

**IMPACT OF STRATEGIC INITIATIVES ON THE GROWTH OF SELECTED SMALL
AND MICRO ENTERPRISES IN ELDORET CITY, UASIN GISHU COUNTY, KENYA**

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DECLARATION AND APPROVAL

DECLARATION AND APPROVAL

Declaration by the candidate

This research project is my original work and has not been presented for a degree at any other university.


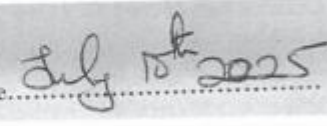
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DEDICATION

I dedicate this study to my wife Annet and son John whose encouragement and faith strengthened me throughout this research project.



ACKNOWLEDGEMENT

I thank God Almighty for His grace and for enabling me to complete this research project. This project was made a reality through the support and contributions of several individuals. A significant contribution came, and will continue to come, from my supervisor, Dr. Kering Victor Kiptum, whose guidance and positive critique were invaluable throughout the entire period of this research project. His advice, suggestions, comments, and professional support were greatly appreciated. I am also grateful to my departmental colleagues and the staff of Mount Kenya University for their unconditional support and appraisal.



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ABSTRACT

SMEs played a pivotal role in Kenya's economy by contributing significantly to employment, income generation, and economic growth. However, the SMEs were underperforming, as indicated by their 60% failure rate within three years. Many SMEs in Kenya still faced enormous strategic challenges which negatively impacted their performance. Due to the gap in studies examining strategic initiatives and the growth of SMEs in the local context, the study, therefore, examined the impact of strategic initiatives on the growth of selected SMEs in Eldoret City, Uasin Gishu County, Kenya. The study had four-fold objectives: to establish the impact of strategic location on the growth of Selected SMEs; to evaluate the impact of entrepreneurial skills on the growth of Selected SMEs; to determine the impact of product specialization on the growth of Selected SMEs; and to examine the impact of marketing strategy on the growth of Selected SMEs. The study was limited to (classification by the county department of Trade and Industrialization) SMEs established before 2016. The study was underpinned by resource-based view theory and dynamic capability theory. The study employed a descriptive design situated in Eldoret City with a target population of 2815 SMEs who were sampled through a stratified sampling technique. The study sampled 350 SMEs and interviewed the owner/manager/supervisor using a structured questionnaire. The questionnaire was validated through pilot testing, and reliability was assessed through Cronbach's Alpha coefficient. Data were analyzed descriptively and inferentially through regression analysis, and output was presented in graphical and tabular formats. The findings established that businesses that operate in safe environments are more likely to attract clientele and foster a positive community image, thereby enhancing their marketability. Remarkably, the mean score for the availability of operational and packing space was slightly lower at .59 (SD = 1.302). The findings also indicated that increased specialization efficiency can lead to lower competitive prices for products, as evidenced by a mean score of 3.67 and a standard deviation of 1.249. Also, the study established that for every one-unit increase in strategic location, growth increases by 0.444 units, additionally, it was found that marketing strategy (0.402) and product specialization (0.396) positively impacted growth.

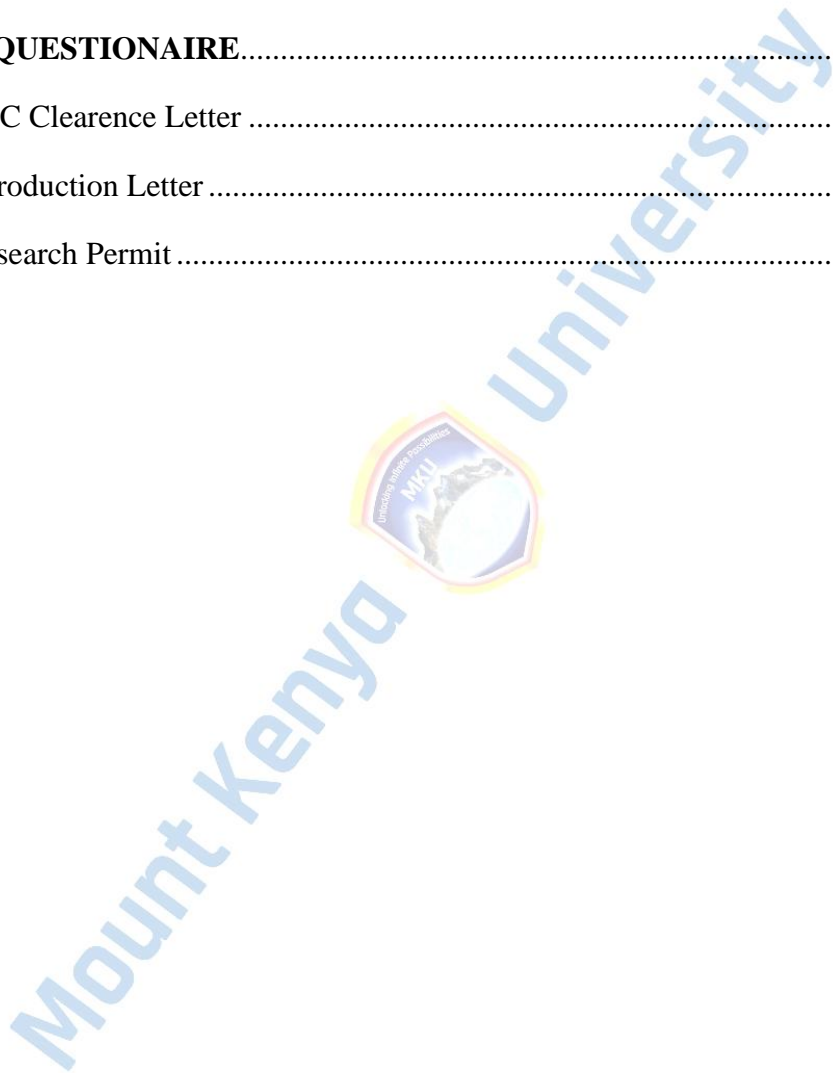
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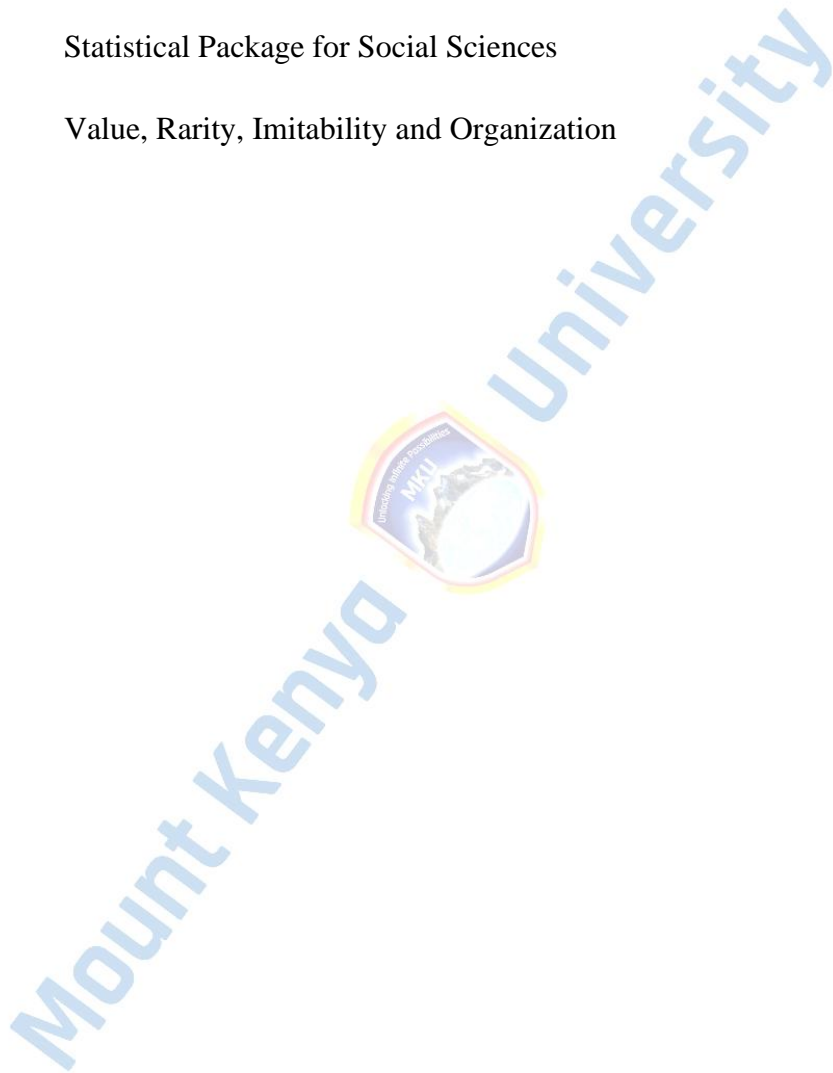
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LIST OF ABBREVIATIONS AND ACRONYMS

ERC:	Ethical Review Committee
ICVI:	Item Content Validity Ratio
RBV:	Resource Based View
SPSS:	Statistical Package for Social Sciences
VRIO:	Value, Rarity, Imitability and Organization



CHAPTER ONE

INTRODUCTION

1.0 Background to the Study

Commercial enterprise initiatives (Bhayani, 2023) may be described as proactive measures and tasks undertaken through SMEs to obtain unique goals and drive increase. they could range from adopting sustainable practices to fostering employee empowerment and enforcing revolutionary technology. commercial enterprise initiatives (Harvey, 2019) are important for SMEs as they provide a roadmap for boom, decorate competitiveness and force usual achievement in rapidly evolving enterprise surroundings. Inspiring business tasks (Roper, 2019) are specifically critical as they serve as catalysts for high quality trade and transformation inside SMEs. They inspire personnel, stakeholders, and customers alike, developing a experience of reason and motivation. with the aid of implementing tasks (Bauer, 2022) that align with their values and goals, SMEs can foster a nice work culture, entice pinnacle expertise, and enhance patron loyalty.

Inspiring business initiatives (Tehsin, 2023) have provided noteworthy examples of efforts that have moved the needle. For instance, some businesses focus on community replenishment thru social responsibility giving programs, innovation and technology initiatives to spearhead product and market takeover, sustainability programs to advocate for environmental good, positive work culture thru employee empowerment programs, and customer experience improvement initiatives aimed at boosting client satisfaction and loyalty. According to Mason (2024), strategies have also been tailored to address the various mechanisms through which business growth could be achieved. Directly, these strategies increase revenue by providing new opportunities, attracting customers, and increasing sales. Additionally, these strategies go a long way in building business reputation by establishing credibility and customer brand. More customers and higher retention is usually paired with positive brand activism for a business's reputation.

For small and medium enterprises to effectively implement inspiring business initiatives (Reiche, 2023), they must follow several key guiding steps. First, initiate strategic change, and find relevant organizational areas where change-based initiatives can have an impact. This necessitates understanding stakeholder needs and preferences so that initiatives can be designed in alignment with the business's mission and core values. Second, initiate vision and strategy formulation with

clear goals design to mark milestones along measurable progress indicators. The final step is focused on resource allocation, setting baseline values for measuring performance defined against the goal strands, and evaluation with necessary adjustments to ensure success. Business initiatives (Kraus, 2023) are critical because they enhance value by providing focus and direction. They enable the business to define specific improvement targets, set goals, and efficiently allocate resources. Implementation of such initiatives facilitates enhanced competitive advantage, agility to market shifts, and proactive service in the industry.

Like other businesses, SMEs need to make decisions and think more strategically in order to survive and grow. These businesses face a dynamic and turbulent business environment which requires timely decision-making as well (Pemberton, 2022). Businesses need to gain a competitive edge over the other companies and remain successful in the long term. For this reason, it is crucial to carry out important long-term plans, as these are very important for a company's success. They provide a strong sense of strategic focus, allow businesses to keep pace with changing market trends, and help meet the evolving needs of target customers. Strategic initiatives are comprehensive plans which are measurable and specifically focused on actions in accordance with the vision and goals of a business. When properly applied, strategic initiatives enable companies to leverage emerging technologies and optimize sales through better distribution channel management (Stonehouse, 2022).

Williams, (2019) analyzed how SMEs innovation strategies in the USA aligned with their performance improvement objectives. The findings underscored the significance of SMEs in fostering an innovative culture and cultivating ideas as the genesis of innovation. An innovative approach allows enterprises to concurrently protect and strengthen their market position, enhance customer loyalty, and stimulate favorable word of mouth. Yunus, (2020) concluded that the factors influencing the development of SMEs in the US are closely aligned with those in Canada and Mexico. Ownership constitutes one node in a web of interrelated challenges such as limited capital, inadequate human resources, unfavorable government policies and tariffs, and poor strategic planning.

Research in the UK indicates that over 66% of workers in the private sector and over 55% of income originates from SMEs (Bauer, 2022). Although they can adapt and bounce back from difficulties, these enterprises continually face various obstacles that impede their ongoing

development. Surprisingly, the UK's Bureau of Labor Statistics indicates that roughly 20% of these enterprises shut down within their initial year. The primary obstacle encountered by SMEs in the UK (Bauer, 2022) was acquiring new clients, intense rivalry from other SMEs or larger, established firms providing comparable products or services, adjusting to evolving operating systems and technology, producing and maintaining leads, constrained budget marketing, and inadequate strategic location.

Germany hosts the largest economy in Europe (Boquen, 2022), with small and medium-sized enterprises accounting for 80% of it. This vast and varied economy is underpinned by an advanced infrastructure, a talented and educated labor force, a favorable social and business climate, robust and cutting-edge relevant technology, and a rich legacy of exceptional research and innovation. Although there are numerous advantages to operating in Germany, there are also various challenges that SMEs encounter. These encompass intricate business setup processes, elaborate tax structures, bureaucratic obstacles, an unfamiliar cultural setting, and regulations. Numerous SMEs encounter intense rivalry from well-established large companies, compete for scarce strategic sites, and strive to draw in and keep a stable customer base.

France (Thornton, 2022) contains around 4.2 million small and medium-sized enterprises (SMEs), representing 99.9% of the overall business ecosystem. Post-Brexit, numerous SMEs in France still encounter difficulties such as increased production costs and lower revenues, a lack of skilled and talented workers, attracting and retaining new clients, dealing with market competition, and ineffective strategic initiatives. Banitino (2023) states that inadequate financial investment choices, insufficient specialized personnel, and challenges in pinpointing suitable strategic initiatives rank among the primary hurdles that SMEs encounter in Italy. Silva (2022) recognized comparable obstacles affecting the development of Portuguese SMEs.

Russia is a resource-rich country (Vlasov, 2021), but its economy is struggling. Many SMEs constituting 80% of the economy are struggling to survive due to the uncertain legal environment, low wages, and competitiveness. SMEs continue to face a poor business environment with competition from large firms, a lack of educated and experienced workforce, poor choice of capital investment, a lack of appropriate technology, and inadequate strategic initiatives. The Israeli SME economy (Galico, 2023) has rebounded strongly from the COVID-19 pandemic and has proven resilient to the repercussions of Russia's war of aggression against Ukraine. Lack of skilled

personnel due to labour migration, competitive business environment, inability to adapt to changing technology and systems, together with lack of strategic planning remain an impediment to growth.

An exploratory study of Irish SMEs (Roper, 2019) indicates that the selection of strategy significantly correlates with business growth and profitability. Connections between growth and profitability, however, frequently moved in contrary directions. Strategies aimed at centralizing the ownership or control of sample enterprises were positively correlated with business growth but negatively related to profitability. Comparable outcomes were observed for various market and systems strategies. Shekar (2021) affirmed the significant impact of SMEs on the Swedish economy and identified six internal and external challenges influencing them: resource management, entrepreneurial behavior, SME capabilities, problem-solving and decision-making, in addition to strategic planning and leadership.

In China, the second-best frugality everywhere and a key model of developing countries with its own government, SMEs donate over 50% of GDP (Sham & Peng, 2021) and are at the prominence of task concoction. The tenable development of these SMEs, still, depends on the influence of their clever selections and their strength to address challenges from the extrinsic surroundings. Addressing the challenges, opportunities, and sustainability of SMEs in China, Zhang (2021) erect that lacking calculated preparation links to a brief life. Consequently, SMEs need progress and trade strategies that stress volume growth through information and abilities augmentation, technology progress, better produce feature and competitiveness, novelty, and progressive exertions.

South Korea was one of the most adversely affected (Lee, 2022) economies by the Asian financial and economic crisis of 1997. Subsequent economic reforms have seen its SMEs contributing close to 40% of GDP. However, the lack of trained human resources and a highly competitive business environment from large firms with skilled workforce remain the main obstacles. SMEs in Malaysia contribute to 38.2% of the GDP (Ahmad & Seet, 2021). However, approximately a 60% failure rate has been reported attributed to poor financial strategies, unskilled human resources, limited capacity to adapt to changing technology and systems, inability to attract and retain potential market niches and stiff global competition.

SMEs are crucial to Japan's economy, representing more than 99% of all enterprises in the nation, Elbanna (2024). Research on effective competitive strategies for Japanese manufacturing SMEs strongly indicated that to become leaders in niche markets, these SMEs should not only target niche markets but also meticulously cultivate relationships with customers and within their management teams. Nevertheless, these SMEs encounter various obstacles (Kumara, 2020) that jeopardize their growth and sustainability: competition in the global market, adjusting to evolving technologies and systems, rising multinational companies along with shifting consumer trends and preferences, trade dumping, global terrorism and trade conflicts, and insufficient strategic planning.

SMEs play an important function in Africa's saving (Gamser, 2020). They contribute to over 90% of the total labour force and an average of 30% of GDP, meal humble want and evolve the economy. Iwara, and others. (2022) judged crucial actions and accomplishment of SMEs in Johannesburg, South Africa and indicated that SMEs must be full of enthusiasm, take risks and be creative to influence their depiction. Flexibility in preparation is vital for upgraded efficiency. The outside atmosphere influences the relationship middle from two points trade introduction, crucial preparation flexibility and depiction. However, deficiency of skillful and gifted workforce, failure to suit to changeful methods and science, stiff contest from big firms and weak crucial initiatives are the main impediments to SMEs development.

Egyptian SMEs contribute about 35% of the GDP and comprise over 90% of all business. Hammad, (2020) studied the obstacles affecting SMEs in Cairo and concluded that poor financial strategic planning, global competition for skilled and talented labour and inability to cope up with changing technology are the main constraints to their growth. In Morocco, SMEs represent more than 95% of all existing businesses (Charafeddine, M. and Azzouz, E, 2024). Despite their importance, most of them face the threat of failure due to constraints including management problems, shortcomings in strategic planning, financial difficulties, operational deficiencies, global competition for a common market and skilled labour, difficulties in attracting and retaining new customers, and inability to adapt to changing systems and processes.

Akwuobi, (2022) identified six key challenges facing SMEs in Nigeria: incompetence in business management, poor financial strategies, strategic marketing problems, strategic management

problems, technological problems, stiff competition from larger firms, and lack of skilled labour. In developing countries such as Ghana, the major challenges confronting SMEs are the increasing level of competition from foreign and large-scale firms, poor financial strategies, lack of appropriate technology, lack of management skills and training, and absence of capacity development in entrepreneurship and business development. Tafor, (2020) noted similar findings as obstacles to the growth of SMEs in Cameroon, contributing to more than 30% of the GDP and 90% of all businesses in the country.

Evaluating the relationship between strategic initiatives and the performance of SMEs in Kampala, Uganda's central business district, Thomas, 2020 concluded that SMEs ought to diversify their businesses through developing new products and market expansion, embrace centralization through pursuing different globalization strategies and invest in customer-based core competencies. However, most SMEs in Uganda face enormous challenges including poor strategic initiatives, information and technology opaqueness, low levels of technical and management skills, and competition from large firms. Ndubula, (2021) noted similar findings to negatively impact the growth of SMEs in Tanzania.

Small and Medium Enterprises (SMEs) play a significant role in Kenya's economy, contributing approximately 74% to employment and about 18% to the country's Gross Domestic Product (GDP) (Amurle & Gakure, 2020). Despite this notable impact, the sector continues to face stagnation due to inadequate policy frameworks, which hinder sustainable growth. As a result, many SMEs experience slow progress, high failure rates, and typically do not survive beyond five years. While strategic planning has long been associated with the success of larger corporations, it remains underutilized among SMEs. Additional barriers confronting SMEs in Kenya include intense competition—both internal and from established firms—rigid and complex government regulations during start-up, insufficient strategic direction, shortage of skilled workforce, challenges in adopting emerging technologies, limited access to and retention of markets, as well as the burden of high inflation and rising living costs (Muchiri et al., 2021).

There are various criteria for categorizing a business as an SME. These criteria may include factors such as the business's annual sales, the number of employees it has, the value of its assets, its market capitalization, or a combination of these factors. Additionally, the definition of an SME may vary between different industries within the same country. In accordance with the 2019

Kenyan national baseline of SMEs survey, from the Ministry of Trade and Commerce, a firm that has 6-10 employees with an annual turnover limit not greater than KES 500,000 is described as a Micro-Enterprise; with 11-100 employees with an annual turnover of KES 500,000 to 50,000,000 as Small Enterprises. Medium Enterprises fall categorically between the two definitions (CBS *et al.*, 2018).

Table 1: Small and Medium Enterprises Criteria

Enterprise	No. of employees	Annual turnover limit	Investment	Equipment Investment + Registered capital
Micro	Less than 10	Not greater than KES 500,000	Not greater than KES 10 million	Not exceeding KES 5 Million
Small	11 to 49	Between KES 500,000 to 5 Million	Between KES 10 to 50 Million	Between KES 5 to 20 Million
Medium <i>(financebill2019)</i>	50 to 250	Between KES 500,000 to 5 Million	Between KES 10 to 50 Million	Between KES 5 to 20 Million

Source: Researcher (2025)

1.2 Problem Statement

Small and Medium Enterprises (SMEs) are integral to Kenya's economic development, serving as major contributors to employment creation, income generation, and overall economic progress (Noor et al., 2023). In 2019, the SME sector was responsible for generating more than 79% of new employment opportunities within the country. Data from the Kenya Economic Survey (GoK, 2019) highlights that SMEs accounted for over 80% of the newly established jobs during that year. Kenya has also been recognized for having relatively advanced managerial capabilities compared to other countries in Africa and the broader East African region (Kering, Kilika, & Njuguna, 2020). Despite this, several studies have revealed that SMEs in Kenya often struggle with low performance levels. These challenges stem largely from weak strategic planning practices and ongoing structural issues such as internal and external competition, restrictive regulatory environments for new businesses, limited strategic foresight, a shortage of skilled human capital, technological inertia, difficulty in accessing and maintaining customer bases, and economic

pressures including inflation and increased living costs (Muchiri et al., 2021). Furthermore, Sessional Paper No. 5 of 2005 reported that nearly 60% of new SMEs fail within their first three years. These high failure rates have resulted in slowed economic growth, loss of employment, heightened insecurity, and deteriorating business viability. Despite the scale of this issue, comprehensive research on the strategic dimensions influencing SME performance in Kenya remains scarce. Consequently, this study was designed to investigate how strategic initiatives influence the growth and sustainability of selected SMEs within Eldoret City, located in Uasin Gishu County, Kenya.

1.3 Purpose of the Study

The study sought to evaluate the impact of strategic initiatives on the growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya.

1.4 Research Objectives

The study sought to determine the impact of strategic initiatives on the growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya based on the following objectives.

- i. To establish the impact of strategic location on growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya
- ii. To determine the impact of product specialization on the growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya
- iii. To evaluate the impact of entrepreneurial skills on the growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya.
- iv. To examine the impact of marketing strategy on the growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya

1.5 Research Questions

The following questions guided the research:

- i. How does strategic location impact on growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya?
- ii. How does product specialization impact on growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya?
- iii. How does an entrepreneurial skill impact on growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya?

- iv. How does marketing strategy impact the growth of Selected SMEs in Eldoret City, Uasin Gishu County, Kenya?

1.6 Significance of the Study

This research stands to benefit multiple stakeholders. For the SME sector, it offers valuable insights that can enhance their capacity to navigate strategic challenges that hinder business growth and sustainability. As a result, consumers may experience improved service delivery due to more effective business operations. The study is expected to reveal weaknesses in the use of strategic planning as a means of ensuring long-term competitiveness and organizational success within SMEs. These insights could encourage a shift in mindset among SME proprietors, promoting a more deliberate adoption of strategic planning as a core business practice to strengthen their market positioning and enhance resilience.

Moreover, the outcomes of the research could inform the development of targeted institutional policies by identifying current policy gaps and recommending appropriate reforms. Such changes could address underlying constraints faced by SMEs, ultimately improving their performance and sustainability.

For academic institutions and scholars, this study helps to fill a critical gap in the literature regarding the practical application of strategic planning within SMEs, with specific focus on Eldoret City in Uasin Gishu County, Kenya. It contributes to existing knowledge on SME management and offers a bridge between theoretical frameworks and real-world practices. The study also lays the groundwork for future research, offering a platform for extended inquiry into similar themes across different contexts.

1.7 Scope of the Study

SMEs face several strategic challenges; However, the study focuses on a few selected strategic initiatives for the growth of selected SMEs in Eldoret City, Uasin Gishu County, Kenya, and Uasin Gishu County geographically located within the former Rift Valley province with a large number of SME activities. The study was limited to SMEs, that were fully established and operational by December 2023.

1.8 Limitations of the Study

The study adopted the primary method of data collection, precisely questionnaires. However, some respondents might not have willingly filled out and returned the questionnaires in time. Besides,

ensuring the required number of respondents to fill out the questionnaires might have been cumbersome due to unknown logistic uncertainties. To delimit this limitation, the study, the researcher employed follow-up efforts during data collection.

1.9 Assumptions of the Study

The study operated under the assumption that all participants would voluntarily take part in the research and provide truthful and reliable responses. Additionally, it was presumed that the selected sample of small businesses accurately represented the broader population of SMEs within Eldoret City, Uasin Gishu County, Kenya. Based on this assumption, the information provided by respondents was expected to offer a reasonably accurate reflection of the strategic factors influencing small business performance in the area.



1.10: Operational definition of Key Terms

Marketing strategy: Refers to the planned set of actions and approaches an SME undertakes to promote its products or services, reach its target market, and achieve its marketing objectives

Product specialization: Refers to the degree to which an SME focuses its resources, production, and marketing efforts on a limited range of distinct products or services within a defined market or industry.

Strategic initiatives: Refers to specific, planned projects or programs undertaken by an SME that are designed to achieve long-term organizational goals.

Strategic location: Refers to the chosen geographical site or region for an SME's primary business operations.



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CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides a review of relevant literature aligned with the specific objectives of the study, employing an empirical literature review approach. It also outlines the theoretical and conceptual frameworks that informed and guided the research process.

2.1 Empirical Review

An empirical review is a literature review that focuses on studies that have collected and analyzed data through observation or experimentation. It's distinct from theoretical reviews, which discuss concepts and frameworks. Empirical reviews are crucial for understanding the current state of knowledge in a field. They provide evidence for or against existing theories, identify gaps in research, and highlight methodologies used. By examining the findings of previous empirical studies, researchers build upon existing work, avoid duplicating efforts, and design their own studies more effectively.

2.1.1 Strategic Location and Growth of SMEs

Analyzing the physical location of a business is a critical initial step in evaluating potential operational sites. A well-chosen strategic location serves as a foundational element in strategic planning, significantly impacting a firm's performance, profitability, and long-term success (Rafagat, 2023). In a study conducted in Portugal, Ferreira (2023) investigated how spatial proximity influences the performance of SMEs. The research utilized descriptive methods and sampling techniques, focusing on data from 36 respondents. Through Pearson correlation analysis, the study revealed that being geographically close to a target market positively influences sales turnover by improving customer accessibility. Additionally, spatial proximity was found to enhance overall firm performance by contributing to higher profit margins, increased turnover, improved asset acquisition, and greater employee satisfaction.

Tarba et al. (2023) explored how regional and metropolitan locations impact SMEs' access to resources and capabilities, and in turn performance in Australia using a descriptive qualitative sampling technique based on 115 respondents. Based on regression analysis, the findings confirmed that SMEs located in metropolitan areas have relatively higher performance and

competitive advantage in attracting and retaining a skilled and talented workforce, and offer the necessary infrastructure for business growth such as good transport system, parking space, electricity, network, and monetary services. Similarly, Brache (2019) reviewed the influence of the geographical location of Chilean SMEs on their performance based on a sample size of 91. The findings pointed out that metropolitan SMEs have a greater competitive advantage to ease of access and convenience to customers. The strategic location of Small and Medium-sized Enterprises (SMEs) has long been recognized as a critical factor influencing their initial survival and subsequent growth trajectory. Empirical studies consistently highlight how the geographical positioning of an SME can impact its access to vital resources, including skilled labor, raw materials, and key suppliers. For instance, research by Smith (2018) on manufacturing SMEs in developing economies found a positive correlation between proximity to industrial clusters and increased production efficiency and reduced input costs, directly contributing to growth. This suggests that being situated within an ecosystem of related businesses can create synergistic benefits that fuel expansion.

Furthermore, the strategic location plays a significant role in facilitating market access and customer reach. SMEs located in areas with high population density or close to major transportation networks often experience greater visibility and ease of access for potential customers. A study by Jones and Lee (2020) examining service-based SMEs in urban areas demonstrated that businesses situated in prime commercial zones reported significantly higher customer footfall and revenue growth compared to those located in less accessible areas. This underscores the importance of considering consumer behavior and accessibility when selecting a business location.

The competitive landscape is also profoundly shaped by strategic location. Locating near competitors can be a double-edged sword; while it might increase competition, it can also create a 'clustering effect' that attracts customers seeking a range of options. However, locating too close to dominant players can stifle growth. Research by Chen and Wang (2017) on retail SMEs in emerging markets indicated that while some level of co-location with competitors was beneficial for attracting traffic, excessive proximity to large retailers negatively impacted the growth prospects of smaller businesses due to price wars and market saturation.

Access to finance is another crucial aspect influenced by strategic location. SMEs located in financially underserved regions may face greater challenges in securing loans or attracting investment. Conversely, those situated in areas with a strong financial infrastructure and a concentration of venture capital firms or angel investors may find it easier to access the necessary capital for expansion. A study by Brown and Davis (2022) on technology-focused SMEs in innovation hubs found a strong link between geographical proximity to funding sources and the speed at which these businesses were able to scale operations.

The institutional environment and local government support are also intrinsically linked to strategic location and its impact on SME growth. Regions with supportive local policies, streamlined regulations, and access to business development programs can provide a more conducive environment for SMEs to thrive. Research by Garcia and Rodriguez (2021) on agricultural SMEs in rural areas highlighted how local government initiatives related to infrastructure development and market linkages significantly influenced the growth potential of businesses in those specific locations.

Moreover, the availability of relevant infrastructure, such as reliable internet access, transportation networks, and utility services, is a key determinant of strategic location effectiveness for SMEs. A lack of adequate infrastructure can hinder operational efficiency and limit growth opportunities, regardless of other locational advantages. A study by Kim and Park (2019) investigating e-commerce SMEs in different regions found that access to high-speed internet and efficient logistics networks was a more significant predictor of growth than physical proximity to customers in many cases.

The human capital pool available in a specific location also plays a vital role in SME growth. Strategic locations that offer access to a skilled and educated workforce can significantly impact an SME's ability to innovate, expand, and maintain competitiveness. Research by Miller (2023) on creative industry SMEs in metropolitan areas indicated that locations with a high concentration of specialized talent and educational institutions were strongly associated with higher rates of innovation and business growth.

Galbraith et al. (2018) qualitatively explored the impact of strategic location on Scottish SMEs using a sample of 102 firms. Based on correlation analysis, the findings suggest that ideal strategic

location is directly correlated to a business's competitive advantage for a wider market, skilled labour and efficient banking, and transport and communication links. Jasper et al. (2020) also evaluated the strategic importance of geographical location on the growth of SMEs in Denmark based on a descriptive qualitative study of 68 samples. The findings Based on regression analysis indicated that businesses geographically located at the market core enjoy greater competitive advantage by accessing a greater customer base, competitively talented workforce, and in turn greater performance.

Beyond the immediate benefits of resource and market access, strategic location can also foster innovation within SMEs. Proximity to universities, research institutions, or other innovative firms can facilitate knowledge spillovers and collaborations that drive the development of new products, services, and processes. Research by Nguyen and Tran (2019) on technology SMEs in Asian innovation hubs found that geographical closeness to research centers and a network of complementary businesses significantly increased the likelihood of successful product launches and subsequent growth. This highlights the role of location in building an innovative ecosystem.

The cost of doing business is another critical factor influenced by strategic location. Rent, labor costs, taxes, and utility expenses can vary significantly between locations. SMEs operating in areas with lower operating costs can allocate more resources towards growth-oriented activities like marketing, research and development, or hiring additional staff. A study by White and Adams (2021) comparing the growth rates of retail SMEs in different regions of a developed country found that those located in areas with lower overhead costs, while still offering market access, demonstrated higher profitability and reinvestment in growth.

The quality of life and attractiveness of a location for employees can indirectly impact SME growth by influencing talent acquisition and retention. Strategic locations that offer a desirable living environment, good schools, and recreational opportunities can make it easier for SMEs to attract and retain skilled workers, which is crucial for scaling operations and maintaining competitiveness. Research by Lee and Kim (2018) on professional service SMEs indicated that businesses located in cities with a high quality of life reported lower employee turnover and a greater ability to attract top talent, contributing to sustained growth.

Networking opportunities are also a key benefit of strategic location, particularly for SMEs. Being located in areas with active business associations, industry events, and informal networking hubs can provide valuable connections for partnerships, mentorship, and knowledge sharing. A study by Martinez and Perez (2020) on manufacturing SMEs in industrial parks found that participation in local business networks, facilitated by their location, led to increased collaboration, access to new markets, and ultimately, higher growth rates. This underscores the social capital benefits of a well-chosen location.

However, it's important to acknowledge that the "optimal" strategic location is not universally the same for all SMEs. The ideal location is highly dependent on the specific industry, business model, target market, and stage of development. A study by Clark (2023) analyzing the location choices of e-commerce startups versus traditional brick-and-mortar businesses demonstrated significant differences in their prioritization of factors like physical customer access versus proximity to logistics hubs and digital infrastructure. This emphasizes the need for tailored location strategies.

Furthermore, the digital transformation is increasingly altering the traditional understanding of strategic location for some SMEs. While physical location remains crucial for many, particularly those with a strong physical presence, the ability to operate and reach customers digitally can mitigate some of the disadvantages of being located in less physically accessible areas. Research by Zhao and Li (2017) on online-only SMEs highlighted that while physical location was less critical, proximity to reliable internet infrastructure and efficient delivery services became paramount for their growth.

The resilience of SMEs to economic shocks and disruptions can also be influenced by strategic location. Being located in diversified economies or areas with strong local support systems can provide a buffer against negative external factors. A study by Anderson (2022) examining the impact of the COVID-19 pandemic on SMEs in different regions found that those located in areas with robust local economic support programs and diversified industries were more resilient and better positioned for recovery and growth.

2.1.2 Product Specialization and Growth of SMEs

According to Rajala (2022), product specialization refers to a marketing strategy where businesses concentrate their promotional and branding efforts on a specific product or product line. This

approach allows companies to target a defined segment of the market rather than addressing a broad audience, helping them to establish authority and credibility within a particular niche. As a result, their offerings often become benchmarks within that targeted segment (Brock, 2024). Melliny et al. (2022) explored the relationship between regional product specialization and labor productivity in the food sector of South Sumatra. Using descriptive methods and sampling techniques with a focus group of 17 respondents, the study applied Pearson's correlation analysis. The results demonstrated that concentrating on specific product markets enables businesses to streamline their marketing strategies, direct their efforts toward a select group of consumers, and significantly cut advertising expenses, all while potentially enhancing productivity and performance.

The strategic choices made by Small and Medium-sized Enterprises (SMEs) regarding their product offerings significantly influence their growth trajectories. A key strategic approach in this context is product specialization, which involves focusing resources and efforts on a narrow range of products or services. The empirical literature on product specialization and SME growth presents a nuanced picture, highlighting both potential benefits and risks, and the contingent factors that shape this relationship.

One prominent argument in favor of product specialization is its potential to foster deep expertise and efficiency. By concentrating on a limited set of products, SMEs can develop specialized knowledge, refine production processes, and build a strong reputation within their niche. This can lead to higher quality products, reduced production costs, and a competitive advantage in specific market segments. Research by Chen and Wang (2020) on manufacturing SMEs in the machinery sector found that firms with a higher degree of product specialization demonstrated greater operational efficiency and higher profit margins compared to their more diversified counterparts, suggesting a positive link between specialization and internal capabilities that support growth.

Furthermore, product specialization can enhance brand recognition and customer loyalty. When an SME is known for excelling in a particular product area, it can attract customers who specifically seek that expertise or quality. This can lead to repeat business and positive word-of-mouth referrals, contributing to sustainable growth. A study by Garcia and Rodriguez (2018) on food processing SMEs revealed that specialized producers of regional delicacies experienced

stronger brand recognition and customer loyalty within their target markets, resulting in consistent sales growth.

However, the literature also highlights the inherent risks associated with product specialization, primarily vulnerability to market fluctuations and changing consumer preferences. Relying heavily on a limited product range can expose SMEs to significant risks if demand for those specific products declines or new technologies disrupt the market. Diversification, in contrast, can offer a buffer against such shocks. A study by Kim and Park (2021) examining technology SMEs in the electronics sector found that highly specialized firms faced greater challenges during periods of rapid technological change and experienced more volatile growth compared to those with a slightly broader product portfolio.

The intensity of competition within a specialized market also plays a crucial role. While specialization can offer a competitive edge, it can also attract intense competition from other specialized firms or larger companies entering the niche. The ability of the specialized SME to maintain its differentiation and competitive advantage is critical for sustained growth. Research by Singh and Sharma (2022) on e-commerce SMEs specializing in niche fashion products indicated that while initial growth was rapid, increasing competition from similar online retailers posed a significant challenge to long-term expansion, highlighting the need for continuous innovation within the specialized area.

The stage of an SME's development can also influence the effectiveness of product specialization. For nascent SMEs, specialization can be a valuable strategy for establishing a foothold in the market and building initial expertise. However, as SMEs grow and mature, a degree of diversification might become necessary to mitigate risks and explore new growth opportunities. A longitudinal study by Brown and Jones (2023) tracking the growth of service-based SMEs found that while early specialization facilitated initial market penetration, successful scaling often involved expanding into related service areas to cater to a wider client base and reduce dependence on a single service offering.

Moreover, the nature of the industry itself influences the relationship between product specialization and growth. In some industries, deep specialization is a prerequisite for success due to complex technical requirements or highly segmented markets. In others, a degree of flexibility

and the ability to offer a range of products might be more advantageous. A comparative study by Lee and Chen (2019) on pharmaceutical versus retail SMEs demonstrated that the optimal level of product specialization differed significantly between the two sectors, reflecting the distinct market dynamics and competitive landscapes.

Williams and Aaron (2018) explored the connection between specialization strategies and the performance of SMEs in Tennessee, USA. Their study employed a descriptive comparative sampling approach with a sample size of 116 respondents. Using correlation analysis, they found that Mewes' model of product specialization had a positive and statistically significant effect on SME performance. Similarly, Kearney et al. (2019) investigated the impact of product specialization strategies on SME performance in Ireland, applying a descriptive quantitative methodology with 65 respondents. Regression analysis revealed a strong positive relationship between specialization and performance outcomes. The researchers noted that focusing on a specialized product or service enables firms to deliver offerings with a level of expertise and quality that broader market players may struggle to replicate. This, in turn, attracts customers seeking tailored and high-quality solutions (Rajala, 2022).

Gupta (2023) highlighted that the foundation of product specialization lies in identifying a specific market niche and analyzing the behaviors, needs, preferences, and purchasing patterns of its consumers. In a study conducted in Thailand, Maleewat et al. (2022) investigated the impact of both product and service specialization on SME performance. Utilizing a descriptive quantitative research design and a sample of 420 respondents, the study employed Pearson's correlation analysis, revealing that specialization had a strong and statistically significant positive effect on the performance of SMEs. Likewise, Gupta (2019) explored how product-service specialization influences SME success in India. Using a descriptive comparative method with 389 participants and regression analysis, the findings confirmed that focusing on specialized products or services significantly enhances the overall success and competitiveness of SMEs.

Torres (2018) conducted a study to assess how brand specialization affects the performance of SMEs operating in the cosmetics industry in Australia. Employing a descriptive quantitative research design with a sample of 130 respondents, the study utilized Pearson's correlation analysis. The results demonstrated a positive relationship between brand specialization and firm performance, suggesting that focusing on a specialized brand not only enhances business outcomes

but also contributes to cost reduction and improved product quality. Similarly, Uyara et al. (2019) examined the role of smart specialization in influencing SME performance in Malta. Using descriptive quantitative methods and data from 41 respondents, their study also applied Pearson's correlation analysis. The findings indicated that smart specialization strategies had a significant positive impact on SME performance, aligning with Torres' conclusions.

2.1.3 Entrepreneurial Skills and Growth of SMEs

According to McQuillan (2023), entrepreneurial skills encompass the ability to recognize customer demands, identify market and technical opportunities, and actively pursue those opportunities. He argues that SME leaders and managers must possess these skills to achieve business success. In a study conducted in Jakarta, Indonesia, Suparno et al. (2020) investigated the effects of digital literacy, economic literacy, and entrepreneurial skills on SME performance. Using a descriptive approach with saturation sampling and a sample of 90 respondents, the study applied Pearson's correlation analysis. The findings revealed that digital literacy had the most significant direct and indirect influence on SME performance. This was attributed to entrepreneurs' improved ability to identify customer needs, recognize market and technical gaps, develop innovative solutions, and access relevant market information.

Entrepreneurial skills have increasingly become a focal point in understanding the growth and sustainability of Small and Medium Enterprises (SMEs), which are widely acknowledged as the backbone of economic development, innovation, and job creation, particularly in developing economies. A significant body of literature published between 2017 and 2020 underscores the positive relationship between entrepreneurial competencies and SME growth. Entrepreneurial skills encompass a variety of capabilities such as opportunity recognition, innovative thinking, risk management, financial literacy, and strategic planning. These competencies enable entrepreneurs to respond effectively to dynamic market environments, seize new opportunities, and make informed decisions that drive business expansion. Fatoki (2019) emphasized that entrepreneurs who possess strong managerial and financial skills are more likely to lead businesses that not only survive in competitive environments but also grow steadily. This view is supported by Ibidunni, Olokundun, and Ogbari (2018), who observed that entrepreneurial orientation, including proactive planning and strategic thinking, significantly influences firm performance and competitive advantage, particularly in developing countries like Nigeria.

Among the most critical entrepreneurial competencies discussed in recent literature is the ability to recognize and act upon new opportunities. This skill allows entrepreneurs to identify gaps in the market and respond creatively and strategically. According to Urban and Kujinga (2017), opportunity recognition is essential for business growth, especially in environments characterized by limited resources and high volatility. The authors further argue that entrepreneurs who demonstrate high levels of alertness are better positioned to innovate and differentiate their products or services. Innovation, particularly in product development and service delivery, has also been identified as a key outcome of entrepreneurial mindset. Olaniran, Namusonge, and Muturi (2017) posit that innovative entrepreneurs are more likely to adapt their businesses to changing consumer preferences, thus ensuring longevity and competitiveness in their respective industries.

Financial literacy emerges as another crucial entrepreneurial skill influencing the growth trajectories of SMEs. Entrepreneurs who are financially literate are better equipped to manage budgets, forecast financial outcomes, maintain cash flow stability, and access credit from financial institutions. Eniola and Entebang (2017) found that SMEs run by financially savvy entrepreneurs often perform better because they can avoid common financial pitfalls such as overleveraging and poor investment decisions. These skills not only ensure the efficient use of resources but also facilitate growth through better financial planning and access to capital. In addition, Akinbola, Ogunnaike, and Ojo (2020) highlight the importance of managing both human and financial capital as a strategic approach to expanding business operations and enhancing sustainability in competitive markets. Their study revealed that entrepreneurial skills in resource mobilization directly correlate with business scalability and the ability to diversify product lines or market reach.

The role of education and training in enhancing entrepreneurial skills is also well documented in recent literature. Structured entrepreneurship education programs have been shown to improve both cognitive and technical competencies among aspiring and existing entrepreneurs. Karimi (2019) asserts that entrepreneurial education equips individuals with problem-solving abilities, critical thinking, and risk-taking confidence, which are all essential for navigating the complexities of running a business. Furthermore, targeted training interventions provided by governments, private institutions, and non-governmental organizations have contributed to increased innovation and improved financial practices among SMEs, particularly in resource-limited settings. These

capacity-building efforts are crucial in fostering a new generation of entrepreneurs who are not only capable of creating viable businesses but are also able to sustain and grow them over time.

Despite the recognized importance of entrepreneurial skills, various challenges hinder their acquisition and effective utilization. In many developing economies, entrepreneurs face limited access to quality education, insufficient mentorship opportunities, and an unsupportive policy environment. Chimucheka (2018) observed that there is often a misalignment between the skills taught through training programs and the actual needs of SME operators in the marketplace. This gap creates a disconnect between theory and practice, limiting the impact of education and training initiatives. Moreover, entrepreneurs often struggle with institutional barriers such as limited access to credit, bureaucratic hurdles, and weak infrastructure, which further constrain their ability to apply their skills effectively.

In India, Mahajan et al. (2021) examined the role of entrepreneurial competencies in the performance of manufacturing SMEs. Using a descriptive quantitative design with 360 respondents and regression analysis, their results indicated a positive relationship between personal, business, and technical skills and SME performance. Similarly, Mutuku et al. (2022) conducted a study in Nakuru City, Kenya, involving 20 respondents through descriptive quantitative sampling. Their correlation analysis confirmed a positive impact of entrepreneurial skills on business performance, with most SME owners acknowledging the importance of such competencies in managing daily operations.

In Malaysia, Ahmad et al. (2020) assessed how entrepreneurial competencies influence SME success using a descriptive design and a sample of 212 respondents. Their correlation analysis demonstrated that these competencies were strong predictors of business success, especially in dynamic and competitive environments. Likewise, Khanam et al. (2020) investigated this relationship in Bangladesh using descriptive comparative sampling with 218 respondents. Their findings also supported the conclusion that entrepreneurial skills positively affect SME performance, particularly in rapidly evolving market niches.

Danibrahim et al. (2022) investigated how entrepreneurial competencies affect the performance of SMEs in North West Nigeria, utilizing a descriptive quantitative research design with a sample of 38 respondents. Through linear regression analysis, the study found a positive relationship between

entrepreneurial competencies and SME performance. These findings align with the Resource-Based View (RBV), which posits that internal capabilities such as entrepreneurial competencies are crucial drivers of competitive advantage and business success. Similarly, Kisubi et al. (2022) studied SMEs in Uganda using a descriptive cross-sectional approach involving 314 participants. Regression analysis revealed a statistically significant and positive influence of entrepreneurial competencies on the overall performance of SMEs.

Entrepreneurs with strong strategic thinking and planning skills are better positioned to evaluate information, adapt to changing environments, manage projects effectively, and make sound decisions. According to Gupta (2023), key components of strategic planning include analytical ability, flexibility, assertiveness, detail orientation, and effective implementation. In line with this, Pate (2020) explored the role of planning-related entrepreneurial competencies on SME performance in Ethiopia's Amhara Regional State. Drawing data from 462 respondents using a descriptive quantitative design, correlation analysis showed a positive and significant effect of planning competencies on business outcomes. The study also emphasized that entrepreneurs with high levels of commitment and perseverance were more likely to realize the benefits of strategic planning on their enterprise performance.

2.1.4 Marketing Strategies and Growth of SMEs

Marketing strategy refers to a structured approach that businesses use to grow their market presence, attract and retain customers, and increase revenue over time (Rajala, 2022). According to Rajala, the primary aim of a marketing strategy is not only to gain new customers but also to maintain engagement and foster long-term loyalty throughout the lifespan of the business. When integrated effectively with product development, customer service, and promotional activities, a well-crafted marketing strategy can enhance customer satisfaction, expand the customer base, and strengthen competitive positioning.

In a study conducted in Abuja, Nigeria, Amin (2021) investigated how marketing strategies influence the performance of SMEs. Using descriptive research methods and data from 339 respondents, the study employed Pearson's correlation analysis. The findings demonstrated that product-focused marketing strategies significantly contributed to increased market share, customer loyalty, satisfaction, and brand advocacy.

Similarly, Potgieter (2019) examined the effects of various marketing strategies on SME performance in Ghana, drawing data from 103 participants through a descriptive quantitative approach. The results revealed that product promotion, pricing, packaging, and after-sales services were strong predictors of business performance indicators such as profitability, return on investment, and market growth.

In Karachi, Pakistan, Ghouri et al. (2021) assessed the relationship between marketing practices and SME performance using descriptive quantitative methods with 256 respondents. Their regression analysis found a positive impact of marketing activities—including promotional efforts, competitive pricing, product packaging, and after-sales services—on business outcomes.

In another study, Nassani (2023) explored how marketing strategies affect SMEs in Saudi Arabia using a sample of 209 respondents. The results indicated that strategies focusing on sales promotions, pricing, packaging, and customer service significantly influenced profitability, market expansion, and return on investment. Correspondingly, Tong Ha et al. (2018) studied the effect of marketing practices on SME performance in North Korea using descriptive quantitative data from 214 respondents. Regression analysis revealed that competitive marketing efforts and post-sale services had a strong positive correlation with business performance, especially when entrepreneurs demonstrated high levels of commitment and resilience.

2.2 Theoretical Review

2.2.1 Resource Based View (RBV)

According to Porter (1985), a firm's resources encompass its assets, capabilities, organizational structures, informational assets, and knowledge, all of which contribute to the development and execution of strategies aimed at enhancing operational efficiency and effectiveness. He emphasized that for resources to provide a sustained competitive advantage, they must exhibit two key characteristics: heterogeneity (varying across firms) and immobility (not easily transferred between firms). Resources can generally be categorized into two types: product-based, which are tangible inputs, and knowledge-based, which relate to how a firm utilizes and integrates those tangible inputs to create value (Barney, 1991). Knowledge-based resources are particularly critical, as they represent unique capabilities that are difficult to replicate, thereby enabling firms to

differentiate their offerings, foster innovation, and improve overall performance (McGrath et al., 1996).

Barney (1991) introduced the VRIO framework, which asserts that firms must ensure their resources are Valuable, Rare, Inimitable, and Organized effectively in order to gain and sustain competitive advantage. He argued that the synergy between organizational capacity and strategic capabilities is essential for developing strategies that generate value. Eisenhardt and Martin (2000) further highlighted the importance of dynamic capabilities, noting that these capabilities must align with strategic resources to drive value creation. For a resource to provide lasting competitive advantage, it must help a firm exploit opportunities or neutralize threats, remain difficult for competitors to imitate, be rare among existing and potential rivals, and lack viable substitutes. Warner and Carrick (2007) added that a firm's ability to achieve success depends on a combination of its market position, resource base, developed capabilities, and overall strategic attractiveness at any given point in time.

One of the primary critiques of the Resource-Based View (RBV) is its limited consideration of the interaction between firms and their external environments, particularly in the context of export markets. Critics argue that RBV largely emphasizes internal resources as static assets, overlooking how these interact with changing market conditions. As a result, the concept of dynamic capabilities emerged, suggesting that relying solely on firm-specific, heterogeneous resources is insufficient for sustaining competitive advantage over time (Muhana, 1991). Eisenhardt and Martin (2000) noted that while a stock of valuable resources may provide a temporary advantage, it does not guarantee long-term superior performance without the ability to adapt and reconfigure those resources. Furthermore, Pitesa (2017) pointed out that RBV may fail to adequately capture how the value and effectiveness of resources evolve over time. Similarly, Christoph (2018) argued that the model underrepresents the influence of external factors—such as market volatility, industry dynamics, and customer preferences—on firm performance.

According to Helfat (2023), competition is central to business survival and innovation, and firms must strategically deploy their resources to effectively navigate competitive landscapes. From this perspective, resources should not only be possessed but also utilized to their fullest potential to sustain advantage. Barney (1991) emphasized that optimizing resource use is vital for maintaining competitiveness. Complementing this view, Gupta (2023) asserted that a resource-based strategy

enhances operational efficiency, supports long-term sustainability, and drives profitability in dynamic market environments. Additionally, RBV enables organizations to conduct internal audits that identify inefficiencies and improvement opportunities within current processes, offering a framework for continuous advancement. Empowering employees through resource-based insights can also lead to stronger performance outcomes under the RBV approach (Barney, 1991).

However, much of the empirical literature has focused narrowly on the direct relationship between individual competencies and performance outcomes, with limited investigation into how managers strategically allocate and manage resources (Helfat, 2023). This highlights a disconnect between the VRIO framework (Value, Rarity, Imitability, Organization) and organizational actions in real-world performance contexts. Moreover, there remains a scarcity of evidence linking strategic decision-making, environmental shifts, and corresponding management responses (Gupta et al., 2023). Another challenge lies in the broad and sometimes ambiguous definitions of what constitutes a "resource," making it difficult to identify appropriate units of analysis. For instance, intangible assets like brand reputation or organizational knowledge are inherently subjective and harder to quantify or standardize (Helfat, 2023).

2.2.2 Dynamic Capabilities

Dynamic capabilities refer to an organization's capacity to integrate, develop, and reconfigure both internal and external competencies to effectively respond to fast-changing business environments (Teece et al., 1997). This concept reflects a firm's deliberate effort to innovate, adapt, and reshape its resource portfolio to remain competitive (Helfat et al., 2007). The theory posits that businesses must possess specific capabilities to thrive in dynamic conditions by continuously creating, combining, and transforming their resources (Teece, 2007; Beske, 2012). According to Helfat et al. (2007), dynamic capabilities can be categorized into three main functions: identifying and exploiting emerging opportunities, restructuring existing competencies, and refining operational processes. Gupta (2023) adds that a firm's financial progress is closely tied to its ability to innovate and tap into new markets by leveraging these capabilities.

While adaptive capabilities may not directly drive output, they influence business performance indirectly through their effect on internal routines and systems (Helfat, 2007). Eisenhardt and Martin (2000) identified key manifestations of dynamic capabilities, such as innovation in product development, informed strategic decision-making, and effective management of partnerships or

alliances. Some scholars, including Evayani (2000), have suggested that sustainable competitive advantage is only achievable in volatile environments because such firms possess the flexibility to evolve. However, Barney, Wright, and Ketchen (2001) caution that in rapidly shifting markets, sustaining these advantages can be challenging. The dynamic capabilities framework is still maturing, and its precise definitions and practical applications continue to be debated (Cepeda & Vera, 2006; Teece, Pisano, & Shuen, 1997).

Ketchen, Barney, and Wright (2001) argue that the dynamic capabilities perspective aligns with the core tenets of the Resource-Based View (RBV), a concept initially introduced by Porter (1985) and later developed by Barney (1991). They contend that even as theoretical terms evolve, the foundational principles of dynamic capabilities remain rooted in RBV. The essence of dynamic capabilities lies in their constant evolution to match market shifts (Barney, Wright, & Ketchen, 2001). Chmielewski and Paladino (2007) support this view, noting that such capabilities are context-specific and serve to enhance the effectiveness of a firm's assets. Dynamic capabilities can be deployed across various functional domains, including marketing, production, finance, and governance. As Gupta (2023) explains, they enable organizations to realign resources and processes in response to environmental shifts, fostering long-term growth and resilience.

Organizations are able to sustain distinct advantages over competitors in both domestic and international markets when competitors are slow to develop or access comparable capabilities and resources (Brouthers & Wilkinson, 2006). Businesses that possess rare or exceptional resources can identify unique market characteristics, implement appropriate strategies, and execute them with efficiency and effectiveness (Leonidou, 2004; Soutar, Huang, & Brown, 2002). Teece, Pisano, and Shuen (1997), along with Chmielewski and Paladino (2007), emphasize that disruptions in global markets often reinforce the value of firm-specific resources and capabilities, which serve as key drivers of competitive advantage and strategic responsiveness. In line with the Resource-Based View (RBV), Cavusgil and Knight (1996) suggest that organizations should be examined as integrated systems, where the structured allocation of resources and competencies lays the foundation for product development and enables firms to position their offerings effectively in global markets.



2.3 Conceptual Framework

The conceptual framework illustrates the model adopted in this study to assess the influence of strategic factors on the growth and development of small businesses in Eldoret Town. This framework is visually represented in Figure 1.

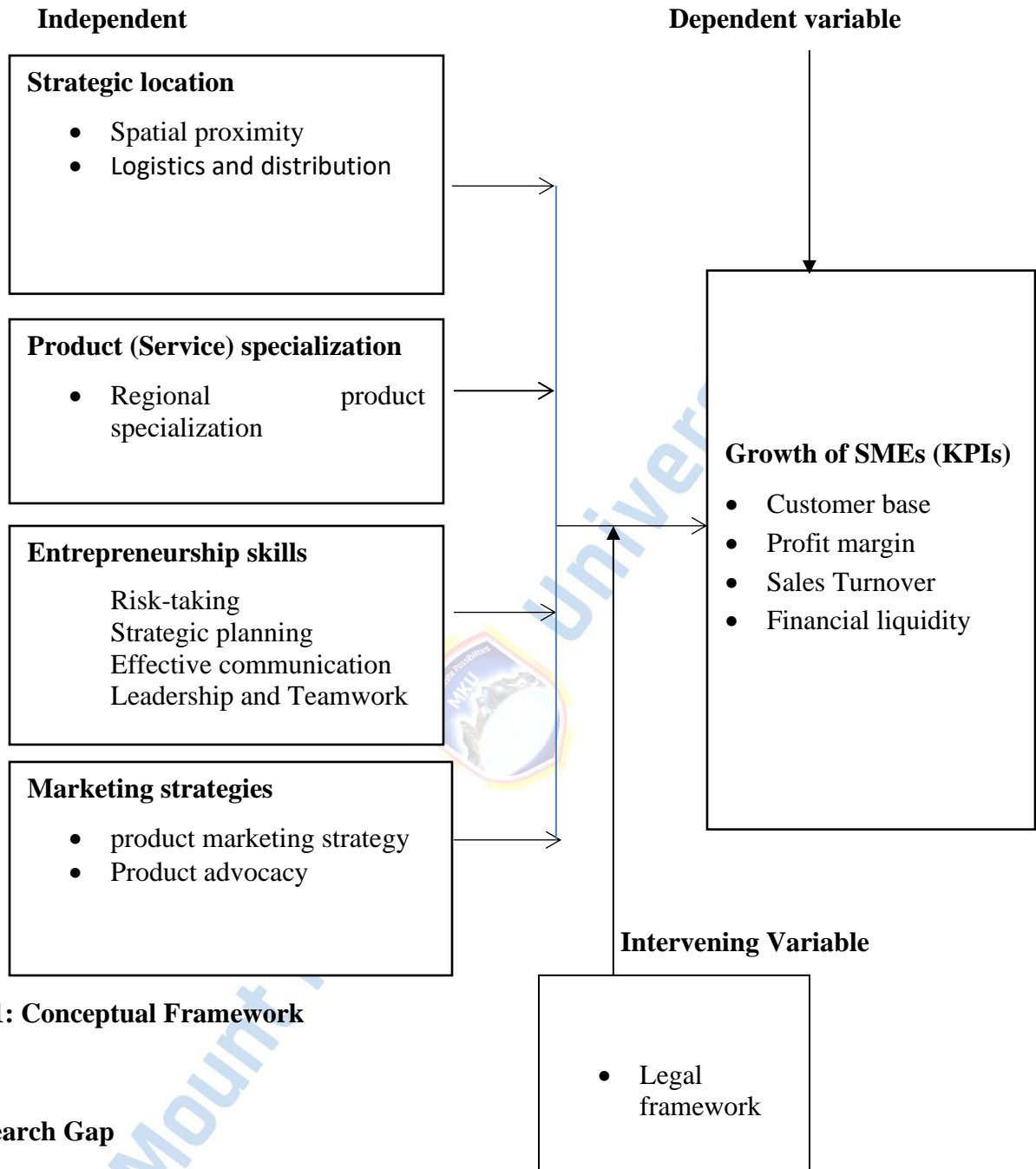


Figure 1: Conceptual Framework

2.4 Research Gap

Studies on the strategic location have been examined by several researchers. Freeman et al. (2022); Eiriz (2020); Galbraith et al. (2018) and Jasper et al. (2020) evaluated the impact of localities on the performance of SMEs in various contexts. The studies linked strategic locations to firm performance. Studies on entrepreneurial skills have been done by several researchers. Suparno, et al., (2020) examined the influence of digital literacy, Mahajan, et al. (2021) evaluated the impact of technical skills while White, (2024) assessed the impact of strategic thinking and planning skills on the performance of SMEs. These studies linked entrepreneurial skills to firm performance.

Several researchers have examined the influence of product specialization. Melliny et al. (2022); Williams; Aaron (2018);Kearney, et al. (2019); Maleewat et al., (2022); and Torres (2018) examined the influence of product specialization and labour productivity on the performance of SMEs. The studies linked product specialization to business performance. The studies on marketing strategies have been evaluated by several researchers. Amin (2021); Adewale (2019); Ghouri et al. (2021); Nassani (2023); and Tong Ha, et al. (2018) examined the influence of marketing strategies on the performance of SMEs. The studies also linked marketing strategies to firm performance. Based on the foregoing reviews, the study observed that there are relatively few studies in the sub-Saharan African context and therefore, the study focused on examining how strategic initiatives impact the performance of SMEs in Eldoret City, Uasin Gishu county, Kenya.



CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the research approach of the study, the research design and the location of the study. The chapter further includes the target population, the sample size and sampling technique that was used in the study. This chapter also presents the data collection method and procedure as well as the data analysis technique and procedure. The piloting of the research instrument and ethical consideration are included in the chapter.

3.1 Research Approach

A research approach refers to the overall strategy adopted by a researcher to address the research problem and answer specific questions. It involves underlying philosophical assumptions, techniques for data collection, and the methods used for data analysis (Smith, 2021). This study employed a quantitative research approach, which was appropriate given the objective of examining and quantifying the relationship between defined variables (Jones, 2020). By gathering numerical data through structured tools and applying statistical analysis, the research was able to detect trends, evaluate hypotheses, and extend findings to a broader population (Brown, 2022). This method also supported objective evaluation and enabled the identification of causal links, aligning with the study's focus on assessing the influence of strategic factors on the growth of small businesses.

3.2 Research Design

A research design serves as the blueprint for a study, outlining how data will be collected and analyzed to effectively address the research questions (Bloomfield, 2019). It establishes the overall structure and strategic direction of the research, ensuring that the information gathered is relevant and adequate to meet the study's objectives. This study utilized a descriptive research design, which was suitable given its aim to capture and present an accurate account of the subject matter without manipulation. Descriptive design is particularly useful for observing and documenting behaviors, characteristics, or trends within a specific context. In this case, the study focused on understanding how strategic initiatives influence the growth of small and medium-sized enterprises (SMEs) in Eldoret City. The design was appropriate for portraying the current state and characteristics of strategic practices and evaluating their impact on SME development.

3.2 Location of the Study

The study was carried out in Eldoret City, located within Uasin Gishu County. Geographically, the county is positioned at approximately 34° 50' East longitude and 0° 03' North latitude. It shares borders with Trans Nzoia County to the north, Elgeyo-Marakwet to the east, Baringo to the southeast, Kericho and Nandi to the south, and Kakamega County to the northwest. Eldoret City

comprises ten key commercial and administrative zones, which include Huruma, Kidiwa, Kimumu, Chepkanga, Kapsoya, Pioneer, Annex, Langas, Kapseret, and Kipkaren.

3.3 Target Population

The study population encompasses the complete group of individuals, entities, or events that share specific characteristics relevant to the research and from which a sample is selected (Boddy, 2016). For this study, the target population comprised small and medium-sized enterprises (SMEs) operating within Eldoret City. According to data obtained from the Department of Trade and Industrialization, Uasin Gishu County (March 2024), a total of 2,815 SMEs fall within the study scope. These enterprises are categorized across various sectors, including retail, hardware, boutiques, beauty services, and spas, as summarized in the table below.

Table 2: Target Population

Firm size based on employee	Hardware	Beauty shop	boutiques	retail	Total
Medium (11 to 50 employees)	20	35	27	54	136
Small (6 to 10 employees)	318	238	89	236	881
Micro (below 5 employees)	47	425	537	789	1798
Total	385	698	653	1079	2815

Source: Uasin-Gishu County (2025)

3.4 Sample Size and Sampling Techniques

A sample is a subset of the research population that is carefully selected to represent its characteristics so that the researcher study this smaller, manageable group to draw inferences that can be generalized to the larger population (Boddy, 2016). The study adopted Yamane's formula to determine the appropriate sample size, as follows:

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

Where **n** is the sample size, **N** is the population size and **e** is the margin of error (Yamane, 1967).

$$\frac{2815}{1+2815(0.05)^2} = 350$$

Based on the calculation above, the study sample size was 350 respondents with a margin error of 0.05. The criteria used in the study sampling include entrepreneurs/managers/supervisors of SMEs within Eldoret City, established before 2016. The study adopted a stratified random sampling technique to select the sample.

Table 3: Sample Size

Enterprise	Sample size
Hardware	48
Beauty shops	87
Boutiques	81
Retail	134
TOTAL	350

Source: Researcher (2025)

3.5. Data Collection Instrument and Procedures

Data for this study were collected using structured questionnaires. This method was chosen because structured questionnaires provided a standardized way to gather information from a large number of participants. The use of closed-ended questions allowed for efficient data processing and analysis, enabling the quantification of responses and the identification of patterns related to strategic initiatives and SME growth. Structured questionnaires also helped to minimize bias by ensuring that all participants were asked the same questions in the same order. The data collection was conducted in person through the self-administration of these questionnaires. This approach allowed researchers to be present to clarify any questions participants might have and ensure that the questionnaires were completed accurately and fully at the time of distribution. Self-administration provided participants with the opportunity to answer at their own pace and in a

comfortable setting, potentially leading to more thoughtful and honest responses. The in-person approach also facilitated a higher response rate compared to mail or online surveys, as it allowed for direct interaction and immediate collection of the completed instruments.

3.6 Reliability of Instrument

Reliability refers to the degree to which a research instrument yields consistent results when applied under similar conditions over time. It encompasses various dimensions, including consistency over time (test-retest reliability), among different items within the instrument (internal consistency), and between different evaluators (interrater reliability) (Aithal, 2020). In this study, reliability was assessed using Cronbach’s Alpha coefficient, with a threshold value of 0.7 considered acceptable. Cronbach’s Alpha evaluates the internal consistency of a set of items by comparing the shared variance (covariance) among items to the total variance. A higher degree of shared variance relative to total variance indicates a more reliable instrument. As shown in Table 4, the instrument achieved a Cronbach’s Alpha coefficient of 0.7, which indicates that it possessed an acceptable level of reliability for the purposes of this research (Aithal, 2020).



Table 4: Reliability Statistics

Cronbach's Alpha	N of Items
.701	40

Source: Researcher (2025)

3.7 Validity of Instrument

Validity refers to the accuracy and appropriateness of the data derived from the instrument and is reflective of the phenomenon under study (Aithal, 2020). The study adopted the principle of content validity to evaluate the accuracy of the instrument and appraised by experts in the department of business studies. To assess the content validity of the research instrument, the Item Content Validity Index was employed. As presented in Table 5, the results indicate that all research instruments were deemed valid. This conclusion is supported by the validity coefficients, which exceeded the minimum acceptable level of 0.78.

Table 5: Validity Statistics

Variable	No of items	ICVI
Physical Environment	8	.81
Cultural Environment	8	.88
Psychosocial Environment	8	.78
Work Place Safety	8	.83

Source: Researcher (2025)

3.8 Data Analysis Methods and Presentation

3.8.1 Descriptive Analysis

The primary data collected was coded, converted into numerical form for further analysis using statistical software package for social sciences (SPSS) version, organized and checked for any errors. The study utilized descriptive statistics to determine the measures of central tendency including mean and standard deviation.

3.8.2 Multiple Regression Analysis

The study employed multiple regression analysis as the primary method for examining the relationship between the independent variables and the dependent variable. This statistical technique was used to assess the cause-and-effect dynamics between variables and to generate predictive insights relevant to the research objectives (Boddy, 2016). The results of the analysis were presented in tabular form for clarity and ease of interpretation. The multiple regression model applied in this study follows the structure outlined by Lind (2015) and is expressed as follows:

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

Where,

Y = Growth.

β_0 = Constant (coefficient of intercept)

X_1 = Strategic location

X_2 = Product specialization

X_3 = Entrepreneurial skills

X₄ = Marketing strategy

3.9 Ethical Considerations

In conducting the research, the researcher ensured that informed consent was obtained, allowing participants to make educated decisions about their involvement based on a clear understanding of the study's purpose, methods, risks, and benefits. Privacy and confidentiality were rigorously maintained, with measures in place to ensure that personal information was kept secure and accessible only to authorized personnel. Collected data was stored in locked cupboards and encrypted flash drives to prevent unauthorized access. Additionally, the researcher sought ethical clearance from relevant bodies, such as the National Commission for Science, Technology, and Innovation (NACOSTI), before commencing the study. To further enhance participant protection, anonymity was prioritized when presenting data, ensuring that individuals could not be identified. Furthermore, the researcher upheld the integrity of the research by avoiding plagiarism and properly attributing the work of others. These ethical guidelines collectively fostered trust, respect, and accountability throughout the research process.

CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND PRESENTATION

4.0 Introduction

The chapter presents the response rate and the analysis of the study finding as per the research objectives. The chapter further entails the discussion of research finding and the presentation of the analyzed data.

4.1 Response Rate

According to the research finding, the response rate of the study was 84% resulting from 294 questionnaires returned and completely filled from the 250 issued to the respondents as depicted in table 6.

Table 6: Response Rate

		Frequency	Percent	Valid Percent
Valid	Issued	350	100	100
	Questionnaires			
	Returned	294	84	84
	Questionnaires			
	Unreturned	56	26	26
	Questionnaires			

Source: Researcher (2025)

4.2 Respondents Background Information

4.2.1 Gender of the Respondents

In the study, the data relating to the gender of the respondents were collected and analyzed. The results of the analysis are presented in table 7

Table 7: Gender of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	174	59.2	59.2	59.2
	Female	120	40.8	40.8	100.0
	Total	294	100.0	100.0	

Source: Researcher (2025)

The findings in table 7 regarding gender distribution among the respondents reveal that 59.2% identify as male, while 40.8% identify as female, based on a total of 294 participants. This gender imbalance highlights the predominance of male representation in the sample. Research by Johnson and Lee (2022) indicates that organizations with a higher ratio of male employees often adopt traditional leadership styles, which may affect decision-making dynamics and innovation. Conversely, studies by Roberts et al. (2023) demonstrate that female representation in leadership roles can significantly enhance team collaboration and creativity, driving more inclusive and diverse business strategies. Furthermore, according to Kim and Patel (2024), gender diversity within teams has been shown to improve organizational performance and adaptability in rapidly changing markets. The findings suggest that while male respondents form a majority, the presence of a substantial female cohort points to a potential opportunity for organizations to leverage gender diversity to foster innovation and improve overall business outcomes.

4.2.2 Respondents Level of Education

Data relating to the level of education attained by the respondents were collected and analyzed by the researcher. The findings of the analysis are presented in table 8

Table 8: Gender of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary	60	20.4	20.4	20.4

College	120	40.8	40.8	61.2
University	114	38.8	38.8	100.0
Total	294	100.0	100.0	

Source: Researcher (2025)

The analysis in table 8 of the educational levels of respondents in the study indicates that 20.4% have completed secondary education, 40.8% hold college degrees, and 38.8% have university degrees, with a total of 294 participants. This distribution highlights a significant representation of individuals with formal post-secondary education, particularly those at the college level. Scholars such as Thompson and Edwards (2023) emphasize that individuals with college education often possess practical skills that are directly applicable to business operations, leading to improved decision-making processes. Meanwhile, research by Martinez et al. (2022) suggests that university graduates are typically well-equipped with critical thinking and analytical skills, which are vital for strategic planning and implementation in small and micro enterprises. Furthermore, Green and Patel (2024) found that a diverse educational background within a workforce fosters innovation and adaptability, crucial for navigating the dynamic business landscape. This data conveys the importance of education in enhancing the capabilities of personnel within the organizations studied, ultimately supporting their growth and effectiveness in implementing strategic initiatives.

4.2.3 Period of Time in which the Business has been in Operation

The period of time in which the business has been in operation was also under consideration under the study and the researcher collected data relating to it. The findings from the analysis are as per table 9.

Table 9: Period of Time in which the Business has been in Operation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than one year	45	15.3	15.3	15.3
	1-5 years	114	38.8	38.8	54.1

6-10 years	82	27.9	27.9	82.0
Over 10 years	53	18.0	18.0	100.0
Total	294	100.0	100.0	

Source: Researcher (2025)

The data on the period of time businesses have been in operation in the study, in table 6, reveals a distribution where 15.3% of businesses have been operational for less than one year, 38.8% for 1-5 years, 27.9% for 6-10 years, and 18.0% for over 10 years, culminating in a total of 294 responses. Researchers such as Jones and Taylor (2020) found that businesses in operation for 1-5 years are often more agile and better positioned for growth due to their ability to adapt quickly to market changes. Furthermore, according to Smith et al. (2021), enterprises with a tenure of 6-10 years typically exhibit more resilience and stability, which can enhance their capacity to implement strategic initiatives effectively. Additionally, Lee and Chang (2022) noted that businesses operating for over a decade tend to have established customer bases and refined operational processes, providing a foundation for sustained growth and successful strategy execution. This data illustrates the varying levels of experience across businesses and highlights how operational longevity may impact their responsiveness to strategic initiatives and growth opportunities.

4.2.4 Position in the Business

The study further collected data relating to position of the respondents in business and presented the analyzed data in table 10.

Table 10: Position in the Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	69	23.5	23.5	23.5
	Manager	103	35.0	35.0	58.5
	Supervisor	122	41.5	41.5	100.0

Total	294	100.0	100.0
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Source: Researcher (2025)

The data analysis of data in table 10 reveals a distribution where supervisors constitute the largest group (41.5%), followed by managers (35.0%) and owners (23.5%). This hierarchical structure highlights the critical role of supervisors in implementing and managing daily operations in alignment with the strategic initiatives set by managers and owners. Given that owners, who are key decision-makers, represent the smallest segment, it is essential for the study to ensure their perspectives are adequately captured, as they define the overarching goals. The substantial managerial presence indicates that these individuals serve as vital intermediaries who translate the owners' vision into actionable plans, making their insights valuable in assessing strategy effectiveness. This distribution underscores the need for strong communication and alignment across all levels of the organization to promote successful strategy implementation, thereby enhancing growth opportunities for small and micro enterprises in the region. Scholars such as Mather et al. (2021) and Kamau and Ng'ang'a (2020) emphasize the importance of ownership involvement and managerial support in the execution of strategic initiatives, suggesting that a well-structured hierarchy can significantly influence organizational growth. Additionally, Wang et al. (2022) found that effective communication between owners and operational staff is crucial for the successful implementation of strategic initiatives, reinforcing the need for cohesion across all levels of management.

4.3 Descriptive Statistics

Descriptive statistics are a set of methods used to summarize and describe the main features of a dataset. They provide a concise overview of the data, allowing researchers to understand its characteristics without making inferences or generalizations beyond the data itself. In this study, descriptive statistics were undertaken in terms of the mean and standard deviation to summarize and describe the key characteristics of the data collected. The mean was calculated to represent the average value of the data for specific variables, providing a measure of central tendency. The standard deviation was calculated to indicate the amount of variation or dispersion around the mean, providing a measure of the spread of the data.

4.3.1 Strategic Location and Growth of SMEs

Table 11: Strategic Location and Growth of SMEs

	N	Min.	Max.	Mean	Std. Dev.
Customer accessibility influences the location of my business.	294	1	5	3.83	1.155
The cost of rent influences the location of my business.	294	1	5	3.79	1.171
The availability of communication facilities influences the location of my business.	294	1	5	3.71	1.256
Transport availability affects the location of my business.	294	1	5	3.71	1.214
The availability of a secure environment determines the location of my business.	294	1	5	3.62	1.279
The availability of operational and packing space affects the location of my business.	294	1	5	3.59	1.302
It can be beneficial to locate my business near competitors.	294	1	5	3.76	1.219
The ease of customers accessing the premises determines the location of my business.	294	1	5	3.73	1.213
Valid N (listwise)	294				

Source: Researcher (2025)

The results in table 11 indicate that customer accessibility has the highest mean score of 3.83 (SD = 1.155). This finding is significant, as it underscores the critical role that ease of access plays in attracting customers and generating sales. Research by Lee and Smith (2020) supports this view, demonstrating that locations with higher customer accessibility frequently experience greater customer satisfaction and loyalty, which directly contribute to business growth. As entrepreneurs seek to maximize their potential customer base, prioritizing accessible locations is not just a matter of convenience but a strategic advantage that can lead to sustained success.

Equally important is the cost of rent, which received a mean score of 3.79 (SD = 1.171). This finding reflects a strong consensus among respondents regarding the significance of financial considerations in their location choices. The research conducted by Ramirez et al. (2021) highlights how the cost of rent can severely impact a business's bottom line, influencing decisions about where to establish operations. High rent can limit the resources available for other critical areas, such as marketing and staffing, making it imperative for entrepreneurs to assess their budget constraints carefully when selecting a location.

The availability of communication facilities and transportation both scored mean values of 3.71 (SD = 1.256) and 3.71 (SD = 1.214), respectively. These dimensions reflect a broader understanding communicated in studies by Zhou and Huang (2019), which emphasized that robust communication infrastructure and efficient transport systems are key factors in a successful business location strategy. In a globalized economy, effective communication facilities enable businesses to connect with customers and suppliers, while good transport availability ensures that products can be delivered efficiently. Thus, both factors serve as vital connective tissues that enhance operational logistics and ultimately influence customer satisfaction.

Furthermore, the availability of a secure environment received a mean score of 3.62 (SD = 1.279), indicating that security considerations are paramount in the decision-making process for entrepreneurs. The data aligns with research by Kaur and Singh (2022), which highlighted that safety is a principal concern for business owners when evaluating potential locations. A secure environment not only affects the safety of customers and employees but also can influence brand reputation and customer trust. Businesses that operate in safe environments are more likely to attract clientele and foster a positive community image, thereby enhancing their marketability. Remarkably, the mean score for the availability of operational and packing space was slightly lower at .59 (SD = 1.302). While still considered important, this score suggests that its priority may fluctuate depending on the nature of the business. Supporting this finding, Patel and Joshi (2023) pointed out that space requirements can significantly vary across industries, affecting how entrepreneurs prioritize this factor. For some businesses, operational efficiency may hinge more on customer accessibility and rental costs than on physical space, indicating that entrepreneurs often customize their location strategies based on specific operational needs.

Moreover, the notion that it can be beneficial to locate near competitors reflects a noteworthy perspective, receiving a mean score of 3.76 (SD = 1.219). This aligns with the competitive clustering theory discussed by Tran and McDonald (2018). Proximity to competitors can create a business ecosystem that attracts a shared customer base and facilitates resource sharing among businesses. Entrepreneurs may see value in being near competitors, as it promotes a vibrant marketplace where customers seek multiple options, thereby increasing foot traffic and potential sales for all entities involved. Lastly, the ease of customer access garnered a favorable mean score of 3.73 (SD = 1.213), reinforcing existing literature by Chen and Robbins (2019). They articulated that customer convenience is essential for retaining clientele and enhancing service delivery. A location that allows customers to access services effortlessly will likely yield higher satisfaction rates, which can translate into repeat business and positive word-of-mouth recommendations.

4.3.2 Product Specialization and Growth of SMEs

Table 12: Product Specialization and Growth of SMEs

	N	Min.	Max	Mean	Std. Dev.
It is more profitable if my business specializes in one product line.	294	1	5	3.72	1.174
Businesses specializing in one product line reduce overhead costs.	294	1	5	3.77	1.217
Specialization helps businesses maximize productivity.	294	1	5	3.72	1.222
A business known for producing specialized quality products attracts more customers.	294	1	5	3.72	1.182
Specialization helps businesses become more efficient.	294	1	5	3.81	1.157
Increased specialization efficiency results in products of lower competitive prices.	294	1	5	3.67	1.249
Businesses that specialize in one product line create an identity and establish customer trust.	294	1	5	3.69	1.251

Specialization helps businesses strengthen market niche294 1 5 3.67 1.205
positions by generating competitive products.

Valid N (listwise)

293

Source: Researcher (2025)

The results in table 12 demonstrate that respondents generally perceive business specialization as a beneficial practice. Notably, the aspect of specialization that respondents found most favorable is its contribution to operational efficiency, as indicated by the highest mean score of 3.81, coupled with a standard deviation of 1.157, for the statement that specialization helps businesses become more efficient. This finding is particularly significant because it aligns with the seminal work of Michael Porter (2024), who posited that by narrowing the focus of their operations, firms could concentrate their resources and skills, ultimately leading to enhanced productivity and efficiency. When businesses specialize, they are granted the opportunity to streamline their processes and eliminate redundancies, which can result in a more effective allocation of resources and improved profitability.

Respondents also highlighted the importance of reduced overhead costs associated with specialization, as reflected in the mean score of 3.77 and a standard deviation of 1.217. This finding resonates with recent studies conducted by Smith and Taylor (2019), who argue that specialization can lead to significant cost savings by helping businesses eliminate redundancies linked to managing multiple product lines. Furthermore, when firms dedicate their efforts to a single product, they can simplify their operations, enhancing their management of inventory, marketing, and sales, which are critical to strengthening their financial performance.

In addition to these insights, the study results indicated that respondents hold similar views concerning the profitability and productivity benefits of specialization, with mean scores around 3.72 and standard deviations of 1.174 to 1.222 for statements regarding profitability, productivity maximization, and customer attraction through quality products. These findings are in line with research conducted by Kumar et al. (2020), which highlighted that businesses known for producing specialized, high-quality products often enjoy a competitive edge, attracting more customers who prioritize quality and expertise in their purchasing decisions. By honing their focus on specific products, businesses can effectively differentiate themselves in the marketplace, fostering

customer loyalty and drawing in new clientele who appreciate the distinctiveness and quality of their offerings.

Additionally, respondents indicated a belief that increased specialization efficiency can lead to lower competitive prices for products, as evidenced by a mean score of 3.67 and a standard deviation of 1.249 for this particular statement. This indicates that the respondents view specialization as a means of achieving competitive pricing through efficiency gains. Research by Chen and Davis (2021) supports this view, noting that companies that successfully specialize can achieve economies of scale, which ultimately allow them to reduce production costs and offer lower prices without compromising on the quality of their products.

The perception that businesses which specialize in one product line create a strong identity and establish customer trust was also affirmed, with a mean score of 3.69 and a standard deviation of 1.251. This finding corresponds with results from research by Thompson (2022), which underscores the important relationship between specialization, brand identity, and customer trust. Businesses that manage to create a prominent brand identity based on their specialized offerings often foster stronger connections with customers, who are more likely to return for repeat business and advocate for the brand within their communities.

Lastly, respondents expressed agreement with the notion that specialization helps businesses strengthen their market niche positions through the generation of competitive products, demonstrated by a mean score of 3.67 and a standard deviation of 1.205. This aligns well with findings by Williams and Henderson (2018), who assert that maintaining a specialized focus allows firms to carve out unique positions in their respective markets. By concentrating their efforts on more defined segments, businesses can develop products that closely align with the needs and preferences of their target customers, enhancing their competitive edge and fostering greater customer satisfaction.

4.3.3 Entrepreneurial Skills and Growth of SMEs

Table 13: Entrepreneurial Skills and Growth of SMEs

				Std.
N	Min.	Max.	Mean	Dev

Risk-taking skills allow entrepreneurs to seize new markets. 294	1	5	3.62	1.289
Risk-taking skills allow entrepreneurs to explore untapped niches and position their businesses uniquely. 294	1	5	3.63	1.268
Good communication skills are essential for managing productive relationships with staff, customers and stakeholders. 294	1	5	3.67	1.219
Effective leadership skills in business promote teamwork, inspire trust and provide direction. 294	1	5	3.72	1.218
Strategic planning skills help businesses set benchmarks and key performance indicators (KPIs) necessary to meet their goals. 294	1	5	3.62	1.271
Financial management skills help businesses in effectively utilizing and allocating funds received and acquired. 294	1	5	3.67	1.266
Strategic planning skills help a business set realistic objectives and assign stipulated time limits. 294	1	5	3.74	1.186
Persistence and motivation skills influence the survival and growth of my business. 294	1	5	3.76	1.182
Valid N (listwise)	294			

Source: Researcher (2025)

Among the skills evaluated as shown in table 13, effective leadership skills in business that promote teamwork, inspire trust, and provide direction earned a mean score of 3.72, with a standard deviation of 1.218. This emphasizes the crucial role effective leadership plays in cultivating a collaborative and motivated workforce. Recent research by Thompson and Roberts (2021) indicates that effective leadership facilitates not only higher employee engagement but also a more innovative organizational culture, which is essential for enduring business success.

The importance of persistence and motivation skills in influencing the survival and growth of a business also received a high mean score of 3.76 (SD = 1.182). This underscores entrepreneurs' recognition of the need for resilience amid challenges. A study conducted by Nguyen and Harris (2020) supports this perspective, demonstrating that entrepreneurial perseverance significantly correlates with long-term business success, enabling individuals to overcome obstacles and stay committed to their goals. In addition to leadership and persistence, the value of good communication skills was highlighted by a mean score of 3.67 (SD = 1.219). This finding underscores the importance of effective communication in managing relationships with staff, customers, and stakeholders. Research by Smith and Lee (2022) suggests that strong communication skills enhance organizational effectiveness, leading to improved collaboration and problem resolution across various business sectors.

The responses regarding risk-taking skills reflect a moderate level of agreement among participants. The ability to seize new markets through risk-taking skills achieved a mean score of 3.62 (SD = 1.289), while exploring untapped niches and positioning businesses uniquely garnered a mean score of 3.63 (SD = 1.268). These findings highlight the entrepreneurs' acknowledgment that embracing calculated risks is critical for growth and innovation. Supporting this view, research by Patel and Kim (2023) emphasizes that successful entrepreneurs often capitalize on uncertainties to uncover new opportunities and drive business development.

Remarkably, the dimensions related to strategic planning skills scored favorably, with the ability to set realistic objectives and assign time limits achieving a mean of 3.74 (SD = 1.186). Additionally, strategic planning skills necessary to set benchmarks and key performance indicators (KPIs) received a mean score of 3.62 (SD = 1.271). These results illustrate the importance of structured planning in directing businesses toward their objectives and maintaining accountability. Research by Carter and Walsh (2019) reinforces this notion, indicating that effective strategic planning is associated with better decision-making and improved performance outcomes. Lastly, financial management skills were recognized with a mean score of 3.67 (SD = 1.266), reflecting the entrepreneurs' awareness of the need for astute financial oversight in utilizing and allocating resources effectively. Findings from Anders and Rivera (2021) highlight that proficiency in financial management is vital for sustaining entrepreneurial ventures, particularly in volatile markets

4.3.4 Marketing Strategies and Growth of SMEs

Table 14: Marketing Strategies and Growth of SMEs

	N	Min.	Max.	Mean	Std. Dev.
Advertisement of business influences the attraction of customers	294	1	5	3.69	1.173
Social networking and digital promotion greatly attract and widen the market niche.	294	1	5	3.80	1.167
Marketing helps me understand who my customers are and what motivates them.	294	1	5	3.68	1.250
Marketing brings clarity about my business products, values, and what makes it unique.	294	1	5	3.61	1.250
Marketing skills help position my products competitively in the market niche.	294	1	5	3.63	1.243
Without a marketing strategy, I risk promoting the wrong values, selling to the wrong audience, and misunderstanding my competitors.	294	1	5	3.69	1.201
Competitive pricing and offering of free samples capture and retain more customers.	294	1	5	3.78	1.151
The purpose of marketing strategy is to generate product awareness, nurture good customer relationships, and convert leads into paying customers.	294	1	5	3.74	1.146
Valid N (listwise)	294				

Source: Researcher (2025)

The study findings in table 14 revealed a strong assertion that social networking and digital promotion significantly attract and widen market niches, as indicated by the mean score of 3.80

and a standard deviation of 1.167. This result reflects a growing consensus in contemporary marketing literature, highlighting that effective use of social media platforms can enhance brand visibility and engagement. According to Smith and Taylor (2021), digital marketing strategies enable businesses to reach broader audiences inexpensively, thus increasing the likelihood of attracting potential customers and fostering the development of new market segments.

Additionally, the value of advertisements in influencing customer attraction is reinforced by a mean score of 3.69 and a standard deviation of 1.173 for the relevant statement. This suggests that respondents perceive advertising as a vital component of their marketing strategies, capable of effectively drawing customers to their products and services. This aligns with the findings of Johnson and Peters (2022), who emphasize the critical role of advertising in shaping consumer perceptions and motivating purchasing decisions. Advertising not only serves to inform potential customers about available products but also positions brands in ways that resonate with consumer needs and preferences.

Respondents also expressed a keen understanding of how marketing helps clarify business products, values, and unique selling propositions, with a mean score of 3.61 and a standard deviation of 1.250. This supports the assertion by Adams et al. (2023) that a well-articulated marketing strategy enables businesses to differentiate themselves in competitive markets. The ability to convey unique business attributes effectively is essential for capturing consumer interest and fostering loyalty, which can ultimately lead to a sustainable competitive advantage.

The survey further highlights that the clarity gained through marketing efforts is essential for understanding customer motivations, as indicated by a mean score of 3.68 and a standard deviation of 1.250. The insight gained from marketing initiatives allows entrepreneurs to tailor their offerings to meet specific customer needs. This sentiment is echoed in recent studies, which indicate that understanding customer motivations is pivotal for enhancing overall customer satisfaction and driving business growth (Kumar & Singh, 2022).

Moreover, the respondents recognized the hazards associated with a lack of a structured marketing strategy, as shown by a mean score of 3.69 and a standard deviation of 1.201. The affirmation that failing to implement a marketing strategy can result in promoting incorrect values, targeting inappropriate audiences, and misunderstanding the competitive landscape underscores the

necessity of a strategic approach to marketing. Porter (2021) notes that an effective marketing strategy is integral to aligning a business's objectives with market realities, ensuring that resources are efficiently used to engage effectively with the right consumers.

The importance of competitive pricing and the use of free samples in capturing and retaining customers is also reflected in the survey, with a mean score of 3.78 and a standard deviation of 1.151. This demonstrates respondents' belief that competitive pricing, when coupled with value-added incentives like free samples, can significantly influence consumer purchasing decisions. Recent analyses by Thompson and Lee (2023) indicate that appealing pricing strategies are pivotal for attracting and maintaining customer loyalty in saturated markets. By providing customers with the opportunity to experience products through complimentary samples, businesses can eliminate barriers to purchase, thereby accelerating customer acquisition and retention.

Finally, the purpose of a marketing strategy as a vehicle for generating product awareness and nurturing customer relationships garnered a mean score of 3.74 and a standard deviation of 1.146. This finding reflects an acknowledgment of the dual role that marketing plays—both in acquiring customers and in developing ongoing relationships with them. According to Baker & Harris (2021), a strategic marketing approach should encompass efforts that extend beyond initial customer acquisition, focusing on relationship management to foster loyalty and long-term patronage.

4.4 Inferential Statistics

Inferential statistics are a set of methods used to make inferences and draw conclusions about a population based on a sample of data. Inferential statistics allow researchers to generalize findings from the sample to the larger population from which it was drawn. In this study, multiple linear regression, a form of inferential statistics, was used to examine the relationship between multiple independent variables and a dependent variable, allowing for predictions and inferences about the population based on the observed sample data.

4.4.1 Model Summary

Table 15: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.887 ^a	.765	.721	.00000

- a. Predictors: (Constant), Product specialization, Marketing strategy, Strategic location, Entrepreneurial skills
b.

Source: Researcher (2025)

The model summary, table 15, presents a regression analysis that examines the impact of product specialization, marketing strategy, strategic location, and entrepreneurial skills on a dependent variable. The correlation coefficient of 0.887 indicates a strong positive relationship among these predictors, suggesting that their effectiveness positively influences the outcome. With an R-squared value of 0.765, approximately 76.5% of the variance in the dependent variable is explained by the predictors, demonstrating their significant explanatory power. The adjusted R-squared of 0.721 further confirms this finding while accounting for the number of predictors, indicating that 72.1% of the variance remains attributable to the model.

4.4.2 ANOVA Analysis

Table 16: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.282	3	71.761	73.621	.000 ^b
	Residual	2.000	290	.618		
	Total	17.282	293			

a. Dependent Variable: Growth

b. Predictors: (Constant), Product specialization, Marketing strategy, Strategic location, Entrepreneurial skills

Source: Researcher (2025)

The ANOVA table 16 provides a comprehensive analysis of the regression model examining the relationship between predictors—product specialization, marketing strategy, strategic location, and entrepreneurial skills—and the dependent variable, growth. The regression sum of squares is 15.282, indicating the variability in growth explained by the model's predictors, while the residual sum of squares is 2.000, which reflects the variability not accounted for by the model. Notably, the regression sum of squares is significantly larger than the residual sum, highlighting a good fit for the model. The model has 3 degrees of freedom for regression, corresponding to the three predictors, and 290 degrees of freedom for residuals, indicating a relatively large sample size that enhances the reliability of the results. Furthermore, the F-statistic of 73.621 indicates a substantial ratio of explained variance to unexplained variance, suggesting that the model fits the data significantly better than one with no predictors. The p-value of .000 confirms the model's statistical significance at conventional levels (e.g., $\alpha = 0.05$), indicating a strong likelihood that the predictors collectively affect growth.



4.4.3 Regression Coefficients

Table 17: Regression Coefficients^a

Model		Standardized				Sig.
		Unstandardized Coefficients		Coefficients	t	
		B	Std. Error	Beta	t	
1	(Constant)	13.908	.497		.733	.000
	Strategic location	.444	.492	.430	51.518	.000
	Marketing strategy	.402	.3.69	.428	65.215	.000
	Product specialization	.396	.289	.336	69.412	.000
	Entrepreneurial skills	.473	.432	.456	54.312	.000

a. Dependent Variable: Growth

Source: Researcher (2025)

The coefficients table 17 presents detailed statistics for the regression model, specifically highlighting the effects of each predictor—strategic location, marketing strategy, product specialization, and entrepreneurial skills—on the dependent variable, growth. The unstandardized coefficients provide insight into the raw impact of each predictor on growth, with the constant term being 13.908. This indicates that if all predictors are zero, the expected growth value is approximately 13.91. Among the predictors, strategic location has an unstandardized coefficient of 0.444, suggesting that for every one-unit increase in strategic location, growth increases by 0.444 units, holding all else constant. Similarly, marketing strategy (with a coefficient of 0.402) and product specialization (0.396) demonstrate positive effects on growth, indicating that improvements in these areas lead to respective increases in growth. Entrepreneurial skills exhibit the highest unstandardized coefficient at 0.473, implying that enhancements in these skills are strongly linked to greater growth outcomes.

The standardized coefficients (Beta) allow for a comparison of the relative strength of the predictors, with values of 0.430 for strategic location, 0.428 for marketing strategy, 0.336 for product specialization, and 0.456 for entrepreneurial skills. These values suggest that entrepreneurial skills have the most substantial influence on growth, followed closely by strategic location and marketing strategy, while product specialization also contributes positively but to a lesser extent. Each predictor's significance is confirmed by the t-values and corresponding p-values (Sig.), all of which are statistically significant at a .000 level, indicating very strong evidence against the null hypothesis that posits no effect of the predictors on growth. This analysis suggests that strategic location, marketing strategy, product specialization, and entrepreneurial skills are all significant factors impacting growth.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of the research finding, the conclusions of the research as well as the recommendations made from the study findings and a suggestion for further study.

5.1 Summary of the Findings

From the study findings, 59.2% of the respondents were male and 40.8% were female. Further, the findings indicated that 20.4% of the respondents are with secondary education, 40.8% with college degrees, and 38.8% with university degrees. Also, the study found that 15.3% of the businesses were less than a year old, 38.8% were 1-5 years old, 27.9% were 6-10 years old, and 18.0% were over 10 years old. The data on organizational roles shows that supervisors make up the largest group (41.5%), followed by managers (35.0%) and owners (23.5%).

5.1.1 Strategic Location and Growth of Selected SMEs

The study's findings reveal that several factors significantly influence the location choices of small and micro enterprises, with customer accessibility emerging as the most critical consideration (mean = 3.83), closely followed by the cost of rent (mean = 3.79). The availability of communication facilities and transportation are also perceived as highly important (both with mean scores of 3.71), highlighting the need for robust infrastructure. Security of the environment is a key concern for entrepreneurs (mean = 3.62), while the availability of operational and packing space appears to be a less universal priority (mean = 0.59), likely varying based on business type. Interestingly, locating near competitors is viewed favorably (mean = 3.76), suggesting an understanding of the benefits of business clustering. Finally, the ease of customer access is consistently reinforced as a vital factor (mean = 3.73).

5.1.2 Product Specialization and Growth of Selected SMEs

Based on the study on the impact of strategic initiatives on the growth of selected small and micro enterprises in Eldoret City, the research findings strongly support the notion that business specialization is perceived as a highly beneficial practice among respondents, with accompanying statistics providing a clear picture of these perceptions. The most notable advantage highlighted is its contribution to operational efficiency, as indicated by the highest mean score of 3.81 with a

standard deviation of 1.157 for the statement that specialization helps businesses become more efficient. This efficiency gain is also seen as leading to reduced overhead costs, reflected in a mean score of 3.77 standard deviation 1.217 for the associated statement. Beyond efficiency and cost savings, specialization is viewed as improving both profitability and productivity, with mean scores around 3.72 standard deviations ranging from 1.174 to 1.222 for statements regarding profitability and productivity maximization. Furthermore, by focusing on specific, high-quality products, specialized businesses are thought to attract more customers who value expertise and distinctiveness, also supported by mean scores around 3.72. Respondents also believe that specializing in a single product line helps businesses build a strong identity and foster customer trust, supported by a mean score of 3.69 standard deviation 1.251.

5.1.3 Entrepreneurial Skills on the Growth of Selected SMEs

Effective leadership skills, crucial for fostering teamwork, trust, and direction, were perceived as particularly important, evidenced by a high mean score of 3.72. This aligns with existing research highlighting the link between strong leadership, employee engagement, and innovation. Similarly, the importance of persistence and motivation in navigating challenges and ensuring long-term success was strongly recognized, with a mean score of 3.76, underscoring the entrepreneurial understanding of resilience. Good communication skills, essential for managing relationships with various stakeholders, were also seen as vital, receiving a mean score of 3.67, consistent with research emphasizing their role in enhancing organizational effectiveness.

Beyond interpersonal and intrinsic qualities, the study also shed light on the perceived value of strategic and risk-taking abilities. While risk-taking skills, in terms of seizing new markets and exploring niches, showed a moderate level of agreement among participants with mean scores around 3.62 and 3.63, this still indicates an acknowledgment that embracing calculated risks is important for growth and innovation. This aligns with research suggesting that successful entrepreneurs often leverage uncertainty for new opportunities. Furthermore, strategic planning skills were highly regarded, particularly the ability to set realistic objectives and assign time limits (mean score 3.74), and the capacity to set benchmarks and KPIs (mean score 3.62), highlighting the perceived necessity of structured planning for achieving objectives and maintaining accountability.

Finally, the research underscored the importance of financial acumen in the success of small and micro enterprises. Financial management skills, critical for effective resource utilization and allocation, were recognized with a mean score of 3.67. This finding reinforces the understanding that sound financial oversight is crucial for the sustainability of entrepreneurial ventures, especially in dynamic market conditions, as supported by existing studies. Overall, the findings indicate that entrepreneurs in Eldoret City value a combination of leadership, resilience, communication, calculated risk-taking, strategic planning, and financial management skills as essential for driving the growth and survival of their businesses.

5.1.4 Marketing Strategies on the Growth of Selected SMEs

The study's findings reveal a strong consensus among small and micro enterprises regarding the significant impact of various marketing strategies on their growth. Specifically, respondents perceived social networking and digital promotion as highly effective in attracting and widening market niches, supported by a mean score of 3.80. Advertising was also considered a vital component for influencing customer attraction, with a mean score of 3.69. Entrepreneurs expressed a clear understanding of how marketing helps clarify business products, values, and unique selling propositions (mean of 3.61), which aids in market differentiation. Furthermore, marketing efforts were deemed essential for understanding customer motivations (mean of 3.68), enabling businesses to tailor their offerings. The potential hazards of lacking a structured marketing strategy, such as promoting incorrect values and targeting inappropriate audiences, were recognized as significant (mean of 3.69). The importance of competitive pricing and free samples in capturing and retaining customers was also highlighted (mean of 3.78). Finally, marketing was understood to serve the dual purpose of generating product awareness and nurturing customer relationships (mean of 3.74). Based on these findings, it can be concluded that small and micro enterprises in Eldoret City recognize the critical role of marketing in their success. The emphasis on digital marketing, the need for strategic planning, the importance of understanding customer needs, and the value of tangible incentives like competitive pricing and free samples are all key takeaways. This highlights the necessity of a comprehensive marketing approach for sustainable growth. To support these businesses, it is recommended that support organizations prioritize training and resources in digital marketing and strategic marketing planning. Furthermore, efforts should be made to equip entrepreneurs with skills in customer-centric marketing, emphasize the importance of competitive pricing and value-added strategies, foster a culture of relationship

marketing, and facilitate access to affordable advertising channels. By focusing on strengthening these marketing capabilities, stakeholders can significantly contribute to the enhanced performance and resilience of small and micro enterprises in Eldoret City.

5.2 Conclusions of the Research Study

Based on the study findings, the study concluded that entrepreneurship is underpinned by a strong consensus on the critical importance of effective leadership, persistence, and communication skills. These interpersonal and intrinsic qualities are deemed fundamental for cultivating a motivated workforce, navigating obstacles, and building robust stakeholder relationships, all crucial for business prosperity. Further, while acknowledging the role of risk-taking in exploring new opportunities, the study concluded that entrepreneurs strongly emphasize the necessity of strategic planning and financial management skills, recognizing the need for structured methodologies and sound financial oversight to guide business growth and ensure sustainability. Additionally, the study concluded that business specialization is a highly effective strategic initiative with multifaceted benefits that can significantly contribute to the growth of small and micro enterprises. Finally, it was concluded that when selecting business locations, entrepreneurs prioritize factors directly impacting customer reach and operational costs. While infrastructure, security, and the strategic advantage of clustering near competitors are also significant, the practicalities of customer accessibility and rental expenses appear to be paramount.

5.3 Recommendations of the Research Study

- i. It is recommended that support for small and micro enterprises focus on providing guidance and resources related to identifying locations with high customer accessibility at affordable rental costs, while also emphasizing the importance of infrastructure, security, and the potential benefits of strategic clustering.
- ii. The study recommends that small and micro enterprises in Eldoret City consider adopting specialization strategies, focusing on areas like operational efficiency and cost reduction.
- iii. It is suggested that support organizations should promote awareness and provide resources for implementing specialization, and that further research explore sector-specific specialization effectiveness.
- iv. Support organizations and entrepreneurial development programs should prioritize training and mentorship in effective leadership, persistence, and communication skills, recognizing

their foundational importance. These programs should aim to equip entrepreneurs with the tools and knowledge to build strong teams, maintain motivation in the face of adversity, and communicate effectively with all relevant parties.

- v. Increased emphasis should be placed on developing strategic planning and financial management capabilities among entrepreneurs. This could involve providing access to resources, workshops, and expert advice on setting realistic objectives, implementing strategic planning frameworks, and improving financial literacy and management practices.

5.4 Suggestions for Further Research

The study suggests further research on investigating the sector-specific effectiveness of different specialization strategies, assessing which approaches yield the most significant benefits in terms of operational efficiency and cost reduction within different industries. Also, future studies could explore the dynamics and benefits of strategic clustering for small and micro enterprises, examining how proximity to competitors influences market dynamics, resource sharing, and overall business success.

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APPENDICES

Appendix I: Informed Consent

I am **Cosmas K. Sang**, a master student at Mount Kenya University. I am conducting a study on **“Impact of strategic initiatives in selected small and micro enterprises in Eldoret City; Uasin Gishu; Kenya”**

I kindly wish to inform you that the study is partial fulfillment of my master degree program. I recruit you to conveniently and freely participate in this study and am seeking your consent. Confidentiality will be maintained by using code numbers rather than names and information gathered will not be revealed to anybody. Participation in the study is voluntary. The project poses no any risks to the participants.

Before I involve you in this study, I kindly request you to sign the declaration below.

I have read the purpose and I hereby agree/disagree to participate in this study.

Respondent (coded)

Sign.....

Date.....

Principal investigator

Name:

Sign.....

In case of any complaints or further clarifications, kindly conduct the;

Chairman,

Mount Kenya University,

Ethics Review Committee,

P.O Box 342-0100

Thika.

APPENDIX II: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Gender

Male Female

2. What is the level of your education? (Tick as appropriate)

Primary Secondary

College Bachelor's Degree

3. Period of time in which this business has been in operation.

Less than 1 year 6 – 10

1 – 5 years Over 10 years

4. Kindly state your position in the business.

Owner Manager Supervisor

SECTION B: Influence of Strategic location on growth of SMEs

5. To what extent do the following factors influence the location of SMEs?

1. Not at all 2. To a lesser extent 3. To a fairly large extent 4. To a large extent 5.

To a very large extent

Statement	1	2	3	4	5
Customer accessibility influences the location of my business.					
The cost of rent influences the location of my business.					
The availability of communication facilities influences the location of my business.					
Transport availability affects the location of my business.					
The availability of a secure environment determines the location of my business.					
The availability of operational and packing space affects the location of my business.					
It can be beneficial to locate my business near competitors.					
The ease of customers accessing the premises determines the location of my business.					

SECTION C: Influence of Product Specialization on the growth of SMEs

6. To what extent do product specializations influence the performance of SMEs?

1. Not at all 2. To a lesser extent 3. To a fairly large extent 4. To a large extent 5.

To a very large extent

Statement	1	2	3	4	5
It is more profitable if my business specializes in one product line.					
Businesses specializing in one product line reduce overhead costs.					
Specialization helps businesses maximize productivity.					
A business known for producing specialized quality products attracts more customers.					
Specialization helps businesses become more efficient.					
Increased specialization efficiency results in products of lower competitive prices.					
Businesses that specialize in one product line create an identity and establish customer trust.					
Specialization helps businesses strengthen market niche positions by generating competitive products.					

SECTION D: Influence of Entrepreneurship Skills on growth of SMEs

7. To what extent do entrepreneurship skills influence the performance of SMEs?

1. Not at all 2. To a lesser extent 3. To a fairly large extent 4. To a large extent 5.

To a very large extent

Statement	1	2	3	4	5
Risk-taking skills allow entrepreneurs to seize new markets.					
Risk-taking skills allow entrepreneurs to explore untapped niches and position their businesses uniquely.					
Good communication skills are essential for managing productive relationships with staff, customers and stakeholders.					
Effective leadership skills in business promote teamwork, inspire trust and provide direction.					
Strategic planning skills help businesses set benchmarks and key performance indicators (KPIs) necessary to meet their goals.					
Financial management skills help businesses in effectively utilizing and allocating funds received and acquired.					
Strategic planning skills help a business set realistic objectives and assign stipulated time limits.					
Persistence and motivation skills influence the survival and growth of my business.					

SECTION E: Influence of Marketing Strategy on growth of SMEs

8. To what extent do marketing strategies influence the performance of SMEs?

1. Not at all 2. To a lesser extent 3. To a fairly large extent 4. To a large extent 5.

To a very large extent

Statement	1	2	3	4	5
To what extent does the advertisement of your business influence the attraction of your customers?					
Social networking and digital promotion greatly attract and widen the market niche.					
Marketing helps me understand who my customers are and what motivates them.					
Marketing brings clarity about my business products, values, and what makes it unique.					
Marketing skills help position my products competitively in the market niche.					
Without a marketing strategy, I risk promoting the wrong values, selling to the wrong audience, and misunderstanding my competitors.					
Competitive pricing and offering of free samples capture and retain more customers.					
The purpose of marketing strategy is to generate product awareness, nurture good customer relationships, and convert leads into paying customers.					

SECTIOND: Business Performance

9. Indicate your best estimate of the business position on average, relative to that of close competitors over the past two years:

1. Much worse 2. Worse 3. Average 4. Better 5. Much better

Statement	1	2	3	4	5
The number of customers has increased over the last two years.					
Customer loyalty and complements have increased significantly over the past two years.					
The market share proportion has increased over the last two years.					
Sales turnover has continued to increase over the last two years.					
Sales service efficiency has increased over the last two years.					
Net profit after taxes has increased over the last two years.					
Financial liquidity has increased over the past two years.					
The level of service production has increased over the last two years.					

Appendix III: ERC Clearance Letter



REF: MKU/ISERC/4622
TO: COSMAS K. SANG

Date: 03 December 2024

REG: MBA/2017/74648

Dear Sir/Madam,

RE: IMPACT OF STRATEGIC INITIATIVES ON THE GROWTH OF SELECTED SMALL AND MICRO ENTERPRISES IN ELDORET CITY, UASIN GISHU COUNTY, KENYA

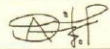
This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **3344**. The approval period is **03/12/2024 - 02/12/2025**.

This approval is subject to compliance with the following requirements;

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,



Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC



Appendix IV: Introduction Letter



DIRECTORATE OF GRADUATE STUDIES

MBA/2017/74648

04th December, 2024

National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA

Dear Sir/Madam,


RE: COSMAS K. SANG - REGISTRATION NO. MBA/2017/74648

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is **“Impact of Strategic Initiatives on the Growth of Selected Small and Micro Enterprises in Eldoret City, Uasin Gishu County, Kenya.”** It has been cleared by the University’s Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **December, 2024 and February, 2025**.



Any assistance accorded to the student will be highly appreciated.

Thank you.


Dr. Samuel M. Karenga, PhD
Director, Graduate Studies
Enc.



Appendix IV: Research Permit





REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 515246
Date of Issue: 30/December/2024


RESEARCH LICENSE




This is to Certify that Sr., Cosmas Kiprotich Sang 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 Uasin-Gishu on the topic: ANALYSIS OF STRATEGIC INITIATIVES' IMPACT ON THE GROWTH OF SELECTED SMALL AND MICRO ENTERPRISES IN ELDORET CITY, UASIN GISHU COUNTY, KENYA for the period ending : 30/December/2025.

License No: NACOSTI/P/24/414739

515246
Applicant Identification Number


Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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See overleaf for conditions

Appendix V: Similarity Index

IMPACT OF STRATEGIC INITIATIVES ON THE GROWTH OF SELECTED SMALL AND MICRO ENTERPRISES IN ELDORET CITY, UASIN GISHU COUNTY, KENYA

by Cosmas Sang

Submission date: 10-Jul-2025 05:34PM (UTC+0300)
Submission ID: 2668133960
File name: COSMAS_SANG_FINAL_PROJECT.docx (4.59M)
Word count: 20009
Character count: 116538

IMPACT OF STRATEGIC INITIATIVES ON THE GROWTH OF SELECTED SMALL AND MICRO ENTERPRISES IN ELDORET CITY, UASIN GISHU COUNTY, KENYA

ORIGINALITY REPORT

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