources of information, one standard deviation change in loan led to one standard deviation change in performance of SMEs.

The model summary results for the percentage explained by financial information are presented as shown in table 4.16.

**Table 4.16 Model Summary Results for the Percentage Influence of Financial Information on SMEs Growth.**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics F Changed	df1	df2	Sig. F Change
1	.515 <sup>a</sup>	.265	.245	.55555	.265	13.450	3	112	.000

a. Predictors: (Constant), Loans, Sources of information, nature of information

The results in table 4.16 indicate that access to financial information accounted for 24.5% change in performance of SMEs, (Adjusted R Square=.245) and the model was significant  $F(3, 112)=13.450$ . This percentage was achieved when all other variables, including the intervening variables were controlled for. Otherwise the initial percentage was 26.5% (R Square=.256).

These results indicate that access to financial information significantly accounts for the percentage variance in performance of SMEs. These results are similar to findings by Wanjohi and Mugure (2008) who revealed that constraints in terms of finances remain a big challenge facing SMEs in Kenya.

#### **4.2.12 Access to Strategic Business Enhancement Information**

Among the variables considered to have an influence on performance of SMEs was Access to Strategic Business Enhancement Information which entailed training and development, vision and objective and management skills. The study therefore sought to find the influence of these variables on performance of SMEs in Siaya County Pearson product moment correlation was carried out to determine whether a relationship existed between access to strategic business enhancement information and performance of SMEs. The results are presented as shown in table 4.17.

**Table 4.17 Relationship Between Access to Strategic Business Enhancement Information and Performance of SMEs.**

	1	2	3	4	5
1 Performance of SMES	1				
2 Training and development	.406**	1			
3 Vision and Objective	.468**	.310*	1		
4 Management skills	.217**	.254**	.303**	1	

Source: Field data, respondents.

The results in table 4.17 indicates that there is a moderate positive significant correlation between training and development, and performance of SMEs, ( $r=.406$ ,  $p<.05$ ), vision and objective, and Performance ( $r=.468$ ,  $p<.05$ ) and finally management and skills ( $r=.217$ ,  $p<.05$ ). This implies that an improvement in performance is associated with training and development, vision and objective and management skills.

To find the influence of access to strategic business enhancement information on performance of SMEs, a standard multiple regression model was carried. Each of the aspects of this variable was accessed in terms of its unique influence on performance of SMEs. The results are presented as shown in table 4.18.

**Table 4.18 Uniqueness of the Influence of Access to Strategic Business Enhancement Plan on Performance of SMEs.**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.025	.276		-.089	.929
	Training and development	.417	.062	.406	6.755	.000
	Vision and objective	.433	.055	.468	7.885	.000
	Management skills	.220	.061	.217	3.636	.000

A Dependent Variable: performance of SMEs, Source: Field data, respondents.

The results in table 4.18 indicate vision and objective of the business had the highest unique and significant influence on performance of SMEs, ( $\beta=.468$ ,  $p<.05$ ). This was followed by training and development which was also moderate unique and significant, ( $\beta=.406$ ,  $p<.05$ ) and finally management skills, ( $\beta=.217$ ,  $p<.05$ ) though unique and significant but very low. This thus implies that access to strategic business enhancement plan has an influence of performance of SMEs in Siaya County.

A model summary results for the influence of the access to strategic business enhancement plan was presented as shown in table 4.19.

**Table 4.19 Percentage Influence of Access to SBEP on performance of SMEs**

Model	R	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
					F Change	df1	df2	
1	.809 <sup>a</sup>	.654	.38089	.654	70.702	3	112	.000

a. Predictors: (Constant), training and development, vision and objective, management skills.



The results in table 4.19 indicate that access to strategic business enhancement plan explained 64.5% change in performance of SMEs, (Adjusted R Square=.645), which was significant,  $F(3, 112)=70.702$ . This means that a large percentage variance in performance of SMEs is explained by access to SBEP. These studies are in line with other studies suggest which suggest that those with more education and training are more likely to be successful in the SME sector (King & McGrath, 2002). As such, for small businesses to do well in Kenya, people are required to information in terms of skills and management. SMEs in ICT appear to be doing well with the sprouting of several colleges offering quite a number of computer applications. Wanjohi & Mugure (2008) further, studies show that most of those running SMEs in have at least gotten a college level education.

**4.2.13 Infrastructure accessibility**

The study sought to find out the accessibility of the businesses in Siaya to infrastructure. The results from the respondents’ views are analyzed in the table below.

**Table 4.20: Business Accessibility**

	Frequency	Percentage
Yes	69	59
No	47	41
<b>Total</b>	<b>116</b>	<b>100</b>

Table 4.20 shows the information of the respondents view on accessibility of infrastructure. 59% of the respondents said that their businesses were easily accessible to the infrastructure while 41% of the respondents thought that their businesses did not have access to all the infrastructure.

#### 4.2.14 Use of the Internet

The study sought to know the use of internet as part of access to infrastructure.

**Table 4.21: Use of Internet**

	Frequency	Percentage
Don't need	31	27
Not available	27	23
Too expensive	45	39
Lack of knowledge	4	4
Security concern	3	2
Others	6	5
<b>Total</b>	<b>116</b>	<b>100</b>

The tables above shows the respondents view on use of the internet. 39% of the respondents which was the biggest percentage said that they did not use internet because it was very expensive. 27% of the respondents said that they did not need internet for their businesses. 23% of the respondents said that internet was not available in their areas. The other respondents which constituted the least percentage said that they did not use internet because of lack of knowledge, security concern and other reasons.

#### 4.20. Access to Internet

**Table 4.22: Access to internet**

	Frequency	Percentage
Through computer	6	5
Through smart phone	19	16
Do not have internet access	91	79
<b>Total</b>	<b>116</b>	<b>100</b>

Table 4.22 shows that most of the respondents did not have access to the internet and this stood

at 79% of the total respondents. 5% accessed internet through computers while 16% of the respondents used smart phones to access internet.

#### 4.2.15 Access to Infrastructural Information

Access to infrastructural information was also determined to find the extent to which it influenced performance of SMEs. First the results for the relationship were presented and finally regression model and the percentage influence of infrastructural information on performance of SMEs.

#### 4.2.16. Respondents view on Business Expansion

**Table 4.23: Business Expansion**

	<b>Frequency</b>	<b>Percent</b>
Yes	111	95
No	5	5
<b>Total</b>	<b>116</b>	<b>100.0</b>

Table 4.23 shows that 95% of the respondents were willing to expand their businesses while 5% of the respondents did not have a plan of expanding their businesses.

#### 4.2.17. Developing New Products

The study sought to find out the likelihood of the respondents to expand their businesses. Most of the responds said that they did not know whether they would expand their businesses meaning that they were not 100% sure.

**Table 4.24: Developing New Products**

	Frequency	Percentage
Very likely	11	9
Likely	36	31
Not at all likely	23	20
Do not know	46	40
<b>Total</b>	<b>116</b>	<b>100</b>

From table 4.24 9% of the respondents said that they were certain that they would develop new products. 31% of the respondents said that they were likely to start a new product idea, 20% said that they were not at all likely while 40% which represents the largest percentage said that they did not know whether they would start a new business.

#### **4.2.18. Respondents View on Insurance Cover**

**Table 4.25: Insurance Cover**

	Frequency	Percent
Yes	109	93
No	7	7
<b>Total</b>	<b>116</b>	<b>100.0</b>

The respondent's views on taking an insurance cover for their businesses showed that 93% of the businesses had not taken an insurance cover for their businesses while only 7% of the respondents had taken a cover for their businesses.

#### 4.2.19. Kind of Business Advice

The study also tried to find out the kind of advice that most business person in Siaya would want to have in order to advance their businesses.

**Table 4.26: Business Advice Type**

	Frequency	Percentage
Business	13	12
Marketing	3	3
Financial advice	58	51
Health and safety	4	4
Improving productivity	34	30
<b>Total</b>	<b>116</b>	<b>100</b>

From the results in table 4.26, 12% of the respondents said that they needed business advice, 3% of the respondents said that they needed marketing advice, 51% said that they would want to have access to financial advice, 4% of the respondents said that they needed health and safety advice while 30% of the respondents said that they were in need of improving productivity.

**Table 4.27 Correlation between access to Strategic Business Infrastructural Enhancement Information and Performance of SMEs**

	1	2	3	4	5
1 Performance of SMES	1				
2 Good roads, water and sewerage	.319**	1			
3 Adequate workplace	.161*	.210*	1		
4 Access to telephone, internet, and electricity	.606**	.224**	.403**	1	

The results from table 4.27 indicate that there is a relationship between access to Strategic Business infrastructural enhancement Information and Performance of SMEs as indicated by the different variables. First, there was a high Access to telephone, internet, and electricity and performance of SMEs, ( $r=.606$ ,  $p<.05$ ), followed by a relationship between good roads, water and sewerage, ( $r=.319$ ,  $p<.05$ ) and finally performance and adequate workplace. These results indicate that performance depends on the Accessibility Strategic Business Enhancement Information.

A standard multiple regression model was finally carried out to find the influence of these variables on performance of SMEs. The results are presented as shown in table 4.28.

**Table 4.28 Influence of Access to Business Infrastructural Information on Performance of SMEs.**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	.008	.346		.023	.982
	Good roads, water and sewerage	.315	.063	.319	5.039	.000
	Adequate workplace	.160	.064	.161	2.501	.014
	Access to telephone, internet, and electricity	.560	.059	.606	9.569	.000

a. Dependent Variable: Performance of SMEs.

The results in table 4.28 indicate that had the highest unique influence on performance of SMEs, ( $\beta=.357$ ,  $p<.05$ ) followed by nature of information ( $\beta=.188$ ,  $p<.05$ ) and finally sources of information, which was not significant as shown in table 4.30. Out of the three aspects, loans and nature of financial information had the highest significant influence on the performance of SMEs. This implies that while controlling for the effect of the government regulations and the

other two independent variables which are nature of information and sources of information, one standard deviation change in loan led to one standard deviation change in performance of SMEs. A summary model results were also presented in order to find out the percentage change in the performance of SMEs explained by Access to Strategic Business Enhancement Information. The results are presented as shown in table 4.29

**Table 4.29 Model Summary Results for the Influence of Infrastructural Information on Performance of SMEs**

Model	Change Statistics								
	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.752 <sup>a</sup>	.565	.553	.42741	.565	48.466	3	112	.000

a. Predictors: (Constant), Good roads, Adequate workplace, Access to telephone, internet, and electricity

The results in table 4.29 indicate that access to telephone, internet, and electricity explained 55.3% of the change in performance of SMEs, (Adjusted R Square=.553,  $p < .05$ ), and was significant,  $F(3, 112) = 48.466$ . This implies that Accessibility Strategic Business Enhancement Information has a great influence on Performance of SMEs. Inaccessibility to land and lack of property rights hinder access to utilities and infrastructure by line SMEs as found out by Nteere (2012), a finding that is in tandem with the present findings. Ombura (2007) also discovered that infrastructure networks are useful instruments within network economies. Technology related services help to make things happen, it feeds and it is fed by trade, it backs up sustainability and the creation of industrial clusters, it fuels foreign direct investment, it cuts costs and raises competitiveness. Radio, television, telephone, internet and newspaper are some of the equipment or devices that relay communication or information to the SMEs and their target market (Rozee, 2003).

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.2 Summary of Major Findings**

The study sought to establish the influence of Access to Business enhancement information on the performance of SMEs in Siaya Town. A total of 116 questionnaires were administered and the study managed to obtain 87 completed questionnaires representing 75% response rate. The questionnaires contained questions that addressed the objectives of the study.

##### **5.2.1 Access to Market dynamic Business Enhancement Information**

The objective of the study sought to assess the extent which access to market dynamics information influenced performance of SMEs in Siaya town. The study reviewed various components of access to market dynamic in order to establish to what extent this was influenced. Accessed Market dynamics business enhancement information has established that the levy paid to the government affected their business while 25% thought the levy did not affect their business but helped them advance their businesses. Over 49% of respondents get their information on what the government is doing to support small and micro enterprises from their business colleagues, peer groups and or networks. This was the largest group out of those who were interviewed. The least percentage of the businesses got their information from magazines. Banks were at 9% based on the way businesses prefer to get information from them. 3% of the respondents got their information from the county government and 29% of the respondents depended on the information from television and radios.



Above 50% of the respondents said that their clients viewed their businesses as good, 37% of the respondents said that their customers viewed their businesses as excellent, 7% of the respondents viewed their businesses as fair while 6% of the respondents said that their clients gave them a negative feedback. This was taken from customers' response as most of the customers were from within. This is in regards to the number of clients who have been maintained and attracted over the years in operation.

The study established that most of the businesses are affected by the demand of the product at 40%. Most of the businesses operating within this locality are operational due to the demand the inhabitants have on their services or products. 20% of the businesses are affected by the price changes, 30% of the businesses are affected by late payments while 10% of the businesses are affected by other factors. It further established that 92% of the respondents are not affected in any way by the presence of investors in their locality while 8% thought that the presence of investors have had an impact in their businesses. Results for regression model indicated that Access to Market dynamic Business enhancement information accounted for 23.1% of change in performance of SMEs.

### **5.2.2 Access to Financial Information**

The second objective sought to determine how access to financial information influence performance of SMEs in Siaya town. The study sought to find out whether access to information has an impact on the performance of businesses. Most of the respondents felt that there is little access to financial information and also when it comes to the issue of accessing finances.

The study established that only 15% of the respondents said that they had an excellent relationship with the bank, 41% of the respondents said that they had a good relationship with the financial institutions, 29% of the respondents thought that they had a bad relationship with their banks while 15% of the respondents felt that they didn't have a relationship with the financial institutions.

From the information obtained from the respondents, it was found out that the largest percentage which stood at 30% failed to take loans since they viewed the loans as expensive. 11% of the respondents failed to take loans since they did not have a good rating with the banks. Another factor that highly affected respondent's access to credit was the changing economic conditions in the country. Finally a standard multiple linear regression model indicated that Access to Financial Information accounted for 24.5% change in performance of SMEs.

### **5.2.3 Access to strategic business enhancement information**

The study sought to find out the likelihood of the respondents to expand their businesses. Most of the responds said that they did not know whether they would expand their businesses meaning that they were not 100% sure. 9% of the respondents said that they were certain that they would develop new products. 31% of the respondents said that they were likely to start a new product idea, 20% said that they were not at all likely while 40% which represents the largest percentage said that they did not know whether they would start a new business. The respondent's views on taking an insurance cover for their businesses showed that 93% of the businesses had not taken an insurance cover for their businesses while only 7% of the respondents had taken a cover for their businesses. In addition, Access to strategic business enhancement information accounted

for 64.5% change in performance of SMEs as indicated by a standard multiple regression model.

The study also tried to find out the kind of advice that most business person in Siaya would want to have in order to advance their businesses. 12% of the respondents said that they needed business advice, 3% of the respondents said that they needed marketing advice, 51% said that they would want to have access to financial advice, 4% of the respondents said that they needed health and safety advice while 30% of the respondents said that they were in need of improving productivity.

#### **5.2.4 Access to infrastructural business enhancement information**

The research also sought to find out the factors that affect the performance of businesses in Siaya town. The factors that were seen to have an impact on the performance of businesses were the economy, finance, access to a suitable premises competition, late payment and other obstacles.

The study revealed that access to finance affected most of the businesses performance in Siaya. 25% of the respondents said that the economic changes had an impact on the performance of businesses in Siaya. 5% of the respondents said that access to a suitable premise had an effect on their business performance. 11% of the respondents thought that competition had an influence on the performance of their businesses, 14% thought that late payment had an impact while 8% said other obstacles impacted their business performance. Another important factor for analyzing business performance was by analyzing the different profits of the different businesses.

However, access to infrastructural business enhancement information accounted for 55.3% change in performance of SMEs as revealed by a regression model results. Out of the twelve months analyzed the biggest percentage of the businesses earned an income of between 5,000 and ksh10,000. The least percentage of the respondents earned an income of less than Ksh 1,000

### **5.3 Conclusions**

Based on the study findings both in literature review and chapter findings, the following conclusions were drawn

#### **5.3.1 Access to Market dynamic Business Enhancement Information**

There is scarcity of access to market dynamic information in Siaya town. The stakeholders in collaboration with the Central government have not organized business drills for these SMEs. Other development partners like banks and saving and credit organizations have also not educated these SMEs so that they may perform better. Whereas there would be a very high performance of SMEs should access to dynamic business enhancement information been addressed.

#### **5.3.2 Access to Financial Information**

Financial Information has high influence on performance of SMEs. However, most SMEs prefer to use personal savings and contributions from relatives because they find it very difficult to access financing from commercial banks due to strict requirements such as collateral security and high repayment costs. It can therefore be concluded that there is difficulty in accessing financial information by SMEs

#### **5.3.3 Access to Strategic Business Enhancement Information**

From the fact that strategic business enhancement information has got high influence on performance of SMEs, SMEs could grow first. However, access is difficult and so there is slow growth of SMEs. It can therefore be concluded that there is difficulty in accessing strategic business enhancement information

#### **5.3.4 Access to Infrastructure**

Access to infrastructure affects performance of Siaya town market SMEs only to a moderate extent. The level of infrastructure is therefore very low and therefore it is associated to the low performance of SMEs.

### **5.4 Recommendations**

#### **5.4.1 Access to Market dynamic Business enhancement information**

There was scarcity of access to market dynamic information in Siaya town. The County government of Siaya in collaboration with the Central government should organize seminars and business drills for these SMEs. Other development partners like banks and Saving and credit organizations should also educate these SMEs so that they may perform better.

#### **5.4.2 Access to financial information**

The study found out that most SMEs prefer to use personal savings and contributions from relatives because they find it very difficult to access financing from commercial banks due to strict requirements such as collateral security and high repayment costs. The study therefore recommends that banks and other credit giving financial institutions should come up with creative policies that make it easy for the SMEs to access financing.

#### **5.4.3 Access to Strategic Business Enhancement Information**

The government should start offering basic business and financial management skills as this will enable the Siaya town SMEs to make informed investment decisions. This will enhance their entrepreneurial skills that will enable them to recognize and exploit the available business opportunities.

#### **5.4.4 Access to Infrastructure**

Access to infrastructure affects performance of Siaya town market SMEs only to a moderate extent. However, the study recommends permanent roofing in the market to prevent the traders and their wares from being subject to weather changes. Also, the county government should consider re-carpeting the market and putting up adequate toilets for the traders.

#### **5.4.5 Access to infrastructural business enhancement information**

The study found out that the government policy and regulations has a moderating effect on the performance of SMEs at Siaya Town. The study therefore recommends that the government should move in quickly to create policies that favor the growth and expansion of SMEs. This will save the businesses from the challenges they face when trying to access financing from mainstream commercial banks.

### **5.6 Areas for Further Research**

Arising from this study, the following directions for future research should be carried out. This research only covered micro and small enterprises Siaya Town. However, there are other enterprises that are medium and large firms in the same town. Researchers are encouraged to research on them. In future, other SMEs in other towns should be involved to enable the researcher to make adequate conclusions.

This research didn't concern itself with the challenges and possible solutions hindering SMEs from accessing financing by credit giving institutions. In future, a research should be instituted to establish the challenges and the possible solutions. In future, a comparison should be done between the financial performance of SMEs that have received microcredit and the ones that have not received the financing. This will help in shedding light on whether accessing microcredit helps the SMEs to perform better than other businesses.

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[https://www.be.unsw.edu.au/sites/default/files/upload/pdf/schools\\_and\\_engagement/resources/otes/5A4\\_7](https://www.be.unsw.edu.au/sites/default/files/upload/pdf/schools_and_engagement/resources/otes/5A4_7)

## APPENDICES

### Appendix: 1

#### Letter of Transmittal

Orwa Jackline  
P.O.Box 947-40100  
Kisumu

Dear Respondent,

**Re: PERMISSION TO CONDUCT A RESEARCH PROJECT STUDY.**

My name is Jackline Orwa (Reg. L50/73824/2014) a second year Master of Arts student in Project planning and management at The University of Nairobi. My main reason for writing this letter is to seek permission to conduct a research project study.

I am interested in finding out the determinants influencing access to information on business development in Siaya town, Kenya. The information provided to me will be treated with utmost confidentiality and will be used for the purpose of this study only. For any information or clarification, please contact the researcher on my mobile number 0725335925.

Thank you very much for your cooperation.

Yours faithfully

Jackline Orwa

## Appendix 2.

### Questionnaire

Influence of Access to business enhancement Information on the performance of SMEs in Siaya Town

#### Part A: GENERAL INFORMATION ABOUT THE FIRM.

Tick and fill where appropriate

1. Is your business:

- A sole proprietorship
- A partnership
- A subsidiary of a large group

2. How many employees does your business have?

Only 1  2 - 4  5 - 8  9 - 10

3. How old is your business?

1 - 3 months  4 – 8months  9 – 12 months  more than 1 year

4. What type of business are you involved in?

Retail  Wholesale  Industrial  Services  Others

5. What are the factors that initiated you to engage in this business?

- A. Profitability of the business
- B. Lack of another alternatives
- C. Good government support

#### Part B: Access to market dynamics information

6. Does the county government levy affect your business operations?

Yes  No

b. If yes, suggest or comment on how you would want the local government to improve with the facilities that add value to SMEs in Siaya town.....

7. If you wanted information on what the government is doing to support small business, where would you look, or who would you ask?

Bank advisors	
Business colleagues/ peer groups/networks	
Magazines / newspapers	
Mentor	
Television / Radio	
County government communication	

b. In the past, have you expressed an interest in, or bid for any contract by the public / private sector? (Explain your answer).....

8. What type of feedback do you get from your customers? (client to answer)

Excellent  Good  Fair  Negative

b. What changes do you put in place to always improve the quality of goods / services you offer to your customers? .....

9. Which of these, if any, are specific issues that affect your business performance that relate to the competition?

Reduction in demand for products or services

Pressure to reduce prices

Late payment

Other (Specify).....

10. What lessons have you learnt from the new markets and seasons you have experienced before? .....

11. Does the presence of investors from other counties affect your business in this town?

Yes  No

b. if yes, state how have they contributed to the performance of your business?

.....

12. Thinking about your supply, you mainly buy your stock of goods / services from

Local suppliers

Suppliers in other parts of the country

Suppliers outside the country

Don't have suppliers

b. Would you say that you mainly trade ...?

With local customers

With customers across the country

Internationally

**Part C: Access to financial information**

13. How would you describe your business relationship with your financial institutions?

Excellent  Good  Bad  Don't have

14. Do you have alternative sources of finance for your business other than financial institutions? Yes  No

b. If yes, name them .....

15. Are you able to receive loans applied for from financial institutions like Bank?

Yes  No

b. Which of these is the main reason for not applying for finance?

You thought you would be rejected	
You thought it would be expensive	
You don't want to take on additional risk	
Now is not the right time because of economic conditions	
You didn't know where to find the appropriate finance you needed	
Poor credit history	

16. Are the requirements for applying for loan from the financial institutions friendly?

Yes  No

b. If no, did you speak to a bank before deciding not to apply for finance?

Yes no

17. Are you able to access financial institutions for information?

Yes  No

b. if no, what are some of the challenges you are experiencing?.....

.....

18. Is the accessed financial information effective to the performance of the SMEs in Siaya

town? Yes  No

b. if no, what are your alternative sources of information that have impact on your

business performance?.....

**Part D: Access to Strategic business enhancement information**

19. Do you plan to expand your business over the next two years? Yes  No

b. How likely is it that you will develop and launch new products / services within the next two years?

Very likely       Likely       Not at all likely       Do not know

20. Do you have a formal written business plan?

- Yes – kept up to date
- Yes – but not kept up to date
- No
- Don't know what it is

21. As the manager or business owner, do you have insurance plans on how to turn around your business incase of an unexpected calamity? Yes       No

b. If no, how have you prepared for calamities?.....

22. In the previous months, have you used a business mentor – that is somebody with business expertise who supports you through the development and running of your business on a continuous basis?

Yes       No

b. What sort of advice did you require?

Business growth	
Marketing	
Financial advice	
Health and safety	
Improving business efficiency / productivity	

23. Which of these best describes your reasons for seeking information or advice?

You were concerned about the continued operation of the business, or an obstacle encountered.	
You wanted to better understand how to develop and grow the business, or exploit a business, or exploit a business opportunity	
Because the information or advice was available, there was no pressing need	
Exporting / importing	
Legal issues	
Starting a business	
Improving business efficiency / productivity	
Neither of these	

24. Are your assistants / employees your family / relative? Yes  No

b. If yes, how do you motivate them?.....

c. Do you work full time / part time in running the business?

Full time (8 – 5pm)

Part time (5 -8pm)

Others (state)

25. Is your business performance in line with the vision and plan you had for it from the

beginning? Yes  No

b. if no, what would you do to improve the performance of your business?.....

.....

26. How do you evaluate your business performance and after how long? .....

.....



**Part E. Access to infrastructural information**

27. Does infrastructural resources affect the performance of your business? .....

.....

28. Is your business premise accessible from the nearest road? Yes  No

b. if no, how do you give directions to your business enterprise?.....

29. Do you have access to electricity and water for running your business? Yes  No

b. if no, how do you operate?.....

30. Is your business affected by network when making calls? Yes  No

b. if yes, how have you sorted the issue? .....

31. Do you use internet for business purpose?

Don't need it / want it

Not available in my area / poor connectivity

Too expensive / not worth the investment

Do not have the skills / knowledge

Concerns about security / fraud

Other (specify)

b. How do you access the internet?

Through computer

Through smart phone

Do not have internet access

c. Does your business use the internet for the following:

Emails to customers

Social media e.g. Facebook, twitter, LinkedIn

- Seeking general businesses advice
- Selling goods and services through website
- Other online transactions e.g. purchasing, taking bookings
- Promoting your goods / services.

24. Is your business premise secure? Yes  No

b. How do you ensure that the running of the business is not threatened?

.....  
 .....

**Part F: Performance of SMEs in Siaya Town.**

Which of the following are your major challenges to the performance of your business?

The economy	
Obtaining finance	
Availability / Cost of suitable premise	
Competition in the market	
Late payment	
Other obstacles	

Approximate the turn over of your business in the past 12 months.

- Less than ksh. 1000
- Ksh.1001 – ksh. 5000
- Ksh. 5001 – ksh.10000
- Ksh. 10001 or more

26. How successful would you say your business is at? On a scale of 1 to 5 where 1 is very poor for doing these, and 5 is very strong, how capable your business is...

	V. Poor	Poor	Average	Strong	Very strong
High number of client and client maintenance					
Developing & implementing a business plan and strategy					
Entering new market					
Developing & introducing new products or services					
Accessing external finance					
Operational improvement e.g. adopting industry best practice					

27. Have your objective been met through developing and implementing the vision you had for this business? Yes  No

b. If no, what are you doing different to achieve them?..... .

**Part G: Additional information**

Indicate additional comments relevant to this study if any

.....

.....

.....

.....  
.....

Thank you for taking time to fill this questionnaire. Please check to ensure that you have answered all the questions and return the duly completed questionnaire as instructed.

### Appendix 3

**Instruction:** Please respond to the following questions with utmost honesty by giving brief explanation where necessary. Your answers were be treated with utmost confidentiality.

#### INTERVIEW GUIDE FOR STUDENTS

1. Which department are you?.....
2. How long have you worked in this office?.....
3. What are your roles?.....
4. Are you trained on how to relate with traders?.....
5. Do you know of some of the traders challenges? .....
6. Is your office supportive of their businesses and how is your existence important to them?  
.....
7. What are some of the regulations that you have put in place for the SMEs and do they know them? .....
8. What are some of the challenges you experience with the SMEs traders?  
.....
9. a) For the period you have been here, has there been any changes in the number of SME traders in Siaya town?.....
11. Do you think the factors affecting SME traders in Siaya town also affects others in other towns within Siaya County? .....
13. How effective is your system of registering new SMEs and how often do you update your system?.....  
.....  
.....  
.....

*Thank you for taking your time to participate in this study*

## Appendix 4

### Research Schedule

ACTIVITY	JAN- 2015	FEB 2015	MAR 2015	APR 2015	MAY 2015	JUNE 2014	JULY 2014	AUG 2014	SEP 2015	OCT 2015
Planning Proposal										
Proposal writing										
Proposal Presentation & Correction										
Piloting										
Data Collection										
Data Analysis & Report Writing										
Submission of Research Report										

## Appendix 5

### RESEARCH AUTHORIZATION (UoN)



**UNIVERSITY OF NAIROBI**  
COLLEGE OF EDUCATION AND EXTERNAL STUDIES  
SCHOOL OF CONTINUING AND DISTANCE EDUCATION  
KISUMU CAMPUS

The Secretary  
National Council for Science and Technology  
P.O Box 30623-00100  
**NAIROBI, KENYA**

09<sup>th</sup> November, 2015

Dear Sir/Madam,

**RE: ORWA JACKLINE AUMA - REG NO. L50/73824/2014**

This is to inform you that **Orwa Jackline Auma** named above is a student in the University of Nairobi, College of Education and External Studies, School of Continuing and Distance Education, pursuing Masters in Project Planning and Management.

The purpose of this letter is to inform you that **Jackline** has successfully completed her course work and Examinations in the programme, has developed Project Proposal and submitted before the School Board of Examiners which she successfully defended and made corrections as required by the School Board of Examiners.

The research title approved by the School Board of Examiners is: *"Influence of Access to Business Enhancement Information on the Performance of SMEs in Siaya Town"*. The project is part of the pre-requisite of the course and therefore, we would appreciate if the student is issued with a research permit to enable her collect data and write a report. Thesis reflects integration of practice and demonstrates writing skills and publishing ability. It also demonstrates the learners' readiness to advance knowledge and practice in the world of business.

We hope to receive positive response so that the student can move to the field to collect data as soon as she gets the permit.

Yours Faithfully

A handwritten signature in blue ink, appearing to read 'Raphael Nyonje'.

DR. RAPHAEL NYONJE  
**RESIDENT LECTURER**  
KISUMU CAMPUS



## Appendix 6

### RESEARCH AUTHORIZATION (NACOSTI)



#### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349, 310571, 2219420  
Fax: +254-20-318245, 318249  
Email: secretary@nacosti.go.ke  
Website: www.nacosti.go.ke  
When replying please quote

9<sup>th</sup> Floor, Utalii House  
Uhuru Highway  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. NACOSTI/P/15/75683/8776

Date:

17<sup>th</sup> November, 2015


Orwa Jackline Auma  
University of Nairobi  
P.O. Box 30197-00100  
NAIROBI.

#### RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *"Influence of access to Business Enhancement Information on the performance of SMEs in Siaya Town,"* I am pleased to inform you that you have been authorized to undertake research in **Siaya County** for a period ending **15<sup>th</sup> November, 2016**.

You are advised to report to **the County Commissioner and the County Director of Education, Siaya County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

  
DR. S. K. LANGAT, OGW  
FOR: DIRECTOR GENERAL/CEO

Copy to:

The County Commissioner  
Siaya County.

The County Director of Education  
Siaya County.



National Commission for Science, Technology and Innovation is ISO 9001:2008 Certified



