

**EFFECT OF INFORMATION TECHNOLOGY ON THE PERFORMANCES OF SMALL
AND MEDIUM ENTERPRISES.**

CASE STUDY OF BUSIA TOWN

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ABSTRACT

The study covered on how information technology affects the performance of small and medium enterprises in Busia town. As it has been realized that information technology not only affects the small and medium enterprises in Busia, but also other small and medium enterprises in Kenya at large. There is a general consensus that effective information technology explains the performance of SMEs. However a number of questions were raised in line with the above statement; to what extent does IT influence the performance of SMEs? What components of IT that influence performance of SMEs? What is the nature of relationship between the IT and performance of SMEs? Therefore this study was interested in answering the above questions by investigating the effects of IT on the performance of SMEs in Busia. The small business sector has become more important as they emerge as a dominant force impacting the growth of national economies. In the face of the potential role of SMEs to enhanced performance and job creation in developing countries, a number of tailbacks affect their ability to realize their full potential. SME development is vulnerable by a number of factors, including finance, lack of managerial skills, equipment and technology, regulatory issues, and access to international markets. Multistage sampling technique was used to select a sample size of 35 from the targeted population of 100. Self-administered structured and semi structured Questionnaires was also used to collect primary data. The questionnaire were refined then pretested in other group other than the actual respondents for the purpose of reducing risks of misunderstanding and meaning interpretation by the actual respondents thus improving internal validity of the research instrument. The construct validity was improved through the review of literature to improve on measurement items in conformation with literature. The study used descriptive statistics. The research also used participatory rural appraisal and explanatory research to design that employed descriptive statistics targeting the whole population of SMEs in Busia town.