

**INTERNAL FACTORS AFFECTING PERFORMANCE OF SMALL AND
MEDIUM ENTERPRISES IN THIKA SUB-COUNTY**

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DECLARATION AND APPROVAL

DECLARATION AND APPROVAL

Declaration by the Student

This research project is my original work and has not been presented in any other university or for any other award .

Signature.....

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Approval by the Supervisor

I confirm that the work in this research project has been carried out by the candidate under my supervision.

Signature.....



Date.....7/5/2025.....

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DEDICATION

To my course mate Grace Munyiva, parents Muinde Kilonzi and Margaret Kilonzi, children Felix Ngumbau, Victoria Mumbua and Gabriel Muinde, and dear husband Johnson Mutw'iwa, this project is dedicated with profound gratitude for your unwavering support and inspiration.



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ABSTRACT

Small and medium enterprises play a major role in growth of economy global. The SMEs constitute a largest number in each global economic sector (with an average of 90%). As they dominate in the economic sector, they are of a significant in form of source of employment, economic growth and innovation. According to the world trade organization (WTO), SMEs represent largest percentage of business population, employment and developed economy in all world economies Kenya included. However, despite this importance, SMEs have overtime faced challenges in pursuit of growth and posting positive financial performance. Internal factors such as limited training, accessibility to capital and technology adoption remains key areas for concern. The main objective of this study was to evaluate internal factors affecting performance of small and medium enterprises in Thika Sub-County, Kenya. Specifically, the study evaluated how were technology adoption, capital accessibility and entrepreneurs training and how ach affects performance of small and medium enterprises in Thika Sub-County. This study could be beneficial to the SMEs owners, government policy makers and future scholars. The study reviewed key theories shaping the discussion such as the pecking order, resource based and diffusion of innovation and also looked into what past researchers have done in all study variables. The study chose descriptive research design and targeted all 6398 registered SMEs within Kiambu Sub-County with a sample size of 376 calculated using Yamanes Formula. Primary data was collected using questionnaires which were distributed to respondents on a drop and pick basis. Descriptive analysis as well as regression model were undertaken to create data results. The results were presented using tables and charts with calculated mean and standard deviation for each question. The study resulted revealed a positive relationship between technology adoption, capital accessibility and entrepreneur training and performance of SMES in Thika sub-County as shown by correlation coefficients of 0.658, 0.687 and 0.754. The study recommended that SMEs should prioritize adopting modern technologies to boost efficiency and competitiveness, with support from governments and industry associations through financial aid and training programs to maximize technology use. Access to capital can be improved by offering flexible financial products, credit guarantee schemes, and encouraging SMEs to explore alternative funding sources like venture capital and crowdfunding. Entrepreneurial training, tailored to industry needs and focusing on management, innovation, and risk management, is crucial for helping SME owners remain competitive, with governments and institutions playing a key role in providing these programs and fostering networking opportunities.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA: Analysis of Variance

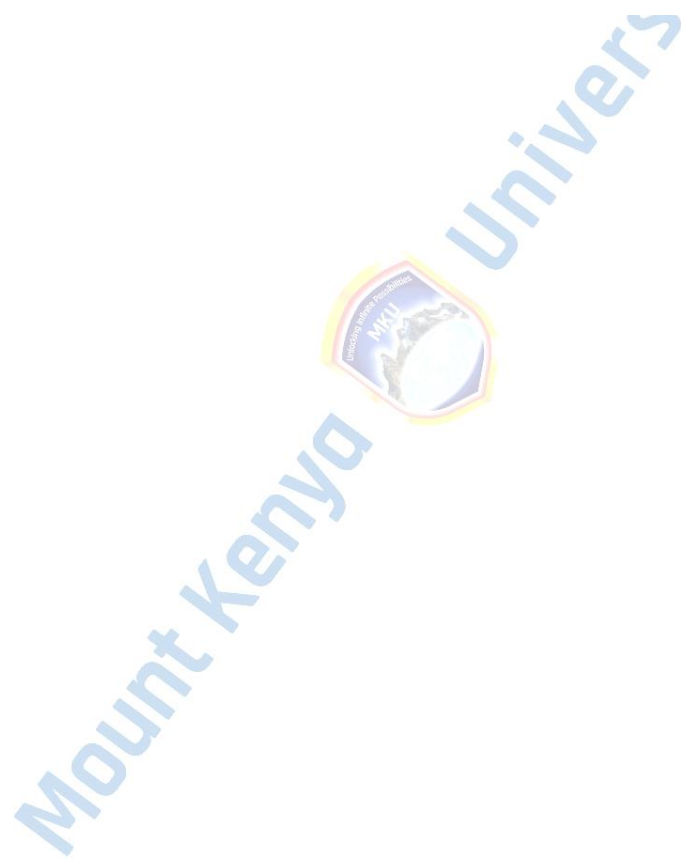
DCV: Dynamic Capabilities View

GDP: Gross Domestic Product

ICT: Information and Communication Technology

KNBS: Kenya National Bureau of Statistics

SMEs: Small and Medium-sized Enterprises



CHAPTER ONE

INTRODUCTION

1.0 Introduction

This section presents the first chapter of the study through background, the problem, the objectives, significance, scope, limitations and finally definition of terms.

1.1 Background of the study

Small businesses are defined variably across developed nations. In the United States, a small business in manufacturing has fewer than 50 employees, while non-manufacturing businesses are capped at \$7.5 million in annual revenue (Prasad, Tata, & Guo, 2018). In the United Kingdom, a small business is classified as having fewer than 55 employees, whereas in Australia, the threshold is less than 15 employees. In Germany, SMEs dominate the economy, employing roughly two-thirds of the workforce and playing a pivotal role in economic activity (GathoniKiliswa, & Sayeed Bayat, 2017). In Kenya, SMES are divided into three groups name micro, small and medium enterprises. Micro enterprises employ between one and ten employees, small enterprises employ 10-49 while medium enterprises employ 50-99 (Bruderl, Preisendorfer, & Ziegler, 2022).

Globally, Small and Medium Enterprises (SMEs) play a vital role in achieving national macroeconomic objectives, driving economic growth, fostering competitive and efficient markets, creating employment opportunities, and boosting production (Akinyele, Akinyele, & Ajagunna, 2016). In both Latin America and Europe, SMEs face daunting competition from larger corporations and established firms, hindering their ability to establish a foothold in the market. This challenge is compounded by inadequate training for business owners, who often lack formal education and skills essential for innovation and effective management (Ahiawodzi, & Adade, (2022). Access to capital remains a persistent issue, with SMEs encountering difficulties securing financing due to limited

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credit access, high interest rates, and stringent requirements. Moreover, navigating complex legal frameworks presents additional hurdles, with bureaucratic regulations stifling entrepreneurial activity and posing burdensome compliance requirements, particularly for smaller enterprises with limited resources (Bruderl, Preisendorfer, & Ziegler, 2022).

Small and Medium Enterprises (SMEs) in Africa have played a crucial role in bolstering the macroeconomy. In South Africa, the continent's leading economic powerhouse, SMEs drive over 55% of employment and contribute 22% to the national Gross Domestic Product (Ogunyomi & Bruning, 2016). However, SME development across many African nations remains uneven, displaying inconsistent growth patterns (Mabhungu & Van Der Poll, 2017). In regions like the Democratic Republic of the Congo, ongoing civil conflict has stalled the progress of many local SMEs, rendering them inactive despite their growth potential. In many African countries, SME development is hindered by inadequate infrastructure, unfavorable environmental conditions, such as high tax burdens and complex legal frameworks, limited local market sizes, and pervasive corruption. These challenges create an unstable environment for local entrepreneurs, often pushing businesses to remain in the informal sector, where they contribute minimally to national economic growth (Gathoni, Kiliswa, & Sayeed Bayat, 2017).

Small and Medium Enterprises (SMEs) play an indispensable role in the Kenyan economy, significantly contributing to employment generation, economic growth, and poverty reduction. SMEs represent the vast majority of businesses in Kenya, comprising over 80% of all enterprises and serving as vital engines of job creation, particularly in rural areas where formal employment opportunities may be scarce. They serve as pivotal catalysts for entrepreneurship, innovation, and wealth generation, driving forward key sectors such as agriculture, manufacturing, and services. Additionally, SMEs enhance

economic resilience by diversifying the business landscape and reducing reliance on a few large corporations, thus promoting greater stability. Moreover, SMEs foster the development of local supply chains and distribution networks, playing a critical role in spreading economic opportunities and prosperity across various regions of the country (Mwaura, Gathenya, & Kihoro, 2015).

The Kenyan government has implemented various measures to support the growth of SMEs in the country. Some of these initiatives overtime include the establishment of dedicated agencies such as the Micro and Small Enterprises Authority (MSEA) and the Kenya Industrial Estates (KIE), which provide financial support, capacity building, and advisory services to SMEs (Mugo, Kahuthia, & Kinyua, 2019). Additionally, the government has introduced policies aimed at improving access to finance for SMEs, such as setting up funds like the Youth Enterprise Development Fund (YEDF) and the Women Enterprise Fund (WEF) and lately the hustler fund to provide affordable credit and grants to aspiring entrepreneurs. Furthermore, the government has streamlined regulatory processes and reduced bureaucratic barriers to business registration and operation, making it easier for SMEs to formalize their businesses and access government contracts and procurement opportunities (Mutinda, 2020). However, despite the help, SMEs in Kenya included have generally shown asymmetrical development promoting the need for research into this area.

1.1.1 Performance of SMEs

To achieve performance, the SME sector must proactively strengthen its capabilities and develop robust, actionable solutions for implementation (Mwaura, Gathenya, & Kihoro, 2015). Although SMEs can adopt self-initiated strategies to enhance their growth, external support efforts are also critical and ongoing. Over the past decade, the performance of SMEs in Kenya has been insufficient to significantly strengthen the

manufacturing sector. Consequently, the development of high-technology industries, particularly through the establishment of backward linkages, has remained limited (Bowen, Morara, & Mureithi, 2019). Small businesses are integral to daily life, driving many of our routine economic activities. They offer diverse services, professional expertise, and merchandise, promptly meeting the needs of customers and clients, thereby enhancing our quality of life. In Kenya, small business enterprises are recognized as a vital strategic sector for fostering economic growth and social development. Over time, these businesses have been acknowledged as key contributors to employment creation, income generation, poverty reduction, and regional development. The small business enterprises cover broad areas of economic activities but we will narrow down to SME's in the manufacturing sector (Mabhungu, & Van Der Poll, 2017)

Technology adoption significantly influences the performance of Small and Medium Enterprises (SMEs). Embracing innovative technologies enhances operational efficiency, expands market reach, and fosters competitiveness (Damanpour, 2021). Integrated technologies such as e-commerce platforms, customer relationship management systems, and data analytics empower SMEs to streamline processes and respond effectively to market demands (Porter & Heppelmann, 2019). The successful incorporation of technology not only improves productivity but also positions SMEs for long-term sustainability in the dynamic business landscape.

Access to capital is a critical factor influencing the growth trajectory of SMEs. Limited financial resources often constrain operational expansion, research and development, and market penetration (Beck et al., 2022). Adequate capital accessibility is associated with increased investment, job creation, and overall business development (Ayyagari, Beck, & Demirgüç-Kunt, 2018). Policymakers and financial institutions must focus on

developing inclusive financial ecosystems that offer tailored financial products and services to SMEs, ensuring their sustained growth and contribution to the economy.

Entrepreneurial skills and training significantly contribute to the sustainability of SMEs. Entrepreneurs equipped with effective management, financial, and marketing skills are better positioned to navigate challenges and seize growth opportunities (Bruderl et al., 2022). Training programs that enhance strategic planning, risk management, and adaptability are crucial for SME leaders. These programs empower entrepreneurs to make informed decisions, optimize resources, and respond proactively to market shifts. Continuous skill development ensures SMEs remain agile, fostering sustainable growth in dynamic economic environments.

Moreover, fostering an entrepreneurial mindset promotes innovation and resilience, essential elements for the long-term sustainability of SMEs in competitive markets (Colombo & Grilli, 2019). Training that emphasizes creativity, problem-solving, and opportunity recognition enables entrepreneurs to adapt to disruptions and drive innovation. By cultivating these competencies, SMEs can differentiate themselves, build stronger customer relationships, and maintain a competitive edge. Ultimately, targeted entrepreneurial training and a forward-thinking mindset are vital for ensuring SMEs thrive amidst evolving market demands and challenges

1.2 Statement of the Problem

Small and micro enterprises (SMEs) are vital to Thika Sub-County, its residents, and Kenya's broader economy, fostering growth and development. The Economic Survey (2022) indicates that in 2021, this sector accounted for over 50% of new jobs created in the region. With the Kenyan government's pledge to create 500,000 jobs annually, the SME sector is poised to be the main driver of these employment opportunities, significantly boosting local livelihoods. Therefore, it is evident that with proper

technology adoption, entrepreneurial training and capital accessibility, the sector is capable of providing and surpassing the government's target of creating 500,000 jobs annually and even more (Mabhungu, & Van Der Poll, 2017).

Recent statistics from the Kenya National Bureau of Statistics (2022) indicate a troubling trend, with three out of five businesses failing within the initial months of operation, posing significant challenges for Small and Medium Enterprises (SMEs) and established businesses alike. This high rate of business failures raises concerns about its broader impact on the Kenyan economy, necessitating urgent attention and further investigation into the factors influencing SME performance. The sector's untapped potential in leveraging technology for marketing and revenue generation is hindered by the underutilization of technological resources, exacerbating the competitiveness gap. Moreover, capital accessibility remains a significant challenge, with banks and lenders reluctant to provide loans to SMEs, amplifying financial constraints on businesses seeking expansion. Inadequate training in finance and general management further contributes to SME underperformance, highlighting the urgent need to enhance the financial literacy and management skills of SME owners to foster resilience in the face of business complexities. Addressing these challenges is essential for building a robust SME sector capable of driving economic growth and development in Kenya.

Several studies have been done on SMEs in Kenya. Several studies conducted in Kenya have explored the influence of microfinance services on the performance of small and medium-sized enterprises (SMEs). For instance, Mutuku (2010) examined how microfinance institutions contribute to employment generation and poverty reduction among SMEs, concluding that they play a significant role in both areas. Research by Ngugi (2009), Kioko (2009), and Makena (2011) highlighted that access to financial resources remains a major barrier to SME performance, identifying limited financing as

a persistent challenge. Similarly, Kemei (2011) analyzed the connection between microfinance services and SMEs' financial performance, revealing a positive and significant correlation between microfinance loans and enterprise growth. Kimoro (2011) focused on the effect of microfinance on women's empowerment, finding that such services have expanded women's autonomy and decision-making capacity. In another study, Koech (2011) conducted a survey on financial constraints affecting SME growth and found that critical barriers included limited capital access, high financing costs, collateral demands, ineffective capital management, and complex registration processes. However, little research has been done growth of SMEs in Kenya which will be addressed by this study

1.3 Purpose of the Study

To evaluate the internal factors affecting performance of small and medium enterprises in Thika Sub-County, Kenya

1.4 Specific Objectives

- i. To evaluate the effect of technology adoption on performance of small and medium enterprises in Thika Sub-County
- ii. To determine the effect of capital accessibility on performance of small and medium enterprises in Thika Sub-County
- iii. To find out the effect of entrepreneurs training on performance of small and medium enterprises in Thika Sub-County

1.4 Research Questions

- i. What is the effect of technology adoption on performance of small and medium enterprises in Thika Sub-County?
- ii. How does capital accessibility affect performance of small and medium enterprises in Thika Sub-County?

- iii. What is the effect of entrepreneurs training on performance of small and medium enterprises in Thika Sub-County?

1.5 Significance of the study

1.5.1 SMEs Owners

The findings of this study will be of great importance to SME owners, as they will offer critical insights into how microfinance services influence business performance and sustainability. By understanding the role of microfinance in enhancing access to credit, improving financial literacy, and empowering entrepreneurs, SME owners will be better equipped to make informed financial decisions and adopt growth-oriented strategies. The study will also help highlight the key financial challenges that hinder SME development, thereby enabling entrepreneurs to proactively seek appropriate financial solutions and partnerships that align with their business needs.

1.5.2 Government and Policy Makers

For the Government of Kenya, the study provides valuable evidence to support the formulation and implementation of targeted policies aimed at strengthening the SME sector, which is a major contributor to employment and economic growth. The insights gained will inform the government's efforts in creating an enabling environment for microfinance institutions to thrive, thereby enhancing access to credit for SMEs. Furthermore, the research will assist policymakers in identifying critical areas for regulatory reform, capacity building, and financial inclusion, ultimately fostering inclusive economic development across the country.

1.5.3 Future Scholars and Researchers

This study will provide valuable reference material for future researchers. By providing insights into these factors within a specific regional context, the study offers a framework for understanding SME competitiveness, financial barriers, and human capital.

development. It will serve as a key reference for research on technological integration, funding mechanisms, and skill-building interventions in developing economies.

1.6 Scope of the Study

The study covered internal factors affecting performance of small and medium enterprises in Thika Sub-County, Kenya. The study objectives were technology adoption, capital accessibility and entrepreneurs training and how each affects performance of small and medium enterprises in Thika Sub-County. The study adopted descriptive research design and targeted all registered SMEs in Thika Sub-County. The study was done between January and December 2024

1.7 Study Limitations

One of the primary limitations of this study was the geographical scope. The research is confined to SMEs within Thika Sub-County, a specific region in Kenya. While this localized focus allowed for a detailed analysis of the factors affecting SMEs in this area, it also restricted the generalizability of the findings. The unique economic, social, and cultural dynamics of Thika Sub-County may not be reflective of other regions in Kenya, making it difficult to apply the conclusions of this study to SMEs in different contexts. Another limitation is related to data accuracy. The study's findings were heavily reliant on the data collected from SMEs in Thika Sub-County. If respondents provide biased, incomplete, or inaccurate information, this could significantly affect the validity of the results. This is particularly pertinent when dealing with self-reported data, where respondents may unintentionally or intentionally provide misleading answers.

1.8 Study Delimitations

One of the primary limitations is the study's geographical focus on Thika Sub-County, which may limit the generalizability of the findings. To mitigate this, the study deliberately concentrated on small and medium enterprises (SMEs) within this area,

allowing for a more in-depth analysis of the local factors affecting their growth and performance. By narrowing the scope to SMEs, the research ensured that the findings were highly relevant and actionable for this specific business category, even if they may not fully apply to other regions. Finally, the study's reliance on certain assumptions, such as the correlation between technology adoption and SME growth or the honesty of respondents, is acknowledged. To reinforce these assumptions, the study carefully designed its survey instruments to encourage accurate and reliable responses. This approach helped to mitigate the potential impact of data inaccuracies and strengthens the overall validity of the research.

1.9 Assumptions of the Study

Several assumptions underlined the study, shaping the approach and interpretation of the data. One key assumption was that technology adoption directly correlated with improved efficiency and growth in SMEs. This assumption was fundamental to evaluating the impact of technology on business performance, presupposing that SMEs that adopt modern technology would experience better operational outcomes. Similarly, the study assumed that capital accessibility is a crucial determinant of SME growth and performance. It is believed that increased access to financial resources enables SMEs to invest in essential aspects of their business, such as expanding operations, purchasing equipment, or hiring skilled personnel, leading to enhanced growth and performance.

Another assumption concerned entrepreneurs' training. The study assumed that providing training to entrepreneurs would enhance their skills, knowledge, and management practices, resulting in better business outcomes. This assumption underpinned the evaluation of training programs and their impact on SME success. Finally, the study assumed respondent honesty in the data collection process. It is presumed that participants provided truthful and accurate responses in surveys or interviews. This

assumption was critical because the reliability of the study's conclusions depends heavily on the integrity of the data collected. If respondents were not honest, the study's findings could be significantly skewed, leading to erroneous interpretations and recommendations.

1.10 Operational Definition of Terms

Technology Adoption: Technology adoption refers to the process by which small and medium enterprises (SMEs) integrate new or advanced technological tools, systems, and processes into their operations. This can include the use of software for managing business operations, implementing digital marketing strategies, utilizing e-commerce platforms, or adopting modern equipment that enhances productivity.

Performance of Small and Medium Enterprises: performance of small and medium enterprises (SMEs) refer to the measurable progress and success of these businesses over time. Growth can be quantified in terms of increases in revenue, market share, customer base, or expansion of business operations.

Capital Accessibility: Is the rate at which SMEs can acquire finances obtain financial resources for starting, maintaining, and expanding their businesses. This includes a wide range of topics that could positively impact of the SME owners management capabilities such as access to bank loans, venture capital, grants, and other financial instruments that enable businesses to invest in equipment, hire staff, develop products, and cover operating expenses.

Entrepreneurs Training: Entrepreneurs training involves the education and skill development provided to business owners or aspiring entrepreneurs to

increase their competency and capabilities in handling and growing their businesses.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of existing ideas that support the growth of small and medium enterprises and a rigorous evaluation from similar previous studies regarding the proposed learning objectives. Finally, it outlines the conceptual framework behind the lesson.

2.2 Theoretical Review

This section presents the key theories that explain the study variables. A theory refers to a well-substantiated explanation or framework that seeks to explain the phenomena under observation. The section therefore reviewed the pecking order, resource based and the diffusion of innovation theories.

2.2.1 Pecking Order Theory

The Pecking Order Theory, developed by Myers and Majluf (1984), explains that firms follow a specific hierarchy in financing decisions, prioritizing internal funds first, followed by debt, and resorting to equity only as a last option. This preference arises primarily due to asymmetric information between managers and external investors, where managers possess better knowledge about the firm's value and prospects. Issuing new equity may signal to the market that the firm's stock is overvalued, potentially leading to a decline in share price. Therefore, to avoid adverse selection costs and maintain control, firms prefer retained earnings, then debt, and finally equity when funding new investments (Myers & Majluf, 1984).

The foundation of the theory lies in the existence of asymmetric information, where company managers have more insight into their firm's financial health and prospects than external investors. This information gap influences financing decisions, with internal

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financing being least affected by market perceptions. Debt issuance is generally preferred over equity since it signals managerial confidence in future returns and suggests that the stock is undervalued. Conversely, issuing equity might be interpreted as a signal that the firm is overvalued, potentially causing share prices to decline. However, this preference may not hold in industries like technology, where high intangible asset levels make debt more expensive, thus favoring equity financing.

The pecking order theory has been criticized by various scholars within the field of corporate finance. One notable critic is Modigliani and Miller (1958), who proposed the famous Modigliani-Miller theorem, which suggests that, under certain assumptions, the capital structure of a firm is irrelevant to its value. Modigliani and Miller argued that in a world without taxes, bankruptcy costs, or information asymmetry, firms would be indifferent between debt and equity financing, thus challenging the notion of a pecking order of financing preferences (Modigliani & Miller, 1958). Additionally, Myers (1984) himself, while a proponent of the pecking order theory, acknowledged its limitations, particularly its oversimplification of corporate financing decisions and neglect of other relevant factors such as tax considerations and market conditions (Myers, 1984)

In the Kenyan context, where SMEs play a significant role in driving economic growth and employment, understanding the financing preferences and behavior of SMEs can provide valuable insights into their growth trajectories. The pecking order theory offers a theoretical framework for analyzing how SMEs in Thika Sub-County may prioritize internal funds, debt, and equity financing based on factors such as information asymmetry, market conditions, and agency costs. By examining whether SMEs in Thika Sub-County adhere to the pecking order principle or deviate from it due to contextual factors, the study can contribute to a deeper understanding of the financing challenges

faced by SMEs in the region and inform policy recommendations aimed at supporting their growth and development

2.2.2 Resource Based View Theory

The theory, proposed by Barney (1991), highlights the strategic role of a firm's internal resources in achieving and sustaining a competitive edge. It suggests that unique, valuable, and hard-to-imitate resources are critical drivers of superior performance. The theory asserts that organizations should concentrate on cultivating and utilizing assets and capabilities that are valuable, rare, difficult to replicate, and non-substitutable to maintain long-term success. These resources span both physical elements such as infrastructure and technology, and intangible aspects such as brand value, company culture, and skilled workforce. By systematically developing these assets, companies can create unique competencies that are hard for competitors to copy, thus securing a strong market position.

From the RBV perspective, critical resources can include the educational background of employees, the knowledge and skills possessed by business owners, up-to-date technological capabilities, strong brand reputation, and adequate human resources. Simpeh (2011) argues that enterprises with ample and well-managed resources tend to outperform those lacking such advantages. Mensah (2013) further notes that these strategic assets are crucial for achieving a competitive edge, especially when businesses consistently upgrade their infrastructure and adapt to evolving technological, regulatory, and environmental conditions. This adaptability is essential for enhancing the productivity and sustainability of micro and small enterprises. Additionally, the theory maintains that the resource base of a firm is a central factor in its overall performance. In competitive environments, firms exist to combine and manage resources effectively to generate outputs (Alvarez & Busenitz, 2012). The performance gap among firms is often

attributed to differences in how they acquire and deploy unique inputs and capabilities. According to this framework, the possession and strategic use of diverse resources determine a firm's ability to succeed. Each enterprise holds different combinations of assets, and the way these are utilized influences business outcomes.

Caldeira and Ward (2011) highlight that a firm's resource pool comprises both tangible and intangible assets, each playing a pivotal role in achieving sustainable competitive advantage. Tangible resources, such as advanced equipment, financial capital, and modern facilities, provide the operational backbone for businesses, ensuring efficiency and stability in daily operations. Intangible resources, including innovation, managerial expertise, brand reputation, and strategic networks, are equally critical, driving differentiation and long-term growth. The synergy between these assets enables firms to navigate complex market dynamics effectively. By strategically integrating tangible and intangible resources with the broader business environment, firms can foster stronger stakeholder relationships and respond adeptly to market trends. This alignment enhances organizational adaptability, promotes innovation, and strengthens resilience against disruptions. Ultimately, the effective management and interaction of these resources with external factors empower firms to maintain a competitive edge, seize emerging opportunities, and achieve sustained performance in dynamic, ever-evolving markets.

The Resource-Based View (RBV) has been subject to various criticisms since its inception. One critique revolves around the ambiguity and subjectivity in identifying and categorizing resources and capabilities. Critics argue that the RBV lacks a clear framework for determining which resources are truly valuable, rare, and difficult to imitate, leading to inconsistencies in resource identification and assessment (Barney, 1991). Additionally, some scholars argue that the RBV overemphasizes the role of internal resources and capabilities while neglecting the influence of external factors, such

as market conditions and industry dynamics, on firm performance (Barney, 1991; Peteraf, 1993). Moreover, the RBV has been criticized for its static nature, as it tends to focus on analyzing a firm's existing resources and capabilities rather than considering dynamic capabilities and the ability to adapt and innovate over time (Eisenhardt & Martin, 2000).

Within the context of this study, SMEs may possess various tangible and intangible resources, such as physical assets, human capital, relationships with suppliers and customers, and brand reputation. These resources may be valuable, rare, difficult to imitate, and non-substitutable, a key attribute identified by the RBV as sources of sustainable competitive advantage. For example, in the study, researchers could explore how access to finance serves as a critical resource for SME growth in Thika Sub-County. SMEs with sufficient financial resources may be better equipped to invest in technology, expand their operations, and enter new markets, thereby driving growth. Additionally, the theory could help in the examination of the role of human capital, such as skilled employees and managerial expertise, in fostering innovation and competitiveness among SMEs in the region.

2.2.3 Diffusion of Innovation Theory

Everett Rogers developed the Diffusion of Innovation Theory in 1971 to explain how innovations spread within a social system over time through communication channels. The theory categorizes adopters into five distinct groups: innovators, early adopters, early majority, late majority, and laggards, illustrating the adoption process through a bell-shaped curve over time. This sequential pattern shows how adoption begins with a small group and gradually expands to the broader population. The likelihood of an innovation being embraced depends on several factors, including its perceived benefits compared to current alternatives, alignment with existing norms and values, ease of use, the ability to

test it on a limited scale, and the visibility of its outcomes (Tornatzky & Klein, 1982). When these attributes are present, the diffusion process tends to accelerate, increasing the rate of acceptance within the target group.

The Diffusion of Innovation Theory offers several strengths that make it a valuable basis for assessing the embracing and spread of inventions within civilizations. One of its key strengths is its emphasis on understanding the social dynamics and processes involved in the diffusion process (Moore & Benbasat, 1991). By focusing on the interactions between individuals, groups, and social systems, the theory offers intuitions into the factors that impact acceptance decisions and the mechanisms through which innovations are spread. Furthermore, the theory's emphasis on the characteristics of innovations helps explain why certain innovations are more successful than others in gaining widespread acceptance. Innovations that possess attributes such as relative advantage, compatibility, and observability are more likely to be adopted quickly, as they address the needs and preferences of potential adopters while aligning with existing practices and values (Gopalakrishnan & Damanpour, 1997). Moreover, the Diffusion of Innovation Theory offers a valuable framework for developing effective strategies to encourage the uptake of new ideas or technologies. By recognizing the distinct characteristics, motivations, and preferences of each adopter category, organizations can customize their communication and outreach efforts to better engage specific segments, ultimately speeding up the overall adoption process.

A common critique of the Diffusion of Innovation Theory is that it simplifies the adoption process by mainly emphasizing the traits of innovations and individual adopters, while giving limited attention to the wider social, cultural, economic, and political environments where diffusion takes place. Scholars argue that elements such as institutional frameworks, power relations, and societal norms significantly influence how

innovations are adopted and spread, yet these factors are often insufficiently addressed (Rogers & Shoemaker, 1971). Additionally, the theory's approach of dividing adopters into fixed categories can be seen as reductive, as it may not fully reflect the nuanced and diverse nature of individual decision-making. In reality, individuals may exhibit different adoption behaviors depending on various factors, including their social networks, personal experiences, and perceptions of risk and uncertainty.

The theory can be applied to study by examining how innovations in business practices, technologies, and market strategies spread within the local SME community. By identifying the characteristics of innovative SMEs (early adopters) and studying their adoption patterns, researchers can gain insights into the factors that drive successful growth initiatives. Additionally, understanding the barriers to innovation adoption among SMEs could inform policymakers and support organizations in designing targeted interventions to facilitate diffusion and promote entrepreneurial development in Thika Sub-County.

2.2.4 Dynamic Capabilities Theory

This theory was developed by Teece, Pisano, and Shuen (1997), and explains how firms can remain competitive in rapidly changing environments by continuously adapting their internal and external capabilities. It focuses on three main processes: sensing new opportunities and threats in the market, seizing those opportunities through effective strategic decision-making, and transforming or reconfiguring organizational resources to respond to evolving conditions. This theory emphasizes the importance of agility, innovation, and continuous renewal in achieving long-term success. Teece (2007) refined the model to stress how dynamic capabilities enable firms to generate, utilize, and protect intangible assets such as knowledge and brand reputation. These capabilities are essential

for navigating uncertainty and sustaining a competitive edge in increasingly complex and turbulent business environments.

The theory's primary strength lies in its focus on adaptability, making it highly relevant for firms operating in volatile markets. It offers a basis for comprehending how firms can continuously evolve by leveraging processes like detecting, grabbing, and renovating (Helfat et al., 2007). This dynamic perspective complements static resource-based models by addressing how firms renew capabilities over time. Additionally, the theory is versatile, applicable across industries and firm sizes, including SMEs, as it emphasizes strategic flexibility and innovation. Its emphasis on managerial roles in orchestrating resources enhances its practical utility, offering actionable insights for leaders aiming to navigate competitive landscapes effectively (Augier & Teece, 2009).

Despite its strengths, the theory has notable limitations. Its conceptual nature can make it challenging to operationalize, as "dynamic capabilities" are often abstract and difficult to measure empirically (Eisenhardt & Martin, 2000). Critics argue that the theory lacks specificity in defining how capabilities are developed or sustained, leading to ambiguity in practical application (Zahra et al., 2006). Additionally, it may overemphasize internal processes while underplaying external factors, such as market structures or institutional constraints, which can significantly influence SME performance. The theory's focus on large firms in developed markets may also limit its applicability to SMEs in resource-constrained settings like Thika Sub-County, where external barriers may outweigh internal capabilities.

The theory is ideal in evaluating internal factors affecting the performance of SMEs. SMEs can use the theory's sensing process to identify opportunities, such as adopting digital technologies or responding to consumer trends, to drive growth. The seizing process can guide Thika SMEs in making strategic investments, such as training

programs to enhance managerial expertise, while the transforming process can help them reconfigure resources to overcome challenges like limited capital or competition. By applying this theory, the study can explore how Thika SMEs develop dynamic capabilities to navigate economic volatility, innovate within resource constraints, and achieve sustainable performance in a competitive regional market.

2.3 Empirical Review

2.3.1 Technology Adoption and Performance

Ye and Lim (2017) conducted a comprehensive investigation into the effects of innovations on small and medium enterprises (SMEs) in South Korea, shedding light on the pivotal role played by various determinant factors in the successful adoption of innovations within these enterprises. Their research underscored the multifaceted nature of determinant factors, emphasizing key aspects such as the ownership structure of SMEs, the educational background and training level of employees, strategic adjustments, and market orientations. Through rigorous analysis, the study elucidated how these factors intertwine to influence the adoption and ultimate success of innovations within SMEs, providing valuable insights for both practitioners and researchers in the field of innovation management within small and medium-sized enterprises

Rahman & Kabir (2021) evaluated the effects of adopting advanced manufacturing technologies on the performance of SMEs in Bangladesh through a cross-sectional survey of 180 manufacturing firms. Using regression analysis, the study examined the impact of technologies such as automated production systems, digital inventory tools, and analytics software on productivity, cost efficiency, and customer service. Findings indicated that 74% of the adopting SMEs experienced increased productivity, 63% reduced their operational costs, and 59% reported better customer satisfaction and faster

delivery times. The study concluded that technology adoption substantially improves SME performance in the manufacturing sector and recommended stronger institutional support, subsidies, and digital infrastructure to encourage widespread adoption among Bangladeshi SMEs. However, the findings could not be applicable in Kenya hence the need for this study.

Boateng, Heeks, Molla, & Hinson, (2019) evaluated how e-commerce adoption impacts the performance of SMEs in Ghana through a quantitative survey involving 210 businesses across Accra, Kumasi, and Takoradi. Using the Technology-Organization-Environment (TOE) framework, the study analyzed enablers and constraints to e-commerce uptake. The findings revealed that 62% of the SMEs that adopted e-commerce platforms experienced increased sales, 54% saw expanded market reach, and 48% reported improved customer satisfaction. Major enablers included internet access, technological readiness, and leadership support, while adoption was constrained by high costs and lack of IT skills. The study concluded that e-commerce significantly enhances SME performance, provided the technological and organizational environments are supportive.

Hikal, Attia, & El Said (2022) evaluated the influence of digital technology adoption on SME performance in Egypt using a structured questionnaire administered to 150 firms in Cairo and Alexandria. The study employed structural equation modeling (SEM) to assess the relationship between technologies such as ERP systems, CRM platforms, and e-payment solutions with performance indicators like profitability, operational efficiency, and decision-making quality. Results showed that 67% of SMEs that adopted digital tools reported enhanced decision-making, while 71% achieved improved efficiency, and profitability increased by 18% on average over two years. The study concluded that digital technology adoption plays a crucial role in enhancing performance

and called for government support through training, funding, and infrastructure development to facilitate wider adoption..

Koreen and Nemoto (2019) undertook a detailed review of financial technology (fintech) and its effects on credit availability for small and medium enterprises (SMEs). Their work involved a critical analysis of existing literature focusing on how fintech platforms improve credit access through various digital channels. The researchers concentrated their study on SMEs operating in Nairobi, Kenya, offering important perspectives on the adoption of financial technologies and their role in easing access to financial resources. Despite uncovering meaningful findings, their study also highlighted a contextual gap regarding the specific socio-economic factors influencing fintech use in different localities. To address this, further research is warranted, specifically targeting SMEs within Thika sub-county. Such localized studies will provide deeper understanding of fintech's real-world implications on credit accessibility within unique community contexts and economic environments.

Mussa (2020) evaluated the impact of mobile technology adoption on the performance of small and medium enterprises in Morogoro Municipality, East Tanzania. Using a descriptive survey design, the study collected data from 120 SME owners through structured questionnaires. Findings showed that 68% of SMEs using mobile payment platforms like M-Pesa and Tigo Pesa experienced better cash flow management, and 55% observed improved customer convenience and expanded market access. Regression analysis confirmed a positive and significant relationship between mobile technology usage and business performance. The study concluded that mobile technologies enhance SME operations by reducing transaction costs and improving accessibility. It recommended increased policy support for mobile financial services and targeted training programs to expand adoption among Tanzanian SMEs.

Kamau (2021) investigated the influence of ICT adoption on the financial performance of SMEs in Nairobi County, Kenya. A cross-sectional survey was conducted among 200 SMEs using structured questionnaires. Results showed that 72% of SMEs implementing ICT tools such as accounting software, digital marketing platforms, and point-of-sale systems recorded improved profitability and operational efficiency. Regression analysis revealed a statistically significant relationship between ICT adoption and performance metrics like revenue growth and customer satisfaction. The study recommended increased government support for SME digitization through infrastructure investment and ICT training initiatives.

Otieno, Namusonge, & Mugambi (2020) examined the effect of e-commerce adoption on the performance of SMEs in Kisumu City, Kenya. Using a descriptive research design, data were collected from 150 SMEs through structured questionnaires. Findings indicated that 64% of SMEs using platforms such as Jumia and business websites reported improved customer reach, increased sales, and enhanced inventory turnover. Despite positive outcomes, the study identified barriers such as poor internet access and limited digital skills. Regression analysis established a significant positive relationship between e-commerce use and business performance. The study advocated for improved internet infrastructure and digital training for SME owners.

Mwangi, & Njeru (2019) assessed the impact of mobile banking on the financial performance of SMEs in Nakuru Town, Kenya. A quantitative approach was used with data gathered from 180 SMEs using structured questionnaires. The study found that 76% of respondents using mobile banking services such as fund transfers, credit access, and balance inquiries reported improved access to financial services. Additionally, 60% indicated operational efficiency and improved customer trust. Regression results confirmed a strong positive correlation between mobile banking usage and financial

indicators like profit margins. The study recommended increased mobile network coverage and financial literacy to promote digital banking among SMEs.

2.3.2 Capital Accessibility and Performance

Zhou & Li (2021) conducted a study titled Access to External Finance and SME Growth in China's Manufacturing Sector using panel data collected from 400 manufacturing SMEs across Jiangsu and Guangdong provinces. The study applied fixed-effects regression to analyze the impact of financial access on business performance. Results indicated that enterprises with better access to credit, particularly through state-owned and development banks, experienced a 23% increase in annual sales and a 17% rise in employment. Moreover, those receiving long-term loans showed higher investment in technology and productivity-enhancing tools. The study concluded that capital accessibility is a major driver of SME competitiveness and recommended the expansion of state credit guarantee schemes, lower interest rates, and inclusive credit screening models to improve outreach. The authors emphasized that financial inclusion policies, if effectively implemented, could close existing financing gaps and unlock the growth potential of manufacturing SMEs in China's dynamic economy.

Cooper & Gonzalez (2020) evaluated The Role of Capital Access in Enhancing SME Performance in the United States through a cross-sectional survey targeting 250 SMEs in New York, Texas, and California. Using multiple regression analysis, the researchers examined how access to venture capital, government-backed loans, microfinance, and traditional banking influenced business growth. The study found that SMEs with access to external finance recorded a 29% increase in profitability and a 21% rise in employment compared to those that relied on personal savings or informal loans. Moreover, access to capital enabled greater investment in marketing, staffing, and technology, which contributed to long-term sustainability. The study concluded that the diversification of

financial sources enhances enterprise resilience and productivity. The authors recommended public-private partnerships to improve credit guarantees, mentorship for startups, and streamlined loan application processes to increase funding accessibility across America's small business sector.

Okafor & Eze (2022) explored Credit Access and Financial Performance of Small Enterprises in Southeastern Nigeria through a descriptive survey of 300 SMEs based in Enugu and Anambra States. Data were collected using structured questionnaires, and regression analysis was applied to examine the relationship between credit access and financial indicators such as return on assets, profit margins, and turnover. The study revealed that SMEs with access to formal financial institutions, including commercial banks and cooperative societies, had a 34% higher profitability rate than those without credit access. Improved access to funds facilitated the acquisition of inventory, equipment, and skilled labor. However, high interest rates and collateral requirements remained significant barriers to accessing loans. The study concluded that access to credit positively affects SME performance and called for flexible loan conditions, financial literacy programs, and policy reforms aimed at creating a more inclusive financial environment in Nigeria.

Abebe & Hana (2023) investigated The Influence of Capital Accessibility on the Operational Performance of SMEs in Addis Ababa, Ethiopia using a mixed-methods research approach. The study involved 220 small business owners, combining quantitative surveys with in-depth interviews. Findings indicated that SMEs with access to microfinance and formal bank loans achieved a 19% higher growth rate in customer base and increased capacity utilization. However, most entrepreneurs cited stringent collateral demands, bureaucratic delays, and limited financial literacy as barriers to obtaining credit. The researchers observed that capital accessibility significantly affects

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a firm's ability to scale, invest in technology, and meet operational costs. The study concluded that enhanced access to credit improves performance and recommended government-backed loan programs, credit guarantee schemes, and targeted entrepreneur training. These initiatives, the authors argued, could help bridge the financing gap and foster greater innovation, efficiency, and job creation in Ethiopia's SME sector.

Joseph & Linda (2020) assessed The Effect of Loan Accessibility on Performance of SMEs in Nairobi County, Kenya through a descriptive survey targeting 180 small enterprises. Using regression analysis, the study examined how access to various credit sources—such as commercial banks, microfinance institutions, and SACCOs—affected business performance indicators like sales growth, profitability, and operational expansion. Results showed that SMEs with reliable access to loans recorded an average revenue increase of 27% over two years, alongside improved inventory turnover and customer base. Accessibility to credit enabled the acquisition of equipment, hiring of staff, and expansion into new markets. However, constraints such as high interest rates, inadequate collateral, and limited information about loan products were noted. The study concluded that access to affordable credit significantly boosts SME performance and recommended strengthened regulatory frameworks, digital loan processing systems, and increased awareness campaigns to improve credit access in the Kenyan SME sector.

Peter & Janet (2021) investigated Capital Structure and the Performance of SMEs in Nakuru Town, Kenya using survey data from 160 small business owners. The study applied correlation and regression analysis to explore how various forms of capital—equity, short-term loans, and long-term debt—affect business outcomes. Findings showed that businesses with a well-balanced capital mix, especially those combining equity and manageable debt, achieved a 22% higher return on investment and reported better liquidity and scalability. Firms that relied solely on owner equity faced growth

constraints, while those with excessive debt struggled with repayment and cash flow issues. The study concluded that both the amount and structure of accessible capital are crucial for enterprise success. It recommended the development of SME-focused financial advisory services to guide owners on optimal capital structuring and promoted partnerships between private lenders and local governments to widen access to tailored financing options.

Njoroge and Chepkorir (2023) evaluated Access to Finance and Performance of Women-Owned SMEs in Kisumu City, Kenya using a quantitative survey research design involving 140 female entrepreneurs across retail, manufacturing, and services sectors. The study employed linear regression analysis to assess the relationship between capital access and business performance metrics such as profit margins, asset acquisition, employment generation, and sales turnover. Results showed that women-owned enterprises with access to formal credit facilities recorded a 31% higher average income than those dependent on informal sources. The study also noted that women faced unique challenges in accessing finance, including gender bias, lack of collateral, and limited financial literacy. It concluded that improved capital accessibility significantly enhances women's entrepreneurial performance and economic empowerment. Recommendations included designing gender-sensitive loan products, offering credit guarantee schemes for female entrepreneurs, and implementing inclusive financial literacy programs to strengthen women's participation in Kenya's SME ecosystem.

Munyiri (2020) evaluated the factors Influencing Sustainable Growth of Small and Medium Enterprise Projects in Thika Town, Kenya. The utilized a descriptive research design, targeting 1510 SMEs in Thika Town, with a sample of 151 SME owners surveyed via questionnaires. Findings showed that access to finance, particularly from informal savings and microfinance, significantly influenced sustainable growth, with a regression

coefficient of 0.612. The study concluded that financial constraints, such as lack of collateral, hinder SME growth, emphasizing the need for accessible funding. The gap for the current study lies in examining how fintech innovations, like mobile-based loans, have addressed these financial constraints for Thika SMEs since 2020, focusing on their impact on long-term performance.

2.3.3 Entrepreneurs Training and Performance

Robb and Valerio (2021) examined the effects of entrepreneurial education on small business success by surveying 500 SME owners in the United States. Employing a robust quantitative methodology, they utilized multiple regression analysis to identify the impact of training on revenue growth, employment rates, and innovation outputs. Their findings demonstrated that entrepreneurs who received structured training programs performed significantly better than those without such exposure. The study highlighted that training improved managerial competencies, financial literacy, and strategic decision-making skills, which translated into sustainable business growth. The study concluded that embedding entrepreneurial education within business support frameworks is essential for fostering innovation and competitiveness among SMEs in the U.S., particularly given the dynamic economic landscape and rapid technological changes affecting small enterprises.

In the United Kingdom, Deakins and Freel (2019) conducted a comprehensive mixed-methods study to understand how ongoing entrepreneurial training contributes to SME development in manufacturing and service industries. They collected data through qualitative interviews with 200 SME owners alongside quantitative surveys to assess relationships between training, adaptability, and growth. The results revealed that entrepreneurs who engaged in continuous professional development exhibited enhanced

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capabilities to innovate, manage risks, and exploit new market opportunities. The study underscored the importance of lifelong learning in maintaining business resilience amidst competitive pressures. Furthermore, the authors emphasized that policy interventions should prioritize access to quality training programs, which empower entrepreneurs with skills critical for business expansion and sustainability in the UK's fast-evolving economic environment.

Lim and Chia's (2022) investigated how entrepreneurial training affected SMEs innovation performance. The study utilized a cross-sectional survey of 250 SMEs primarily in technology-intensive industries. Using confirmatory factor analysis and multiple regression models, they explored the effects of entrepreneurship training on key performance dimensions including innovation, operational efficiency, and market reach. The study found that tailored training, especially in digital competencies and innovation management, significantly enhanced SMEs' capacity to develop new products and services while optimizing business processes. The study concluded that entrepreneurship training acts as a crucial enabler of competitive advantage in Singapore's high-tech business landscape. The research further recommended integrating specialized training modules that address rapidly changing technologies to ensure SMEs remain agile and competitive internationally.

Njoroge (2018) assessed how entrepreneurial education and training influence the performance of women-led small enterprises in Langata Business District. This study employed an ordinary least squares regression model to analyze data collected from women entrepreneurs in Nairobi's Langata Business District, near Thika Sub-County. Findings revealed that entrepreneurial training significantly enhanced business performance, as indicated by regression coefficient of 0.696, indicating improved skills in financial management, marketing, and strategic planning led to higher sales growth.

The study concluded that training is vital for SME success but noted limited access to programs, particularly for women with lower education levels. The gap for the current study lies in extending this research to Thika Sub-County, focusing on both genders and assessing the impact of diverse training formats on SME growth and performance.

Kanugi, (2020) investigated the determinants affecting the performance of growth-driven small and medium-sized enterprises in Thika Sub-County by applying regression analysis to data collected from these enterprises. It found that entrepreneurial skills, including innovation and strategic orientation, significantly influenced performance, with a coefficient of determination (R^2) of 0.622. Training in these areas enabled SMEs to navigate competitive markets effectively. The study concluded that inadequate training limits SME sustainability, particularly in market segmentation and innovation. The gap for the current study involves exploring specific training programs tailored to Thika SMEs and their long-term impact on performance metrics beyond initial growth indicators.

Muiruri (2020) evaluated the role of micro-finance institutions to the growth of micro and small enterprises (MSE) in Thika, Kenya. This study conducted a cross-sectional survey of 285 MSEs in Thika Municipality, using descriptive statistics to analyze data. It found that MFI-provided training in business management and financial literacy increased growth by 15% compared to untrained MSEs. The study concluded that training enhances operational efficiency but highlighted inconsistent delivery as a barrier. The gap for the current study is to investigate the scalability and standardization of MFI training programs for Thika SMEs, focusing on their impact on diverse performance indicators like profitability and market expansion.

Orkoh (2021) assess entrepreneurship training and its impact on firm growth in kano state, Nigeria. This descriptive survey of SMEs in Kano State, Nigeria, used regression

analysis to assess training effects. Findings showed that training in business planning and risk management increased sales and employment by 20%, with a significant positive relationship ($p < 0.05$). The study concluded that training quality and relevance are critical for growth but depend on trainer expertise. The gap for the current study is to adapt these findings to Thika Sub-County, examining how trainer qualifications and context-specific curricula influence SME performance and growth in a Kenyan setting.

Nkosi and Lindelow (2020) focused on the influence of entrepreneurial skills development on SME survival and growth over a longitudinal three-year period in Johannesburg, South Africa. The study involved 150 SMEs, employing structured questionnaires and in-depth interviews to gather data. Applying panel regression techniques, the research revealed that SMEs led by entrepreneurs trained in financial management, marketing, and leadership were more likely to survive economic fluctuations and achieve profitability. The study highlighted that such training improved owners' abilities to make strategic decisions, manage resources effectively, and respond to market dynamics. Nkosi and Lindelow concluded that government-supported entrepreneurial development programs are critical in addressing challenges such as limited access to finance and high operational risks, thus enhancing the overall sustainability and growth potential of SMEs within the South African context.

Adewale and Akinola (2019) investigated the relationship between entrepreneurship training and SME growth in Lagos, using a descriptive survey design with 300 SME owners responding to structured questionnaires. The study employed multiple linear regression to analyze the impact of training on business expansion and profitability. Findings indicated that entrepreneurs who received comprehensive training programs exhibited improved financial management, marketing strategies, and business planning, which directly contributed to higher sales volumes and profitability. The authors

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emphasized that training not only enhanced technical skills but also increased entrepreneurs' confidence and ability to innovate. Adewale and Akinola concluded that expanding access to entrepreneurial training is essential for Nigerian SMEs to overcome operational challenges and scale their businesses, recommending partnerships between government agencies, educational institutions, and the private sector to deliver effective training interventions.

Mashindano and Mng'ong'o (2018) explored the role of entrepreneurial training on the growth of micro and small enterprises in Dar es Salaam, Tanzania, through a cross-sectional survey of 200 SMEs. Using descriptive statistics and logistic regression analysis, they assessed how training impacted business expansion, customer acquisition, and financial management. Their results demonstrated that SMEs with trained owners were more adept at strategic planning and resource allocation, leading to improved performance compared to those without training. The study underscored the importance of equipping entrepreneurs with practical business skills to navigate market uncertainties and access financial services effectively. Mashindano and Mng'ong'o concluded that scaling up entrepreneurial training programs within Tanzania's SME policy framework is vital to fostering sustainable enterprise growth and addressing high failure rates among small businesses.

Wanjiru and Muriithi (2020) focused on the impact of entrepreneurship training on women-owned SMEs in Nairobi. Their descriptive research collected data from 180 women entrepreneurs using structured questionnaires, analyzed through correlation and regression techniques. The findings revealed a strong positive relationship between training and business growth, with trained women entrepreneurs reporting higher sales, increased employee numbers, and better financial management practices. The study highlighted that entrepreneurship training empowered women by enhancing their

managerial skills, self-confidence, and access to networks, all critical for overcoming gender-specific barriers in business. The study concluded that targeted training initiatives are fundamental to women's economic empowerment and recommended scaling such programs alongside supportive policies to foster gender-inclusive SME development in Kenya.

Mwangi and Kamau (2019) conducted a mixed-method study on entrepreneurial training's effect on agribusiness SME performance in Kiambu County, Kenya, surveying 150 agribusiness owners and conducting key informant interviews. They employed descriptive statistics and thematic analysis to examine how training influenced business planning, access to finance, marketing, and profitability. The results indicated that training enhanced entrepreneurs' strategic capabilities, leading to improved business expansion and higher returns. The study emphasized that agribusiness SMEs face unique challenges that can be mitigated through tailored entrepreneurial training programs focusing on market linkages and financial literacy. Mwangi and Kamau concluded that integrating entrepreneurial training into agricultural extension services and rural development policies is crucial for boosting SME growth and ensuring sustainable agribusiness development in Kenya.

2.4 Conceptual Framework

A conceptual framework serves as a theoretical guide that helps in comprehending, analyzing, and interpreting specific phenomena within a given discipline. It comprises essential concepts, variables, and the relationships among them, along with underlying assumptions that steer the direction of research or investigation. By offering an organized structure, conceptual frameworks enable researchers to clarify their ideas, formulate precise research questions, and construct hypotheses. This systematic approach facilitates a clear understanding of how different variables interact and provides

explanations for the patterns or outcomes observed during the study. In this study, technology adoption, capital accessibility and entrepreneurs training were presented as the independent variables while growth and performance of SMEs was presented as the depended variable



Independent Variables

Dependent Variable

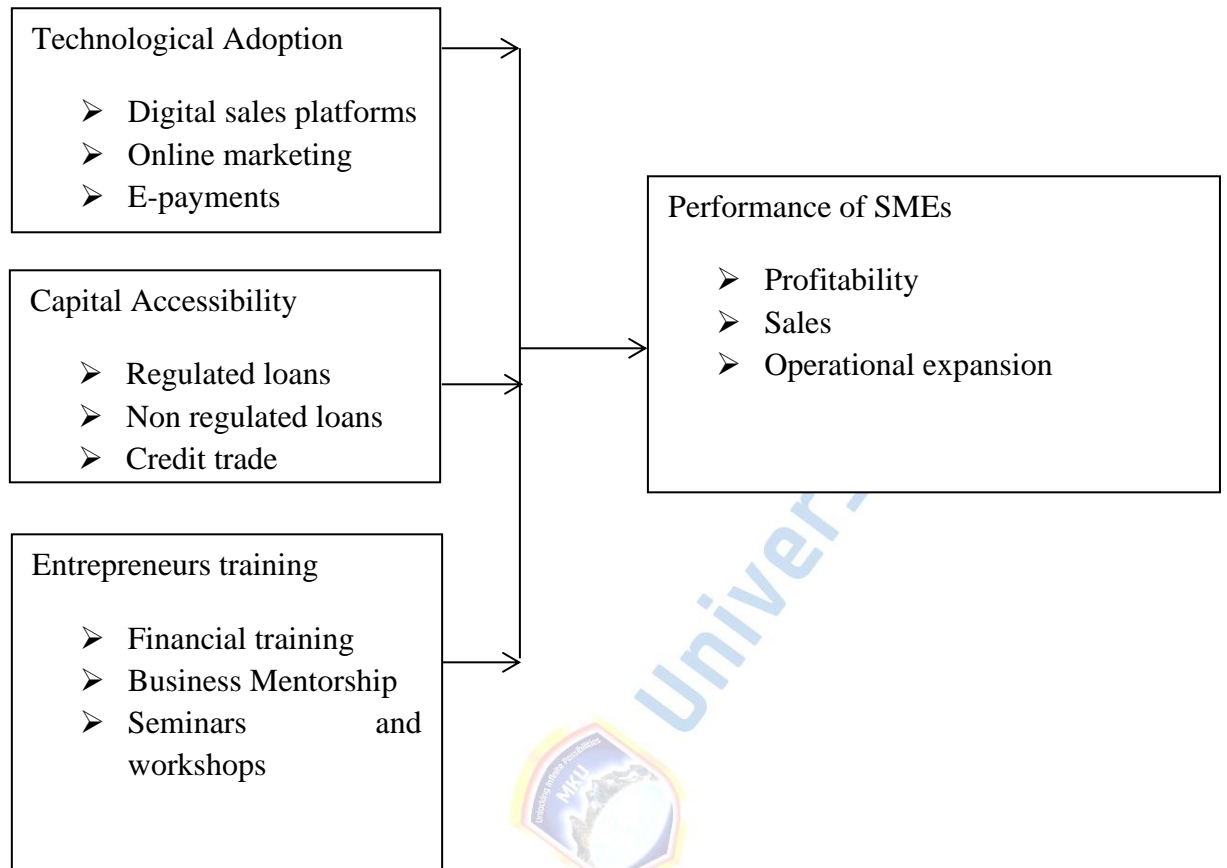


Figure 1 Conceptual Framework

Source (Author, 2025)

2.5 Recap of Literature Review

The study has reviewed several theoretical frameworks, including the Pecking Order Theory, Resource-Based View (RBV), and the Diffusion of Innovation Theory. These theories provide a comprehensive lens through which the integration of technology, access to capital, and the impact of entrepreneurial training on SME performance can be analyzed. The Pecking Order Theory sheds light on the hierarchy of financing preferences, the Resource-Based View highlights the strategic use of internal resources, and the Diffusion of Innovation Theory explores how new technologies and practices are adopted within SMEs. Despite this theoretical foundation, there are still gaps in

understanding the localized impacts of these factors, the specific barriers to capital access in Thika, and the effectiveness of training programs tailored to regional contexts.

The integration of Information and Communication Technologies (ICTs) has been consistently demonstrated to enhance competitive advantage, spur innovation, and drive cost reductions for SMEs. Studies by Barba et al. (2007) and Ghobakhloo et al. (2012) highlight that the adoption of ICTs enables SMEs to gain better access to information, streamline their supply chains, and achieve significant improvements in sales performance. Despite these benefits, SMEs still face substantial challenges, particularly concerning capital accessibility and the effective management of financial resources. Additionally, the efficacy of entrepreneurial training programs remains a critical concern. Research by Ye and Lim (2017) and Gichuki et al. (2014) emphasizes the pivotal role of these factors in SME development, yet there are notable gaps in understanding how these elements specifically influence SMEs in Thika Sub-County.

Despite the many reviews on the topic, Contextual variation in ICT impact remains a significant area for exploration, as existing research demonstrates the positive effects of ICT on SMEs but lacks focus on the unique socio-economic context of Thika Sub-County. Localized studies are essential to understand how regional factors influence both the adoption and effectiveness of ICT in this area. Similarly, while capital accessibility is widely recognized as crucial for SME growth, the specific challenges related to loan terms, collateral requirements, and financial sector policies in Thika Sub-County are not well-explored. In-depth research is needed to develop financial support mechanisms that are tailored to the local SME context. Furthermore, although the importance of entrepreneurial training is well-documented, there is insufficient evidence on how such programs impact SME performance in Thika. Investigating the relevance and

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effectiveness of entrepreneurial training programs designed for the local entrepreneurial environment is necessary to address this gap.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section explains the desired research design, the population of interest and the suitable sampling frame and method. Moreover, data collection tool and procedure was discussed and final how the data was analysed and presented.

3.2 Research Design

For the purpose of this study, descriptive research design was deemed appropriate. Descriptive research design is a scientific approach employed to characterize and examine the attributes of a population or phenomenon under investigation (Creswell & Creswell, 2017). Its primary objective is to offer a precise depiction of prevailing conditions or associations without exerting influence. This methodology entails the observation and collection of data to succinctly summarize and delineate phenomena as they unfold naturally, devoid of variable manipulation or pursuit of causality. This design was chosen by focusing on describing and summarizing the characteristics of a population or phenomenon, descriptive research enables researchers to gain a comprehensive understanding of complex social phenomena without oversimplification. Moreover, it generates rich and detailed data that can offer valuable insights into social trends, patterns, and relationships. These insights contribute to theory development, policy formulation, and decision-making.

3.3 Study Location

The study was conducted within Thika Sub-County, which is a vibrant and economically significant region in Kenya. Situated in Kiambu County, Thika is known for its diverse industrial activities, agricultural production, and a growing population of small and medium enterprises (SMEs). The area has historically been a hub for manufacturing and

agricultural processing, but in recent years, it has seen a significant rise in various SMEs across sectors such as retail, services, and light manufacturing. Thika Sub-County provided a unique setting for studying the factors influencing SME performance. The region's proximity to Nairobi, Kenya's capital, offers SMEs access to larger markets, suppliers, and financial institutions, while also presenting challenges related to competition and operational costs. The location was also characterized by a mix of urban and rural dynamics, with businesses catering to both local and urbanized consumer bases. This duality allowed the study to explore how factors like technology adoption, capital accessibility, and entrepreneurs' training impact SMEs in a setting that combines both rural and urban characteristics.

3.4 Target Population

According to Neuman (2010) target population encompasses all individuals or elements under investigation in a research study, representing the broader group to which study findings will be extrapolated. Researchers define the target population according to study objectives and specific characteristics of interest. This population serves as the primary focus of the research and informs the sampling process to ensure that the selected sample accurately represents the entire population. The researcher anticipated to draw overviews from the noticeable features that the target population being investigated had (Mugenda & Mugenda 2013). In this study, all registered SMES within Thika sub-County formed the population of interest. Data provided by Kiambu County department of Trade revealed that a total of 6398 are registered and in operation within the targeted area. The researcher grouped these SMEs into several groups for easy analysis. This is shown in table 1

Table 1 Target Population

| Industry Sector | Population |
|-------------------------------|-------------------|
| Retail and Wholesale | 1856 |
| Information Technology | 325 |
| Manufacturing | 645 |
| Construction | 204 |
| Hospitality | 1920 |
| Transportation | 30 |
| Financial Services | 48 |
| Healthcare | 613 |
| Education | 5 |
| Real Estate | 83 |
| Agriculture | 356 |
| Professional Services | 235 |
| Creative Arts | 78 |
| Total | 6398 |

Source, (Kiambu County department of Trade, 2025)

3.5 Sampling Frame

A sampling frame, as described by Saunders, Lewis, and Thornhill (2012), encompasses a comprehensive list of objects from which a representative sample is drawn for research purposes. In the context of this study, the sampling frame comprised all registered small and medium enterprises (SMEs) located in Thika Sub-County. According to records from the County Trade register, the total number of SMEs in this area were 6,398.

3.6 Sample Size and Sampling Technique

The study adopted a simple random sampling approach to select participants from the target population. According to Gravetter and Forzano, this method ensures that each individual in the population has an equal likelihood of being included in the sample, with selection occurring purely by chance. The sample specifically focused on all formally registered small and medium-sized enterprises operating in Thika Sub-County. This

method was deemed suitable because the selected participants were considered well-informed about credit management practices and capable of effectively responding to questionnaires and interview questions. To determine the appropriate sample size from the three employee groups chosen to supply data, the study applied Yamane's formula, which provides a systematic way of calculating a representative sample from a known population. This was determined as follows

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

Where:

n - the sample size

N - the population size

e - the acceptable sampling error

At an assumed error of 5% or confidence level of 95% for the study, the sample was calculated as:

$$6398 / 1 + 6398 * (0.05)^2 = 376$$

To select the 376 SMEs, all firms in all categories were allocated numbers and then be selected randomly from each strata to form the required sample size. This is shown in Table 2 below

Table 2 Sample Size

| Industry Sector | Population | Sample Size |
|-------------------------------|-------------------|--------------------|
| Retail and Wholesale | 1856 | 109 |
| Information Technology | 325 | 19 |
| Manufacturing | 645 | 38 |
| Construction | 204 | 12 |
| Hospitality | 1920 | 113 |
| Transportation | 30 | 2 |
| Financial Services | 48 | 3 |
| Healthcare | 613 | 36 |

| | | |
|------------------------------|-------------|------------|
| Education | 5 | 1 |
| Real Estate | 83 | 4 |
| Agriculture | 356 | 21 |
| Professional Services | 235 | 14 |
| Creative Arts | 78 | 5 |
| Total | 6398 | 376 |

Source, (Author, 2025)

3.7 Data Collection Instruments

In this research, primary data was gathered using a questionnaire administered to the selected participants. According to Cooper (2008), a questionnaire comprises a set of written questions designed for respondents to answer. The study employed a Likert scale questionnaire, where participants were given a structured data collection tool based on the study's key variables and asked to indicate their level of agreement or disagreement. The questionnaire method was chosen due to its efficiency and ability to collect data from many respondents within a limited timeframe. Furthermore, the study focused on subjective variables such as perceptions, attitudes, feelings, and opinions of female entrepreneurs in Kiambu Sub-county, which are not directly observable. As Gay (2015) notes, questionnaires are particularly suitable for collecting such qualitative information, as they allow respondents to freely express their thoughts concerning the research problem and objectives.

3.7.1 Reliability of Instruments

Reliability denotes how consistently a tool or method measures a particular variable over time. It reflects the stability and dependability of a data collection instrument such as a questionnaire, interview guide, or observation checklist when applied across various settings, occasions, or respondent groups. In the current study, data were gathered using a structured questionnaire. To assess the reliability of the instrument, the researcher employed Cronbach's alpha coefficient, which is widely used to evaluate internal

consistency. This form of reliability determines how well different items within a scale are correlated and whether they consistently produce similar outcomes under varying conditions. Following Castillo's (2009) guideline, a Cronbach alpha value exceeding 0.7 was considered acceptable. This threshold was used as the benchmark to verify the consistency of the questionnaire items and ensure the instrument's suitability for the study.

3.7.2 Validity of Instruments

Validity refers to the extent to which a measurement instrument, such as a questionnaire, accurately measures what it is intended to measure (Mugenda and Mugenda, 2013). A valid questionnaire ensures that the questions effectively capture the concepts or constructs being studied, and the results obtained truly represent the underlying phenomena. A valid measure should not only be consistent (reliable) but also provide meaningful and accurate data that aligns with the research objectives. In this study, content validity was adopted. This type of validity assessed whether the questionnaire covered all the relevant aspects of the concept being studied. To determine content validity, the project supervisors reviewed the questionnaire and offered their input on the content. In addition, the questionnaire was subjected to peer review to ensure all questions were constructed to capture all subject areas well.

3.8 Data Collection Procedure

For this research study, the researcher gathered primary data by obtaining an introduction letter from the University, authorizing data collection. This letter was presented to entrepreneurs in Kiambu sub-county to solicit their participation. Questionnaires were administered by the researcher on a drop-and-pick basis, allowing respondents to complete them at their convenience. In cases where respondents require

assistance, the researcher stayed with the respondents until they successfully filled out the questionnaires.

3.9 Data Analysis and Presentation

The collected data was thoroughly inspected for reliability, completeness, and accuracy before analysis. Using the Statistical Package for the Social Sciences software (SPSS), the data was coded and categorized for analysis using descriptive statistics. The turnout of respondents was presented in mean from the adopted scale, while standard deviation will measure the variation of responses from the distribution mean. Findings were visually presented using tables and pie charts. Additionally, regression analysis was employed to objectively assess the relationship between independent and dependent variables, aiding in predicting the dependent variable. The regression equation was utilized for this purpose.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where Y = SMEs Performance

β_0 = Constant

X1 = Technology Adoption

X2 = Capital Accessibility

X3 = Entrepreneurs Training

β_1 , β_2 , and β_3 = Regression Coefficients

ε = Error term

3.10 Ethical Considerations

The study was guided by essential ethical principles to ensure both the credibility of the research and the protection of participants. Informed consent was obtained from all respondents after they were clearly informed about the purpose, scope, and procedures of the study, including their right to decline participation or withdraw at any stage without

consequences. To uphold confidentiality and anonymity, participants' identities and business information were concealed through coding, and all collected data were securely stored and only accessible to the research team. Additionally, ethical approval was sought from relevant institutional authorities before data collection commenced. The researcher also committed to transparency, fairness, and honesty throughout the research process. This included accurate reporting of findings, avoidance of any manipulation of results, and full disclosure of limitations. These measures ensured the research was conducted responsibly, respecting both academic standards and the dignity of all participants. Finally, the study was committed to avoiding any form of bias or coercion, ensuring that participation is entirely voluntary and that the data collection process is free from influence or undue pressure, thereby upholding the ethical standards essential for credible and respectful research.



CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter provides the analysis and findings based on the research objectives and methodology. The study relied on primary data collected through the distribution and analysis of questionnaires administered to the chosen participants.

4.2 Questionnaires Response Rate

Some questionnaires were issued by the researcher on drop and pick basis while the rest were filled in the presence of the researcher by the targeted SMEs owners and or their employees in Thika Sub-County. 376 questionnaires were printed and distributed to the respondents and a total of 350 were filled and returned giving a response rate of 93%. This response rate is presented in Figure 2.

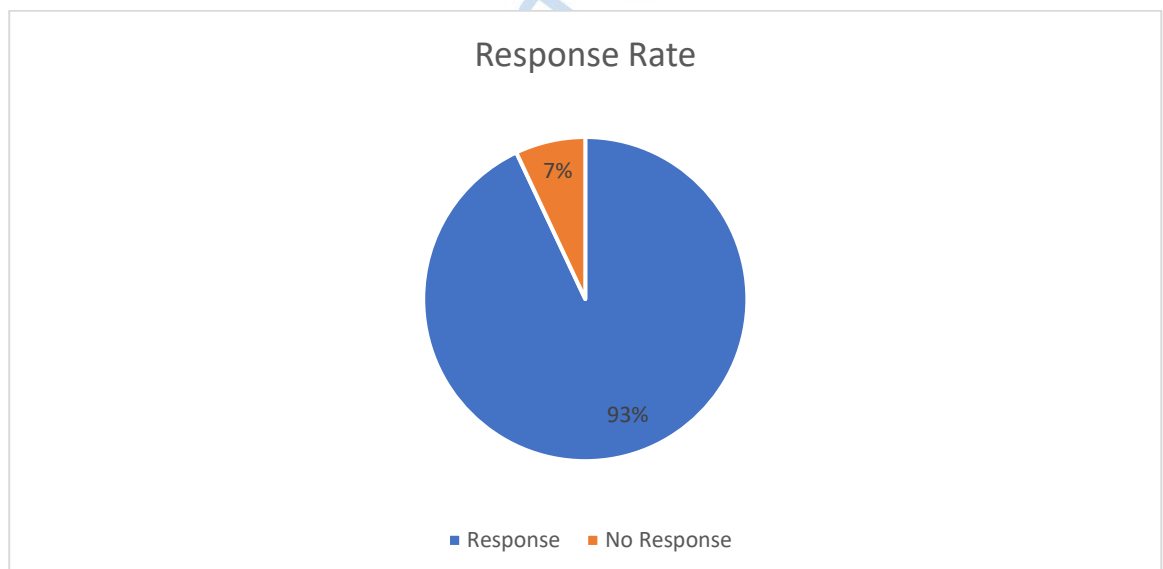


Figure 2 Response Rate

Source, (Author, 2025)

From the figure 4.1 above, a total of 350 questionnaires were fully filled and returned to the researcher representing 93%. However, a total of 26 (7%) were either not fully filled

or returned to the researcher. The non-response could be due to busy schedule or the respondents felt the information required was not fit to share to the researcher. Mugenda and Mugenda (2013) state that a 50% response rate is sufficient for analysis and reporting, 60% is considered good, and 70% or higher is excellent. Based on this, the response rate achieved in this study was deemed appropriate, and the data collected from respondents was sufficient to draw reliable conclusions regarding the research objectives.

4.3 Demographic Analysis

4.3.1 Gender Response

All respondents were requested to indicate their gender. The response rates from all the filled questionnaires is shown below.

Table 3 Gender Distribution

| Gender | Frequency | Percentage (%) |
|---------------|------------------|-----------------------|
| Male | 236 | 67 |
| Female | 114 | 33 |
| Total | 350 | 100 |

Source, (Author, 2025)

From table 4.1, the gender distribution shows that 67% of the respondents are male, while 33% are female, which suggests that men were more likely to be owners or operators of small and medium enterprises (SMEs) in Thika Sub-County. This could reflect broader gender dynamics in business participation, where societal factors, such as access to capital, business networks, or education, may impact the ability of women to establish or grow businesses.

4.3.2 Education Level

The respondents were asked to indicate their highest level of education. The response is shown in table 4.

Table 4 Highest Level of Education Completed

| Level of Education | Frequency | Percentage (%) |
|---------------------------|------------|----------------|
| Secondary School | 36 | 10 |
| Diploma/Certificate | 196 | 56 |
| Bachelor's Degree | 98 | 28 |
| Master's Degree or higher | 20 | 6 |
| Total | 350 | 100 |

Source, (Author, 2025)

The majority of respondents (56%) hold a diploma or certificate, equipping them with practical, vocational skills that aid in daily operations but may limit strategic growth and scaling potential. Entrepreneurs with a bachelor's degree (28%) possess stronger business management and innovation capabilities, positioning them for higher growth and better financial performance. Meanwhile, those with a master's degree or higher (6%) demonstrate advanced leadership and decision-making skills, giving them the greatest potential for expanding their businesses. However, the 10% of respondents with only secondary education may face challenges in adopting modern business practices, potentially hindering their business development. Thus, education emerges as a key internal factor impacting the ability of SMEs to grow and thrive.

4.3.3 Size of the Business

The respondents were asked to indicate their business size which was to be determined by the number of employees available. The response is shown in Figure 3

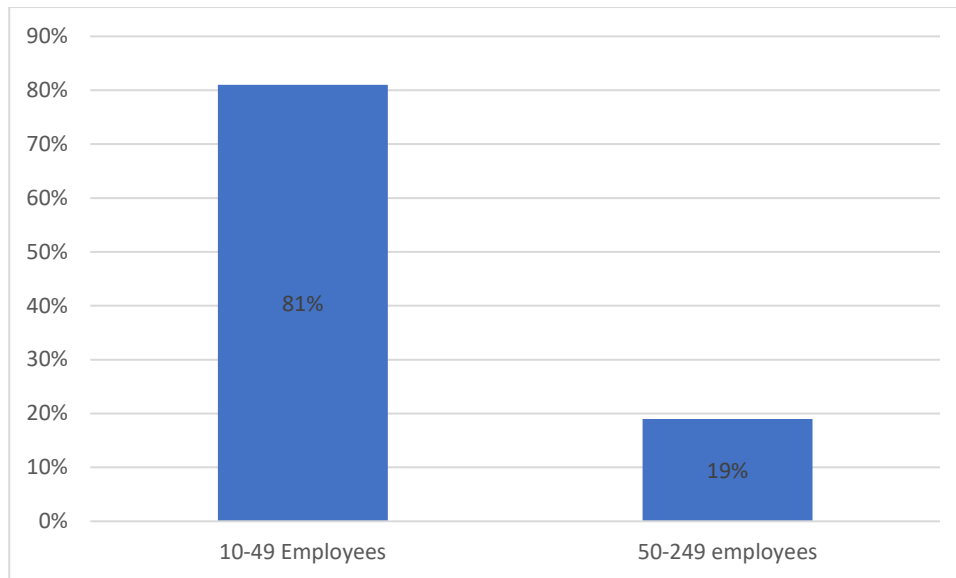


Figure 3. Business Size Distribution

Source, (Author, 2025)

The data shows that most SMEs in Thika Sub-County are small-enterprises (81%), with only 19% categorized as medium-sized. This dominance of small-enterprises highlights significant internal challenges such as limited financial resources, low adoption of technology, and restricted market reach, which constrain their growth potential. The small percentage of medium-sized enterprises (19%) underscores the difficulties SMEs face in scaling beyond a small operational size, pointing to internal limitations such as leadership, innovation, and workforce training that affect growth and performance in the region.

4.4 Descriptive Statistics

4.4.1 Technology Adoption and Performance of SMEs

Table 5 Technology Adoption and Performance of SMEs

| Study Question | N | Mean | S. D |
|--|----------|-------------|-------------|
| Technology adoption is essential for the performance of SMEs in Thika Sub-County. | 350 | 3.2857 | 1.1093 |
| SMEs that embrace technology tend to experience higher levels of productivity and efficiency. | 350 | 4.1286 | 0.6626 |
| Technology adoption positively impacts the competitiveness of SMEs in the market. | 350 | 3.7029 | 0.7740 |
| SMEs that invest in technology are better equipped to adapt to changing market dynamics. | 350 | 3.9829 | 0.3295 |
| Technology adoption leads to improved customer satisfaction and retention for SMEs. | 350 | 4.3286 | 0.8585 |
| SMEs that utilize technology effectively experience faster growth compared to those that do not. | 350 | 4.4657 | 0.7002 |
| Technology adoption reduces operational costs and increases profitability for SMEs in Thika Sub-County. | 350 | 4.1686 | 0.5890 |

Source, (Author, 2025)

The data in table 5 indicates that with a mean of 3.2857 and a standard deviation (SD) of 1.1093, respondents moderately agree on the importance of technology adoption for SMEs. Most acknowledge technology's critical role in enhancing operational capabilities and market positioning, yet the relatively high SD suggests varied perceptions, likely

influenced by diverse SME contexts, such as industry type, resource availability, or technological infrastructure. These differences highlight the need for tailored strategies to address unique SME needs, ensuring effective technology integration across varied market demands and operational environments to maximize benefits.

For the second study question, assessing whether SMEs embracing technology achieve higher productivity and efficiency, the mean is notably high at 4.1286, with a lower SD of 0.6626. This strong agreement underscores a widespread belief that technology significantly boosts SME performance, streamlines processes, and supports sustainable growth. The low SD reflects consistent opinions across respondents, indicating a clear consensus that technology adoption enhances operational efficiency, optimizes resource use, and fosters resilience in competitive, fast-evolving markets, driving long-term success.

Regarding whether technology adoption enhances SME competitiveness, the mean of 3.7029 and SD of 0.7740 indicate general agreement among respondents. Technology is seen as a key driver of market advantage, enabling firms to differentiate and thrive, though the slightly higher SD suggests variation in perceptions, possibly due to industry dynamics or technology types. This variability highlights that while most SMEs recognize technology's role in strengthening market position, the impact's extent may depend on strategic implementation, sector-specific factors, or the scale of technological investment.

The fourth study question explores whether technology investments equip SMEs to adapt to changing market dynamics. With a mean of 3.9829 and a low SD of 0.3295, respondents strongly agree on this benefit. The minimal SD reflects a shared belief that technology enhances agility, enabling SMEs to pivot quickly in response to market shifts, consumer trends, or disruptions. This consensus underscores technology's critical role in

fostering resilience, ensuring SMEs remain adaptable and competitive in dynamic, unpredictable business environments while capitalizing on emerging opportunities.

On whether technology adoption improves customer satisfaction and retention, the mean of 4.3286 and SD of 0.8585 suggest strong agreement. Most respondents believe technology positively impacts customer experiences by enhancing service delivery and personalization, though the higher SD indicates variability, possibly due to differences in implementation or customer expectations. This suggests that while technology generally drives satisfaction, its effectiveness varies based on how SMEs leverage it to meet diverse customer needs, preferences, and market demands, influencing retention outcomes.

Regarding whether technology adoption drives faster growth, the mean of 4.4657 and SD of 0.7002 reflect a strong consensus among respondents. Technology is viewed as a catalyst for accelerated SME growth, enabling scalability and market expansion, with the moderate SD indicating slight variations in outcomes, likely due to differences in integration or market conditions. This highlights that effective technology use, aligned with strategic goals, is critical for SMEs to achieve rapid, sustainable growth and maintain a competitive edge in dynamic landscapes.

Lastly, the question of whether technology adoption reduces operational costs and increases profitability yields a mean of 4.1686 and a low SD of 0.5890. Respondents broadly agree that technology drives cost efficiencies and boosts profits by optimizing processes and reducing waste. The low SD indicates consistent views, suggesting SMEs widely recognize technology's financial benefits. This consensus emphasizes that strategic technology adoption is essential for enhancing profitability, streamlining operations, and ensuring long-term financial sustainability in competitive, ever-evolving markets.

4.4.2 Capital Accessibility and Performance of SMEs

Table 6. Capital Accessibility and Performance of SMEs

| Study Question | N | Mean | S. D |
|--|----------|-------------|-------------|
| Access to capital is crucial for the performance of SMEs in Thika Sub-County. | 350 | 3.8657 | 0.8807 |
| SMEs with easy access to capital are better positioned to invest in expansion and innovation. | 350 | 3.8771 | 0.4137 |
| Limited access to capital hinders the ability of SMEs to seize growth opportunities. | 350 | 3.88 | 0.3254 |
| Capital constraints often lead to challenges in meeting operational expenses for SMEs. | 350 | 4.2171 | 0.8074 |
| Adequate capital availability enables SMEs to weather economic downturns and uncertainties. | 350 | 3.9429 | 0.6216 |
| SMEs that secure funding from diverse sources have a higher likelihood of long-term sustainability. | 350 | 2.3971 | 1.3305 |
| Improved access to capital positively impacts the job creation potential of SMEs in Thika Sub-County. | 350 | 4.4886 | 0.6321 |

Source, (Author, 2025)

The data in Table 6 provides insight into the role of capital accessibility in the growth and performance of small and medium enterprises (SMEs) in Thika Sub-County. The first study question assesses whether access to capital is crucial for SME growth. With a mean of 3.8657 and a standard deviation (SD) of 0.8807, the results suggest that respondents generally agree that capital access is important for growth, although the relatively high SD indicates some variability in the extent to which this importance is perceived.

The second study question, which considers whether SMEs with easy access to capital are better positioned to invest in expansion and innovation, yields a mean of 3.8771 and a lower SD of 0.4137. This suggests a strong agreement that capital access facilitates

growth through expansion and innovation. The lower SD reflects consistency in the responses, indicating that most SMEs recognize the significant role that capital plays in enabling strategic investments. In relation to whether limited access to capital hinders the ability of SMEs to seize growth opportunities, the mean is 3.88 with an SD of 0.3254. This near-consensus highlights that respondents view capital constraints as a significant barrier to growth. The low SD suggests there is little variation in this perception, underscoring the widespread challenge that limited capital access presents for SMEs.

For the question regarding whether capital constraints lead to challenges in meeting operational expenses, the data shows a mean of 4.2171 and an SD of 0.8074. The high mean reflects a strong agreement among respondents that insufficient capital negatively impacts the ability of SMEs to meet their daily operational costs. The moderate SD implies some variation in responses, likely due to differences in the severity of capital constraints faced by individual SMEs. The fifth study question examines whether adequate capital availability enables SMEs to weather economic downturns and uncertainties. With a mean of 3.9429 and an SD of 0.6216, the results indicate that respondents agree capital access is crucial in helping SMEs navigate economic challenges. The moderate SD suggests that while this belief is commonly held, there may be variations based on the specific experiences of different SMEs in dealing with economic fluctuations.

When asked if SMEs that secure funding from diverse sources have a higher likelihood of long-term sustainability, the mean is notably lower at 2.3971, with a higher SD of 1.3305. This suggests that respondents are either less convinced or less familiar with the benefits of diverse funding sources for sustainability. The large SD indicates considerable variation in opinions, which could reflect differing levels of access to various funding channels among SMEs. Finally, the study question on whether improved

access to capital positively impacts the job creation potential of SMEs shows a high mean of 4.4886 and a low SD of 0.6321. This strong consensus suggests that respondents overwhelmingly agree that better capital access drives job creation, and the low SD indicates consistency in this view across SMEs.

4.4.3 Entrepreneurs Training and Performance of SMEs

Table 7 Entrepreneurs Training and Performance of SMEs

| Study Question | N | Mean | S. D |
|--|-----|--------|--------|
| Entrepreneurial training significantly contributes to the growth of SMEs in Thika Sub-County. | 350 | 4.1314 | 0.5960 |
| Well-trained entrepreneurs are more adept at identifying and seizing growth opportunities. | 350 | 3.7257 | 0.6189 |
| Entrepreneurial training enhances the management skills of SME owners, leading to improved decision-making. | 350 | 4.4029 | 0.6247 |
| Trained entrepreneurs are better equipped to navigate challenges and mitigate risks in business operations. | 350 | 3.4257 | 0.7896 |
| Entrepreneurial training fosters innovation and creativity among SME owners. | 350 | 3.8371 | 0.6002 |
| SMEs led by trained entrepreneurs tend to have better access to networks and resources for growth. | 350 | 4.0686 | 0.4798 |
| Investing in entrepreneurial training yields long-term benefits for the growth and sustainability of SMEs. | 350 | 2.7857 | 1.5578 |

Source, (Author, 2025)

The data in Table 7 provides an analysis of the relationship between entrepreneurial training and the growth and performance of SMEs in Thika Sub-County. The first study question, which examines whether entrepreneurial training significantly contributes to SME growth, reveals a high mean of 4.1314 with a standard deviation (SD) of 0.5960.

This indicates strong agreement among respondents that entrepreneurial training is an important factor in promoting SME growth. The relatively low SD suggests that there is little variation in the perception of the positive role of training, implying widespread recognition of its importance.

For the second study question, which evaluates whether well-trained entrepreneurs are more adept at identifying and seizing growth opportunities, the mean is 3.7257 and the SD is 0.6189. This suggests moderate agreement among respondents, with a clear belief that training enhances entrepreneurs' ability to capitalize on growth opportunities. The moderate SD indicates some variation, suggesting that while many SMEs benefit from training, the impact may vary based on the level of training received or the specific industry. The third question assesses whether entrepreneurial training improves management skills, leading to better decision-making. The high mean of 4.4029 and a moderate SD of 0.6247 reflect strong consensus that training equips SME owners with valuable management skills. The relatively low SD shows that respondents generally agree that training enhances decision-making, which is essential for business growth and long-term success.

In relation to whether trained entrepreneurs are better able to navigate challenges and mitigate risks, the mean is 3.4257, with an SD of 0.7896. This moderate mean suggests that respondents have a somewhat neutral stance on this issue, with some agreeing and others perhaps less convinced. The higher SD indicates a wide range of opinions, possibly because different entrepreneurs face varying degrees of risk depending on their business environments and the nature of their operations. The fifth study question, which looks at whether entrepreneurial training fosters innovation and creativity among SME owners, shows a mean of 3.8371 and an SD of 0.6002. This result suggests that respondents generally agree that training promotes innovation and creativity, though the

moderate SD points to some variability in this perception. Entrepreneurs may experience varying levels of innovation depending on how effectively they apply the knowledge gained from training.

Regarding whether SMEs led by trained entrepreneurs have better access to networks and resources for growth, the mean is 4.0686 and the SD is 0.4798. This suggests a strong belief that training enhances entrepreneurs' ability to access critical networks and resources. The low SD reflects consistent opinions on this matter, indicating a general consensus that training helps SMEs connect with essential resources for growth and development. Finally, the study question on whether investing in entrepreneurial training yields long-term benefits for the growth and sustainability of SMEs shows a lower mean of 2.7857 and a high SD of 1.5578. This wide range of responses suggests mixed opinions, with some respondents strongly agreeing and others less convinced of the long-term benefits of entrepreneurial training. The high SD indicates significant variability, which may reflect differences in the quality or focus of training programs and their relevance to specific SME needs.

4.4.4 Performance of SMEs

Table 8 Performance of SMEs

| Study Question | N | Mean | S. D |
|--|----------|-------------|-------------|
| This SME has experienced consistent profit growth over the past year. | 350 | 3.84 | 0.6081 |
| This SME actively invests in innovation and new technologies to enhance sustainability. | 350 | 3.96 | 0.7635 |
| We have sufficient access to financial resources to support our growth initiatives. | 350 | 4.0486 | 0.6338 |
| Our SME effectively manages risks to ensure long-term sustainability. | 350 | 3.8571 | 0.7510 |

Source, (Author, 2025)

The data in Table 8 evaluates the overall performance of SMEs in Thika Sub-County, focusing on key indicators such as profit growth, investment in innovation, access to financial resources, and risk management. The first study question assesses whether SMEs have experienced consistent profit growth over the past year, with a mean of 3.84 and a standard deviation (SD) of 0.6081. The relatively high mean suggests that most respondents agree their SMEs have seen profit growth, though the moderate SD indicates some variability. This could be due to differences in the business sectors or specific challenges faced by individual SMEs.

For the second study question, which evaluates whether SMEs actively invest in innovation and new technologies to enhance sustainability, the mean is 3.96, and the SD is 0.7635. This result reflects strong agreement that SMEs are prioritizing innovation, although the slightly higher SD points to some variability in how consistently SMEs are adopting new technologies. This variation may depend on the level of financial resources available for investment in innovation. The third study question examines whether SMEs

have sufficient access to financial resources to support growth initiatives. The mean response is 4.0486, with an SD of 0.6338, indicating broad agreement that access to financial resources is generally adequate. The relatively low SD shows consistent opinions among respondents, suggesting that most SMEs in Thika Sub-County have been able to secure the capital they need for growth.

The final study question looks at whether SMEs effectively manage risks to ensure long-term sustainability. The mean response of 3.8571 and an SD of 0.7510 indicate that respondents generally believe their SMEs are managing risks well. However, the moderate SD suggests some variation in responses, implying that risk management practices may differ among SMEs, possibly due to varying levels of expertise or industry-specific risks.

4.5 Inferential Statistics

4.5.1 Correlation

In order to assess the correlation between the research variables, the study employed Spearman correlation analysis through the use of SPSS software. Spearman correlation relies on the calculation of correlation coefficients denoted as "r" values, which help gauge the degree of association among the research variables. This analysis was conducted on ranked data. Subsequently, the obtained results were cross-referenced with a Spearman correlation table containing "r" values to evaluate the level of association between the study variables. The results were checked against the Pearson table of r values and their level of association between the study variables.

| Range | Strength |
|-----------|-------------|
| 0.00-0.20 | Negligible |
| 0.21-0.40 | weak |
| 0.41-0.60 | Moderate |
| 0.61-0.80 | Strong |
| 0.81-1.00 | Very strong |

The results of the Pearson correlation are as shown in table 9.

Table 9. Correlation

| Correlations | | Technology Adoption | Capital accessibility | Entrepreneurs Training | Performance of SMEs |
|-------------------------------|---------------------|---------------------|-----------------------|------------------------|---------------------|
| Technology Adoption | Pearson Correlation | 1 | | | |
| | Sig. (2-tailed) | | | | |
| Capital accessibility | N | 350 | 1 | | |
| | Pearson Correlation | .768** | | | |
| Entrepreneurs Training | Sig. (2-tailed) | .002 | | | |
| | N | 350 | 350 | 1 | |
| Performance of SMEs | Pearson Correlation | .799** | .876** | | |
| | Sig. (2-tailed) | .000 | .000 | | |
| Performance of SMEs | N | 350 | 350 | 350 | 1 |
| | Pearson Correlation | .658** | .687** | .754** | |
| Performance of SMEs | Sig. (2-tailed) | .000 | .002 | .000 | |
| | N | 350 | 350 | 350 | 350 |

****.** Correlation is significant at the 0.05 level (2-tailed).

Source, (Author, 2025)

The Pearson correlation results in Table 9 provide an understanding of the relationships between technology adoption, Capital accessibility, entrepreneurs' training, and the performance of SMEs in Thika Sub-County. The values indicate the strength and significance of these relationships.

The correlation between technology adoption and the growth of SMEs is 0.658, with a significance level of 0.000. This positive and statistically significant relationship suggests that as SMEs adopt more technology, their growth improves. The moderately strong correlation underscores the important role technology plays in enhancing SME performance. Capital accessibility also shows a positive correlation with growth of SMEs, with a correlation coefficient of 0.687 and a significance of 0.002. This highlights that access to Capital is significantly related to SME performance. A higher correlation than technology adoption suggests that financial access is slightly more critical for growth, as Capital enables SMEs to fund their operations and expansion activities.

The correlation between entrepreneurs' training and the performance of SMEs is the strongest among the variables, with a coefficient of 0.754 and a significance of 0.000. This indicates that better training for entrepreneurs is strongly associated with SME performance, as training enhances skills, decision-making, and innovation. This finding underscores the importance of investing in entrepreneurial education to improve SME performance. Looking at the interrelationships between independent variables, the correlation between technology adoption and Capital accessibility is 0.768, with a significance of 0.002. This suggests a strong positive relationship, implying that SMEs that adopt technology tend to have better access to Capital, possibly because technology improves operational efficiency and financial transparency, making them more attractive to lenders.

Entrepreneurs' training also shows a strong positive correlation with both technology adoption (0.799, significance 0.000) and Capital accessibility (0.876, significance 0.000). These results indicate that well-trained entrepreneurs are more likely to adopt technology and access Capital, highlighting the interconnectedness of these factors. Entrepreneurial

training appears to facilitate both technological integration and financial access, further contributing to SME performance.

4.5.2 Regression Analysis

Regression analysis is a statistical technique used to investigate and model the relationship between a dependent variable and one or more independent variables. It helps in understanding how the dependent variable changes when any of the independent variables are varied, while the others are held constant (Kothari, 2014). In this study, liner regression was adopted to predict outcomes and quantify the strength of relationships between the independent variables (Technology adoption, Capital accessibility and entrepreneurs training) and dependent variables (SMEs performance). The results provide insights into the significance, direction, and magnitude of these relationships (Mugenda and Mugenda, 2013).

Table 10 Model Summary

| Model Summary | | | | |
|--|----------|-----------------|--------------------------|-----------------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .804a | .646 | .234 | .42762 |
| a. Predictors: (Constant), Entrepreneurs Training, Technology Adoption, Capital accessibility | | | | |

Source, (Author, 2025)

From Table 4.8, the R squared which is the coefficient of determination, which tells us how much of the variability in the dependent variable can be explained by the independent variables. In this case, 64.6% of the variance in the performance of SMEs in Thika Sub-county is explained by the model. This means only 35.4% could not be explained by the chosen independent variables (Technology adoption, Capital

accessibility and entrepreneurs training). This is a relatively high value, indicating a good fit between the model and the data.

Table 11. Anova

| ANOVAa | | | | | | |
|---------------|------------|-----------------------|-----------|--------------------|----------|-------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 20.024 | 3 | 6.675 | 36.502 | .000b |
| | Residual | 63.269 | 346 | .183 | | |
| | Total | 83.293 | 349 | | | |

a. Dependent Variable: Performance of SMEs

b. Predictors: (Constant), Entrepreneurs Training, Technology Adoption, Capital accessibility

Source (Author, 2025)

The ANOVA table indicates that the regression model, with predictors including Entrepreneurs Training, Technology Adoption, and Capital Accessibility, significantly explains the performance of SMEs. The regression sum of squares (20.024) reflects the explained variance, while the residual sum of squares (63.269) shows the unexplained variance. The model has an F-statistic of 36.502 and a p-value of 0.000, meaning the predictors are collectively significant in explaining SME performance. Overall, the model is statistically significant, with the predictors contributing meaningfully to the variance in the performance of SMEs.

Table 12. Coefficients

| Coefficients^a | | Unstandardized | | Standardized | t | Sig. |
|---------------------------------|------------------------|----------------|------------|--------------|-------|------|
| Model | | Coefficients | | Coefficients | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.165 | .207 | | 5.628 | .000 |
| | Technology Adoption | .566 | .063 | .431 | 8.936 | .001 |
| | Capital accessibility | .482 | .104 | .039 | 4.635 | .030 |
| | Entrepreneurs Training | .666 | .095 | .351 | 7.012 | .000 |

a. Dependent Variable: Performance of SMEs**Source (Author, 2025)**

The constant, with a coefficient of 1.165 ($p = 0.000$), reflects the baseline level of performance when none of these variables are present, providing a foundation for comparison. Among the predictors, Entrepreneurs Training had the most substantial impact, with a coefficient of 0.666 ($p = 0.000$), implying that increasing entrepreneurial training directly enhances SME performance by equipping business owners with crucial skills and knowledge. Technology Adoption, with a coefficient of 0.566 ($p = 0.001$), also plays a key role, showing that businesses that embrace modern technologies experience improved efficiency, competitiveness, and overall performance. Finally, Capital Accessibility, though slightly less impactful with a coefficient of 0.482 ($p = 0.030$), remains a vital factor, indicating that easier access to financial resources enables SMEs to expand, invest, and sustain operations. All these relationships are statistically

significant at the 95% confidence level, underscoring the critical importance of targeted interventions in training, technology, and capital access to drive sustainable performance among SMEs in the region.

Fitting the Regression Model

The regression equation utilized for the purpose of this study was.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where Y = SMEs Performance

β_0 = Constant

X1 = Technology Adoption

X2 = Capital Accessibility

X3 = Entrepreneurs Training

β_1 , β_2 , and β_3 = Regression Coefficients

ε = Error term

based on the study data analysis, the model therefore becomes:

$$Y = 1.165 + 0.566X_1 + 0.482X_2 + 0.666X_3 + \varepsilon$$

Interpreting the Model

The constant (1.165, $p = 0.000$) represents the baseline SME growth level when Technology Adoption, Capital Accessibility, and Entrepreneurs Training are all zero, indicating a foundational performance level. Technology Adoption (0.566, $p = 0.001$) shows that for each unit increase, SME performance rises by 0.566 units, highlighting the positive impact of technology on efficiency and productivity. Capital Accessibility (0.482) adds 0.482 units to SME performance for each unit increase, underscoring the importance of financial resources for expansion and investment. Entrepreneurs Training (0.666) has the strongest effect, with a 0.666-unit growth increase, showing that improved training significantly enhances business sustainability and performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a comprehensive analysis of the study's key findings, conclusions, and recommendations based on the research objectives. It provides a summary of the results obtained from the data analysis, followed by conclusions that reflect the implications of these findings on SMEs in Thika Sub-county. Additionally, practical recommendations are offered to address the challenges and opportunities identified, along with suggestions for further research to explore related areas and improve the body of knowledge on SME performance.

5.2 Summary of the Findings

5.2.1 Technology Adoption

The study found that technology adoption significantly influences the performance of SMEs. Descriptive analysis showed that respondents moderately agreed on its importance, with a mean of 3.2857, and strongly agreed on its contribution to productivity (mean = 4.1286), competitiveness (mean = 3.7029), and customer satisfaction (mean = 4.3286). Technology was also viewed as a catalyst for market adaptability (mean = 3.9829) and cost reduction, with a strong mean of 4.1686. From the inferential statistics, Pearson correlation results indicated a moderate positive correlation ($r = 0.658$, $p = 0.000$) between technology adoption and SME performance, suggesting a statistically significant relationship. Regression analysis confirmed its predictive strength, with an unstandardized coefficient of $B = 0.566$ and standardized Beta = 0.431, indicating that each unit increase in technology adoption would result in a 0.566 unit increase in SME performance.

5.2.2 Capital Accessibility

Access to capital was recognized as a vital component of SME success. Descriptive statistics showed strong agreement on its role in supporting expansion (mean = 3.8771), managing operational costs (mean = 4.2171), and job creation (mean = 4.4886). However, perceptions were more divided regarding its contribution to long-term sustainability (mean = 2.3971). From inferential results, a strong positive correlation ($r = 0.687$, $p = 0.002$) was found between capital accessibility and SME performance, indicating a statistically significant relationship. Regression results showed a coefficient of $B = 0.482$ and a standardized Beta = 0.039, with a p-value of 0.030, demonstrating that increased access to capital moderately enhances SME performance. The findings suggest that although capital accessibility is less influential than training or technology in this model, it remains a statistically significant factor in enabling firms to fund operations, pursue innovation, and withstand economic shocks.

5.2.3 Entrepreneurial Training

Entrepreneurial training emerged as the strongest predictor of SME performance. Descriptively, it had a high mean of 4.1314, with widespread agreement on its role in enhancing management skills (mean = 4.4029), fostering innovation (mean = 3.8371), and building resource access (mean = 4.0686). Despite some variability in perceptions on long-term benefits (mean = 2.7857), inferential statistics showed a strong correlation ($r = 0.754$, $p = 0.000$) with SME performance, the highest among the independent variables. Regression analysis reported an unstandardized coefficient of $B = 0.666$ and a standardized Beta = 0.351, with a p-value of 0.000, confirming that entrepreneurial training significantly and positively influences SME performance. These results suggest that well-structured training programs equip entrepreneurs with the strategic, operational,

and financial competencies necessary to improve business performance and sustainability.

5.3 Conclusions

The study concludes that technology adoption is a pivotal factor in driving the performance of SMEs. It enhances operational efficiency, improves productivity, and strengthens competitiveness, allowing businesses to adapt more effectively to changing market dynamics. SMEs that successfully integrate technology experience faster growth and are better positioned to meet customer demands, leading to higher satisfaction and retention rates. However, the varying perceptions across industries suggest that the extent to which technology benefits SMEs depends on the type of technology adopted and how effectively it is utilized. Despite these variations, the overall consensus is that technology adoption is essential for long-term success and sustainability in today's competitive business environment. This conclusion agrees with a study by Gona, Ogada, and Wanjiru (2023) which revealed that emerging technological innovations, notably mobile money platforms, have played a substantial role in promoting financial inclusion by lowering operational costs, improving access to financial products, and enhancing credit and savings opportunities for SMEs. These innovations have thus contributed to deeper financial integration and empowerment of SMEs in the region.

The study emphasizes that capital accessibility is fundamental to the growth and survival of SMEs, enabling them to invest in innovation, expansion, and operational improvements. Limited access to capital is identified as a major obstacle, restricting SMEs from capitalizing on growth opportunities and hindering their ability to meet day-to-day operational costs. The study also highlights that businesses with adequate access to capital are better equipped to weather economic downturns, ensuring greater financial stability and resilience. Furthermore, capital access is directly linked to increased job

creation, as SMEs with more financial resources are able to expand their workforce and invest in growth-driven initiatives. Despite this, the study notes that many SMEs struggle to diversify their funding sources, which could limit their long-term sustainability in the long run. These findings agree with a study by Munguti, & Wamugo (2020) who found out that microfinance credit access improved financial performance, with SMEs reporting a 12% increase in profitability due to enhanced working capital. The study concluded that microfinance is vital for SME sustainability but highlighted challenges like high loan costs.

The study finds that entrepreneurial training significantly contributes to the performance, and sustainability of SMEs by equipping business owners with critical management skills, improving decision-making, and fostering innovation. Training enhances entrepreneurs' ability to identify and seize growth opportunities, leading to more strategic and informed business practices. It also strengthens their capacity to navigate challenges and mitigate risks in a rapidly changing market. While the benefits of entrepreneurial training are generally well-recognized, the study suggests that the impact of training can vary depending on the quality and relevance of the programs, as well as the industry-specific needs of SMEs. Additionally, the mixed opinions on the long-term benefits of entrepreneurial training highlight the importance of continuous, tailored training programs that align with the evolving demands of the business environment to ensure sustained growth and competitiveness. This is in agreement with Wanjiru and Muriithi (2020) who found out a strong positive relationship between training and business growth, with trained women entrepreneurs reporting higher sales, increased employee numbers, and better financial management practices. Mwangi and Kamau (2019) also found out that training enhanced entrepreneurs' strategic capabilities, leading to improved business expansion and higher returns. The study emphasized that agribusiness

SMEs face unique challenges that can be mitigated through tailored entrepreneurial training programs focusing on market linkages and financial literacy.

5.4 Recommendations

5.4.1 Technology Adoption

SMEs should place a strong emphasis on adopting and integrating modern technologies to enhance productivity, operational efficiency, and market competitiveness. It is important for businesses to carefully assess and invest in technologies that align with their specific operational needs and customer expectations. To support this, governments and industry associations can offer financial assistance in the form of grants, subsidies, or low-interest loans, helping SMEs overcome the financial barriers to technology adoption. Additionally, continuous training programs on the effective use of new technologies should be made available to both business owners and employees. These programs would ensure that SMEs not only adopt technology but also leverage it to its full potential, particularly in areas like customer engagement, cost management, and adaptability to market shifts.

5.4.2 Capital Accessibility

Financial institutions need to design and offer more flexible and SME-friendly financial products, such as microloans, startup-specific funds, and flexible repayment terms, to address the capital needs of small businesses at various stages of their growth. To further enhance access to capital, governments could establish credit guarantee schemes or provide backing for loans to SMEs, especially those with limited collateral or credit history. Additionally, SMEs should be encouraged to explore and utilize diverse funding sources beyond traditional bank loans. This could include tapping into venture capital, angel investors, and crowdfunding platforms, which can offer more flexibility and innovative funding solutions. Equipping entrepreneurs with the skills to manage their

finances effectively will also help maximize the use of available capital, ensuring better financial health and long-term performance.

5.4.3 Entrepreneurial Training

Entrepreneurial training should be widely accessible and specifically tailored to meet the needs of different industries, focusing on key areas such as management skills, innovation, and risk management. Governments, educational institutions, and business development organizations can play a pivotal role in offering these programs, which should be designed to address current and future challenges faced by SMEs. Continuous, ongoing training is essential, as it ensures that SME owners and managers remain competitive and adaptable to changes in the market. Moreover, training programs should include modules that foster innovation, creativity, and sustainability to encourage long-term business success. These programs should also create opportunities for networking, connecting entrepreneurs with mentors, peers, and potential business partners, thereby expanding their access to valuable resources and market opportunities.

5.5 Suggestions for Further Research

Future research could investigate the challenges SMEs face in accessing alternative sources of capital, such as venture capital, crowdfunding, and angel investors. A study could analyze why some SMEs are more successful in securing these types of funding and explore the specific barriers that prevent others from doing so. This would provide deeper insights into how SMEs can diversify their financial strategies to ensure long-term sustainability. Additionally, another study could focus on how digital platforms and online networks impact the ability of SMEs to access resources, partnerships, and new market opportunities. The research could explore the effectiveness of these platforms in building valuable connections and whether their use leads to measurable improvements in SME performance.

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APPENDIX I: INTRODUCTION LETTER

Dear Participant,

I hope this letter finds you well. My name is Mary Mukio Muinde, and I am currently pursuing a master's degree in business administration and management at Mt. Kenya University. I am conducting a research study titled "Evaluation of Factors Affecting performance of Small and Medium Enterprises in Thika Sub-County, Kenya."

If you agree to participate, you will be required to complete a questionnaire, and in some cases, a follow-up interview may be necessary. The questionnaire will take approximately 15 minutes to complete. Please be assured that all responses will be treated with the highest level of confidentiality and will only be used for academic purposes. Participation is entirely voluntary, and you may withdraw at any time without any consequences. I kindly request your cooperation in this research, as your input is essential in understanding the challenges and opportunities for SMEs in Thika Sub-County. Thank you for your time and consideration. I appreciate your willingness to participate in this study.

APPENDIX II: PARTICIPANTS CONSENT LETTER

Dear Participant,

You are invited to participate in this research study, which seeks to evaluate the factors influencing the performance of small and medium enterprises (SMEs) in Thika Sub-County, Kenya. This study aims to generate insights that may help improve business practices and policy recommendations for SME development. Your participation is entirely voluntary, and you may choose to withdraw at any time without any consequences.

There are no foreseeable risks associated with participating in this study. However, if any question makes you uncomfortable, you are free to skip it. The study does not provide direct financial benefits, but the findings may contribute to better policies and support systems for SMEs.

All information provided will be treated with strict confidentiality. No personal identifiers will be used in any reports or publications. The collected data will be securely stored and used solely for academic purposes.

Your participation in this study is entirely voluntary. You are free to decline participation or withdraw at any point without facing any penalty or loss of benefits.

I have read and understood the information provided above. I voluntarily agree to participate in this research and understand that I can withdraw at any time without any consequences.


Signature: _____


Date: _____

Researcher's Name: ___MARY MUKIO MUIINDE_____

Signature: _____


APPENDIX III: NACOSTI LETTER


REPUBLIC OF KENYA


**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

Ref No: **653788** Date of Issue: **26/March/2025**

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This is to Certify that Ms. Mary Mary Mukio of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kiambu on the topic: internal factors affecting growth and performance of small and medium enterprises in thika sub - county for the period ending : 26/March/2026.

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 - i. Endanger national security
 - ii. Adversely affect the lives of Kenyans
 - iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
 - iv. Result in exploitation of intellectual property rights of communities in Kenya
 - v. Adversely affect the environment
 - vi. Adversely affect the rights of communities
 - vii. Endanger public safety and national cohesion
 - viii. Plagiarize someone else's work
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14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and
Innovation(NACOSTI),
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APPENDIX IV: QUESTIONNAIRE

PART A: DEMOGRAPHIC BACKGROUND

1. What is your gender?

Male ()

Female ()

Prefer not to say ()

2. What is your highest level of education completed?

Primary School ()

Secondary School ()

Diploma/Certificate ()

Bachelor's Degree ()

Master's Degree or higher ()

3. What is the size of your business?

Small (10-49 employees) ()

Medium (50-249 employees) (....)

PART B: EFFECT OF TECHNOLOGY ADOPTION ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN THIKA SUB-COUNTY

Based on a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree, please indicate your level of agreement to the following study questions.

| | Study Question | 1 | 2 | 3 | 4 | 5 |
|----|---|----------|----------|----------|----------|----------|
| 4 | Technology adoption is essential for the performance of SMEs in Thika Sub-County. | | | | | |
| 5 | SMEs that embrace technology tend to experience higher levels of productivity and efficiency. | | | | | |
| 6 | Technology adoption positively impacts the competitiveness of SMEs in the market. | | | | | |
| 7 | SMEs that invest in technology are better equipped to adapt to changing market dynamics. | | | | | |
| 8 | Technology adoption leads to improved customer satisfaction and retention for SMEs. | | | | | |
| 9 | SMEs that utilize technology effectively experience faster growth compared to those that do not. | | | | | |
| 10 | Technology adoption reduces operational costs and increases profitability for SMEs in Thika Sub-County. | | | | | |

PART C: EFFECT CAPITAL ACCESSIBILITY ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN THIKA SUB-COUNTY

Based on a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree, please indicate your level of agreement to the following study questions.

| | Study Question | 1 | 2 | 3 | 4 | 5 |
|----|---|----------|----------|----------|----------|----------|
| 11 | Access to capital is crucial for the performance of SMEs in Thika Sub-County. | | | | | |
| 12 | SMEs with easy access to capital are better positioned to invest in expansion and innovation. | | | | | |
| 13 | Limited access to capital hinders the ability of SMEs to seize performance opportunities. | | | | | |
| 14 | Capital constraints often lead to challenges in meeting operational expenses for SMEs. | | | | | |
| 15 | Adequate capital availability enables SMEs to weather economic downturns and uncertainties. | | | | | |
| 16 | SMEs that secure funding from diverse sources have a higher likelihood of long-term sustainability. | | | | | |
| 17 | Improved access to capital positively impacts the job creation potential of SMEs in Thika Sub-County. | | | | | |

PART D: EFFECT OF ENTREPRENEURS TRAINING ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN THIKA SUB-COUNTY

Based on a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree, please indicate your level of agreement to the following study questions.

| | Study Question | 1 | 2 | 3 | 4 | 5 |
|----|---|----------|----------|----------|----------|----------|
| 18 | Entrepreneurial training significantly contributes to the performance of SMEs in Thika Sub-County. | | | | | |
| 19 | Well-trained entrepreneurs are more adept at identifying and seizing growth opportunities. | | | | | |
| 20 | Entrepreneurial training enhances the management skills of SME owners, leading to improved decision-making. | | | | | |
| 21 | Trained entrepreneurs are better equipped to navigate challenges and mitigate risks in business operations. | | | | | |
| 22 | Entrepreneurial training fosters innovation and creativity among SME owners. | | | | | |
| 23 | SMEs led by trained entrepreneurs tend to have better access to networks and resources for growth. | | | | | |
| 24 | Investing in entrepreneurial training yields long-term benefits for the performance of SMEs. | | | | | |

**PART E: PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN
THIKA SUB-COUNTY**

Based on a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree, please indicate your level of agreement to the following study questions.

| | Study Question | 1 | 2 | 3 | 4 | 5 |
|----|---|----------|----------|----------|----------|----------|
| 25 | This SME has experienced consistent profit growth over the past year. | | | | | |
| 26 | This SME actively invests in innovation and new technologies to enhance sustainability. | | | | | |
| 27 | We have sufficient access to financial resources to support our growth initiatives. | | | | | |
| 28 | Our SME effectively manages risks to ensure long-term sustainability. | | | | | |

APPENDIX V: BUDGET

| Expense Type | Description | Amount (KES) |
|---------------------------|-------------------------------|--------------|
| Traveling Expenses | Transport | 5,000 |
| | Meals and Refreshments | 3,000 |
| Internet Expenses | Monthly Internet Subscription | 3,000 |
| Printing and Photocopying | Printing Documents | 5,000 |
| | Photocopying | 2,000 |
| Miscellaneous Expenses | Miscellaneous (Contingency) | 2,000 |
| Total Project Budget | | 28,000 |

APPENDIX VI: PLARIARISM REPORT

MARY MUINDE MUKIO FINAL PROJECT 2025.docx

ORIGINALITY REPORT

18%

SIMILARITY INDEX

15%

INTERNET SOURCES

7%

PUBLICATIONS

8%

STUDENT PAPERS

PRIMARY SOURCES

| | | |
|----------|--|---------------|
| 1 | Submitted to KCA University Student Paper | 2% |
| 2 | ir-library.ku.ac.ke Internet Source | 1% |
| 3 | www.ijsrp.org Internet Source | 1% |
| 4 | erepository.uonbi.ac.ke Internet Source | <1% |
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