FACTORS AFFECTING GROWTH OF SMALL SCALE REAL ESTATE COMPANIES IN TRANS - NZOIA COUNTY: A CASE OF SETMARK PROPERTIES

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DECLARATION

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

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This research project has been submitted for examination with my approval as a university supervisor.

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DEDICATION

This research is dedicated to my wife Lillian Livondo, Children Cedric Malesi, Kean Malesi and Adrian Malesi for their understanding of my scarcity at home to complete this study.
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ABSTRACT

The small enterprise sector has an important role to play in economic development, poverty alleviation and job creation. The sector faces a number of constraints especially in accessing finance, markets; training and technology that greatly affect their performance. Researches carried out earlier on small-scale enterprises also reveal that the performance of a number of them is less than satisfactory. There are many other areas where SMEs seem to be picking well. For instance, with development of information technology in the world, Kenya is slowly and steadily moving towards embracing technology. It is evident in the major towns of Kenya with the rate at which cyber café and other information and communication technology businesses are coming up though much is still to be done in the small scale industry. Various local studies have been conducted by Wasonga (2008) who did a study on challenges influencing small and medium enterprises (SMES) in Kenya. There is limited information available on factors affecting the growth of small scale real estate companies in Kenya. Therefore, this study sought to establish factors affecting the growth of small scale real estate companies, a case of Setmark properties Limited in Trans - Nzoia County, Kenya. This research adopted a descriptive research design where the population of interest was the employees of the company. The design is deemed appropriate because the main interest was to establish factors affecting the growth of small scale real estate companies in Kenya with a focus on Setmark properties ltd in Trans - Nzoia County, Kenya. The target population for this study was 51 staff working with the company. Census survey was used to select 51 respondents. The researcher used the questionnaire as the primary data collection instrument. The questions were designed to collect qualitative and quantitative data and content and descriptive analysis employed. The content analysis was used to analyze the respondents’ views about the factors affecting the growth of small scale real estate companies in Kenya with a focus on Setmark properties ltd in Trans - Nzoia County, Kenya. A frequency distribution table was informative to summarize the data from respondents, percentages and other diagrams such as bar charts, histograms, grouped frequency distributions and pie charts used during the analysis. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. Significantly, the study established that access to marketing information services, technology, managerial training and experience in SME sector, have a positive influence on the growth of small scale real estate companies in Kenya while poor government policies and regulations negatively affects the growth of small scale real estate companies in Kenya. The management of financial institutions should consider reviewing their policies regarding access to finance by SMEs and entrepreneurs in the sector should seek for advancement of their technological expertise.
CHAPTER ONE

INTRODUCTION

1.0 Introduction
This chapter explores the background of the study, statement of the problem, general study objectives, specific objectives, research questions and the significance of the study. It covers scope and limitations of the study. Most importantly, it explores factors affecting the growth of small scale real estate companies in Kenya with a case study focused on Setmark properties limited in Trans - Nzoia County, Kenya.

1.1 Background of the Study

1.1.1 Factors affecting Growth of SMEs
The importance and contribution of SMEs to achieving macroeconomic goals of nations, especially in developing nations, has attracted the attention of scholars in the entrepreneurship discipline in recent years (Shelley, 2004). A complex global environment in which SMEs survive, grow and thrive is, therefore, considered an important objective of policy makers in both developed and emerging economies around the world. SMEs are generally known for their labour intensive activities and also for use of local resources. However, these factors are also responsible for certain factors that amounted to lack of competitiveness in the light of globalization (Eeden, 2004). Support for SMEs is a common theme because it recognizes that SMEs contribute to the national and international economic growth.

Lambin (2000) observed that historically, the informal and small business sector has played an important role in the process of labor absorption. Due to the important role played by the small business, the South African government has put into place programmes to encourage
growth of the sector interventions such as creation of an enabling legal framework, access to markets, finance, training, infrastructure, capacity building, taxation and financial incentives among others (Eeden, 2004). Bennet (1999) noted that the successful small businesses are critical to maintaining a robust economy. Bennet (1999) continued to observe that the small businesses are recognized in America for not only building the economy but also bolstering democracy, self-reliance and independence. He attributed the high prevalence of entrepreneurial and small business activity to the American economy, favorable cultural and historical background. Baumbark (1979) in an article on small business in U.S. history observed that for more than a century, the government had implemented laws aimed at preventing big businesses from competing unfairly with small business.

Support for SMEs can certainly translate into support for entrepreneurial activity. Increasing business competition, in particular against large and modern competitors, and place SMEs in a vulnerable position. In developing countries, most SMEs operate along traditional lines in production and marketing. It has been argued that the main problem for SMEs in developing countries is not their small size but their isolation, which hinders access to markets, as well as to information, finance and institutional support. Lack of capital, lack of skills, and problems in business development are some of the problems experienced by SMEs. Internal limitations, including capital shortage, old equipment and outdated technology have hindered the development of SMEs. Despite the fact that some SMEs have declined or stagnated, others have been growing and successful.
1.1.2 Concept of SMES Growth

Growth is the single top strategic priority for many firms (The Economist Intelligence Unit, 2000). Yet growth, as Simons (1999) has observed, is inherently risky. Even when supported by operational policies, growth exerts pressure on a firm's infrastructure and employees, which increases the risk of mistakes by acts of either omission or commission. These mistakes cost money, and destroy value.

A number of obstacles militate against attainment of growth in the general business, notably, hostile economic environment. Relentless advertising campaign can take a company to the next level of growth. Research by Simons (1999) has also shown that advertising expenditure is justified going by the positive effects such expenditure has on a company's performance. Furthermore, the message and the format have also been found to be critical ingredients of a successful advertising program.

SME growth is often closely associated with the firm’s overall success and survival. Growth has been used as a simple measure of success in business. Growth is the most appropriate indicator of the performance for surviving small firms. Moreover, growth is an important precondition for the achievement of other financial goals of business. From the point of view of an SME, growth is usually a critical precondition for its longevity. Young firms that grow have twice the probability of survival as young non-growing firms. It has been also found that strong growth may reduce the firm’s profitability temporarily, but increase it in the long run (Parker, 1989),

However, there are several conceptual and empirical challenges in the study of a firm’s growth. Firm’s growth in general refers to increase in size. In research, firm growth has been
operationalized in many ways and different measures have been used. This may be one reason for the contradictory results reported by previous studies, though other explanations have also been presented. The most frequently used measure for growth has been change in the firm’s turnover.

It has also been found that these measures, which are frequently used in the SME context, are strongly intercorrelated. Such an intercorrelation may not exist among capital-intensive large companies. Most studies of firm growth have focused on large companies or new venture, while the growth of established, long-lived SMEs seems to have attracted much less attention. In fact, many organizational life cycle models present growth as one stage of development in the organizational life cycle. On the other hand, it has been shown that most new jobs are created by existing, not new, SMEs. However, previous studies of SME performance have focused on the performance of new ventures rather than on existing SMEs and on the factors behind their longevity and growth (Scott, 1994).

1.1.3 Context of SMES in Kenya

Medium enterprises constitute a category difficult to demarcate vis-à-vis the "small" and "big" business categories. The SME industry in Kenya is characterized by the employment of between 50 to 200 employees and capital assets of a substantial amount of about Ksh. 2 million (excluding property). There is no standard definition of SME in Kenya. Lenders definitions vary, but typically they define SMEs as businesses with 6 to 50 employees or with annual revenues less than 50 million Kenyan shillings, (RoK, 2013). Regardless of the quantitative definition, it is agreed by virtually all stakeholders in this market that SMEs in Kenya are the “missing middle”. Their size and credit demand have outgrown the capacity of
microfinance institutions, which offer small, short loans via group-lending methodologies, while the capacity of the SME risk profile combined with the lenders’ lack of sophisticated risk assessment techniques makes many of them appear undesirable as credit customers for business banking, (GoK, 2012). This study seeks to determine factors affecting the growth of small scale real estate companies in Kenya with a special focus on Setmark properties ltd in Trans - Nzoia County, Kenya

1.2 Statement of the Problem

The small enterprise sector has an important role to play in developing economies not only in economic development, but also in poverty alleviation and job creation. The sector faces a number of constraints especially in accessing finance, markets, training and technology. The sector faces both problems and opportunities that affect their performance. However, research carried earlier on small-scale enterprises reveal that the performance of a number of them is less than satisfactory. Research conducted in Nairobi by Nyambura (1992) established that finance, manpower and marketing were among the most highly ranked problems facing small enterprises in the manufacturing sector. In a study carried out in Machakos, Mbuvi (1983) established that family size which is a component of culture affected the business performance. Large families were found to withdraw large sums of money from the business to support their families with food, clothing, education and other needs leaving little to finance business operations.

The main question posed by this study is: What solutions can be offered to the plight of small enterprises in Kenya? Policies should aim at encouraging and promoting the development of local technologies. Because of their size and resource limitations, SMES are unable to
develop new technologies or to make vital changes in existing ones. Besides this, there is evidence that SMEs have the potential to initiate minor technological innovations to suit their circumstances.

Kenya has a developing economy, agriculture being the chief economic activity. Most of people in Kenya work in the agricultural sector. Some practice subsistence farming while a very small number practice large-scale farming. Some people work as wage laborers in farms or plantations and depend on the small wages with lots of straining to meet their basic needs. For those who practice small scale farming, their source of income is mainly from the sale of farm produce. Some are in small businesses like selling of agricultural goods in market places while others trade in livestock and selling of milk. There are several small businesses related to the Agricultural sector (Parker, 1993).

There are many other areas where SMEs seem to be picking well. For instance, with development of information technology in the world, Kenya is slowly and steadily moving towards embracing technology. It is evident everywhere in the major Kenyan towns with the rate at which cyber café and other information and communication technology businesses are coming up. Much has to be done to bring the entrepreneurs to the level of success in the small scale industry.

Various local studies have been conducted by Wasonga (2008) who did a study on challenges influencing small and medium enterprises (SMES) in Kenya: the Fina Bank experience. Muua (2009) researched on the significance of training for skills required to be effective in export marketing by Small and micro enterprises (SMES) exporting locally manufactured products in Kenya and finally, Mulinge (2009) did a survey on marketing practices adopted
by SMES dealing with clothing and footwear: a case of Makueni District. There is limited information available on factors affecting the growth of small scale real estate companies in Kenya. Therefore, this study sought to establish factors affecting the growth of small scale real estate companies in Kenya with a focus on Setmark properties ltd in Trans - Nzoia County, Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to establish factors affecting the growth of small scale real estate companies in Kenya with a case study focused on Setmark properties limited in Trans - Nzoia County, Kenya

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

i. To determine effects of access to marketing information services on the growth of Setmark properties limited in Trans - Nzoia County, Kenya.

ii. To examine the effects of Managerial Training and experience on the growth of Setmark properties limited in Trans - Nzoia County, Kenya.

iii. To determine the extent to which Government Policies and Regulations affects the growth of Setmark properties limited in Trans - Nzoia County, Kenya.

iv. To establish the effects of capital input and access to finance / credit on the growth of Setmark properties limited in Trans - Nzoia County, Kenya.

v. To assess the effects of technology on the growth of Setmark properties limited in Trans - Nzoia County, Kenya.
1.4 Research Questions

The study sought to answer the following research questions

i. To what extent does access to marketing information services affect the growth of Setmark properties limited in Trans - Nzoia County, Kenya?

ii. To what extent does managerial training and experience affect the growth of Setmark properties limited in Trans - Nzoia County, Kenya?

iii. To what extent do government policies and regulations affect the growth of SMEs of Setmark properties limited in Trans - Nzoia County, Kenya?

iv. To what extent does capital input and access to finance / credit affect the growth of Setmark properties limited in Trans - Nzoia County, Kenya?

v. To what extent does a technological change affect the growth of Setmark properties limited in Trans - Nzoia County, Kenya?

1.5 Significance of the Study

The research findings would contribute to a better understanding of factors affecting the growth of small scale real estate companies in Kenya. This may enable focused intervention strategies and also coordinate efforts aimed at facilitating growth of small scale real estate companies in Kenya. Growth of the sector may go a long way in helping solve problems of unemployment, poverty reduction and increase rural incomes through value addition.

The findings of this study will be of great importance to policy makers as they will get enlightened on the factors affecting the growth of small scale real estate companies in Kenya, this will assist them in designing policies that affect growth of small and medium enterprise.

The finding of the study will be of great importance to future scholar’s and academicians as it will form the basis for future research and also provide literature for future research.
1.6 Scope of the Study

The scope of this study was Setmark Properties Limited in Trans - Nzoia County, Kenya, where the study sought to establish factors affecting the growth of small scale real estate companies in Kenya within a time scope of 60 days. The researcher believes that the staff of Setmark Properties Limited gave an insight on factors affecting the growth of the company that is closely applicable to the other companies in the small scale real estate sector in Kenya.

1.7 Limitation of the study

Some of the questionnaires given were not returned. To overcome this limitation, the researcher waited for the questionnaire as he interviews the respondents. In addition, the company’s rigid policies and regulations posed a limitation as the respondents were not free enough to give information. The Researcher overcame this limitation by producing and showing of his University identification card which helped to introduce him to the management of the company.

1.8 Chapter Summary

This chapter has reviewed the background of the study on factors affecting the growth of small scale real estate companies in Kenya. It has also reviewed the statement of the problem, the objective of the study, research questions and justification of the study scope and limitation of the study.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the existing literature, information and publication on the topic related to the research problem by accredited scholars and researchers. This section examines what various scholars and authors have said about factors affecting the growth of small scale real estate companies in Kenya, in particular it covers the theoretical review of literature, empirical review of the literature, critical review, summary, research gaps and conceptualization of the research problem.

2.1 Theoretical Review

This is a collection of interrelated ideas based on theories. It is a seasoned set of propositions which are derived from and supported by data or evidence (Kombo & Tromp, 2006). This study will be guided by the following theories.

2.1.1 Theory of the Firm

The basic theory of the firm defines a production function to represent the technological relationship by which production inputs are efficiently transformed into the output of goods and services. Various inputs and outputs in this reference may refer to inputs (such as labor, equipment, raw materials,) to obtain outputs (goods, services). The basic premise in the theoretical literature is that the stock of transport infrastructure available enters the production process as an unpaid input, directly contributing to firm production. An obvious example is public roads that are available free of charge to industrial and commercial activities. On the other hand, transport infrastructure is considered to enter the production process as a factor that augments the productivity of other inputs employed by firms.
Therefore, improvements in transport infrastructure can generally be regarded as an increase in the technology of production that could enhance the overall productivity of affected businesses. Better transportation systems, for instance, enable the movement of goods and workers to be more efficient (Calderon and Serven, 2003).

2.1.2 The Classical Models of Industrial Location Theory
The classical models of industrial location theory state that transport costs play a significant role in determining industrial locations (World Bank, 2010). The chosen location of profit-maximizing firms is the location at which the total costs for running an enterprise are minimized; in this context the cost of transporting inputs and outputs if minimized may lead to profitability. Taking this theoretical consideration, it is reasonable to form a conclusion that fundamentally, transport infrastructure investment can enhance the attractiveness of a region as a location for new establishments or the expansion of businesses in several different ways. For example, improvements in the quality and density of a transportation network can reduce a firm’s production costs by offering lower transport costs of obtaining inputs from suppliers. Business enterprises locating in a region with major transportation access would be able to reach a larger Market and hence achieve better economies of scale. A reduction in travel time variability associated with transport network improvements could be an important factor attracting businesses that operate on a just-in-time strategy (Munnell, 2010).

2.1.3 Residential Location Theory
Explains why individuals or households choose and prefer some places in which to reside, rather than other places. It is assumed that households maximize their utility or satisfaction in choosing a residential location. Their location choice is primarily driven by the costs of land, local amenities, public services, and commuting, given budget constraints, (Aschauer, 2009).
The theoretical foundation is traditionally based on the mono-centric model assuming that land prices and rental fees tend to fall with distance from a central business district, where employment activities locate. Households decide how far to reside from the city centre, by trading off between the amount of housing they can buy or rent out and their commuting costs (vehicle operating costs and opportunity costs). If they live further from the centre, the costs of commuting are more expensive but land cost or rental fees is cheaper, or vice versa. The mono-centric model predicts that households may locate their residence further away from the employment centre in response to a decline in commuting costs. Obviously, transport costs play a crucial role in influencing household location choices in this model of residential location, (Calderon and Serven, 2003).

The major role that investment in transport infrastructure supply plays in attracting households to a region is twofold. On the one hand, investment in transport affects households’ location decision through the provision of a residential amenity. Transportation facilities can serve as public goods to be consumed by people residing in an area where they provide transport services. The extent to which transportation investment reduces travel times and costs for access to jobs, goods markets, public services, and other activities (i.e. social, leisure) can be thought of as a proxy for the quality of living and working environment. On the other hand, transport infrastructure investment could stimulate inward investment and expansion of local business, which represent job and income opportunities, thereby attracting households to enter the region. In sum, transport improvements such as the provision of high quality roads could increase household in-migration and/or halt out-migration directly by
improving an amenity, and indirectly by inducing more business activities and employment, (Calderon and Serven, 2003).

2.1.4 Theoretical Framework

2.2 Empirical Review

2.2.1 Access to Business Information Services

Access to business information services has been identified as one area that needs attention from governments and business services providers if the SME sector in developing countries is to achieve sustainable levels of growth and development. Many firms in Africa operate in an information-poor environment due to lack of adequate business support services and the poor information technological infrastructures (Oshikoya and Hussain, 2007). Access to information has however been not given the same attention as other constraints to growth of SMEs like access to finance, markets, technology or training.

Accessing business information services has over the years been greatly enhanced with the emergence of various information and communication technologies. In developed countries, because of well-developed information and communication technologies (ICTs) infrastructure and easy access to computer hardware and software, SMEs enjoy easy access
to business information services. In developing economies there are many challenges regarding ICTs infrastructure and the cost of IT hardware and software. This in itself has created many problems in the area of business information services for the SME sector. As governments and business service providers try to address the many challenges facing the SME sector, it is also important that the present use of ICTs in accessing business information services be identified in order to provide more development support in this area (Levy, 2000).

Lack of sufficient market information poses a great challenge to small enterprises. Despite the vast amount of trade-related information available and the possibility of accessing national and international databases, many small enterprises continue to rely heavily on private or even physical contacts for market related information. This is due to inability to interpret the statistical data and poor connectivity especially in rural areas.

Since there is vast amount of information and only lack of statistical knowledge to interpret and Internet connectivity, small enterprise entrepreneurs need to be supported. With connectivity being enhanced (by connecting Kenya globally through Fiber Optic Cable project) there is renewed hope for the SMEs.

A wide range of activities have been undertaken by business support organisations to improve the information environment of SMEs so that they are able to respond more readily to market signals (Committee of Donor Agencies, 2001). These include support for attendance at trade fairs and business exhibitions, one-stop information shops, distribution of printed information, and support for learning visits to improve the information flow from business associations. Schleberger (1998) recommended that the scope of business
information services should include: information on business trends and markets, information on business organization, advisory services on legal and regulatory aspects, business management, customer service, business expansion and diversification and technology, identification and communication of business opportunities, providing access to linkages, finance, markets and facilitation of business partnerships.

Schleberger (1998) further stated that information has to be focused and precise and that it has to be needs based. Information has to be presented in both written and spoken form taking into account that vernacular languages may play an important role and that accessibility must take into account the social networks in which SMEs exist. The development of fully-fledged business information services in many businesses is however hampered by many problems. Kinnell et al. (1994) identified some of these problems in a study of marketing business information services to SMEs as: backward computer and communication industries, inadequate information resources and low utilization, poor information awareness among the public, immature information markets, and lack of information policies/or the need to adjust and intensify them.

2.2.2 Managerial Training and Experience
Many SMEs owners or managers lack managerial training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Hill, 1987). Although this attitude is the key strength at the start-up stage of the enterprise because it provides the creativity needed, it may present problems when complex decisions have to be made. A consequence of poor
managerial ability is that SME owners are ill prepared to face changes in the business environment and to plan appropriate changes in technology.

Majority of those who run SMEs are ordinary lot whose educational background is lacking. Hence they may not well be equipped to carry out managerial routines for their enterprises (King and McGrath, 2002). Management skills relate to the owner/manager and the enterprise. Bennet (1997) defines management as concerned with the deployment of material, human and finance resources with the design of organization structure. Haimann (1977) looks at management as a process of getting tasks accomplished with and through people by guiding and motivating their efforts.

Education and skills are needed to run micro and small enterprises. Research shows that majority of the lot carrying out micro and small enterprises in Kenya are not quite well equipped in terms of education and skills. Studies suggest that those with more education and training are more likely to be successful in the SME sector (King and McGrath 2002). As such, for small businesses to do well in Kenya, people need to be well informed in terms of skills and management. SMEs in ICT appear to be doing well with the sprouting of many commercial colleges offering various computer applications. Further, studies show that most of those running SMEs in this sector have at least attained college level education (Wanjohi and Mugure, 2008).

Management is therefore necessary to enable group or business goals to be accomplished through the functions of planning, staffing, directing, controlling activities and coordinating. Personal characteristics of the owner/manager were interpreted by Larson and Clute (1979) as lack of experience among small business managers who happen to be the owners leading
to poor performance and consequently to business failure. Bamback and Lawyer (1979) also identified poor management as the root cause of many failings and poor performance of small business.

Nzioka (1995) in the role of education in business performance notes that one of the things that hold back the development of small – business is the need for better management. Good management means need for proper planning, control, organizing skills and proper staffing with qualified and competent employees.

Harper (1984) observes that the growth of many enterprises of all sizes, suggest that the scarcity of competent managers is a more serious constraint on economic development. As the enterprise becomes larger, the more need for managers to plan, coordinate and control the activities of the enterprise. The owner who is likely to be the manager of the small enterprise may not have the training, skills and experience to steer the operations of the business successfully hence affecting business performance. He/she may operate in a very rigid environment sometimes not dictated by sound business and management decision but by social and cultural norms. The inability to keep proper records, to separate business operations from personal, manage cash flow and growth is likely to affect the business performance.

2.2.3 Government Policy and Regulations
The Kenya government’s policy for industrialization and commerce soon after independence in 1963 was geared towards expansion of overall output focusing on large scale enterprises (Aleke, 2003). According to this policy, the assumption was that only such enterprises could contribute towards growth. It was however much later in the 1970’s that it was realized that the large enterprises were not growing fast enough to solve unemployment problems.
Attention was thereafter focused on small enterprises. The government policy before and thereafter has not been very favorable to the small enterprises. Harper (1984) observes that governments that are concerned with the promotion of small enterprises should examine the impact of their policies and programs on the small businesses. Mann et. al (1989) makes similar observation that government regulation about wages, taxation, licensing and others are among the important reasons why informal sector business develops. Without careful attention, government policies could crush the small business sector of any economy.

The national policy and regulatory environment has an important impact on technology decisions at the enterprise level. The structural adjustment programs (SAPs) implemented in many African countries are aimed at removing heavy policy distortions, which have been viewed as detrimental to the growth of the private sector. SAPs tend to severely affect vulnerable groups in the short run and have been associated with the worsening living conditions in many African countries (USAID 1991).

The findings in the study by Wanjohi and Mugure (2008) indicate that business environment is among the key factors that affect the growth of SMEs. Unpredictable government policies coupled with ‘grand corruption,’ high taxation rates, all continue to pose great threat, not only to the sustainability of SMEs but also to the Kenyan economy that was gaining momentum after decades It is therefore the government’s responsibility to ensure that its policies are helping and not hurting enterprises, creating conditions for the small business to flourish. Licensing, permits and business regulations for instance are major challenges facing small enterprises. While commenting on the need to remove some council licenses, The Ministry of Trade and Industry P.S, David Nalo (Daily Nation November 24, 2006) observes
that many costly permits hamper private sector growth and competitiveness. Some permits and licenses exist for historical reasons while others exist for reasons that are no longer valid.

A report on licenses and permits (*Daily Nation*, February, 24, 2005), reported that the complex licensing regime has impeded economic development. Transportation of agricultural produce across several local authorities for example, one is required to get a permit from each local authority. This has the effect of increasing costs of doing business. Kenya’s Ministry of Finance P.S Joseph Kinyua while acknowledging the problem exists notes that obtaining these licenses is time consuming, cumbersome, and costly and causes delays in starting new businesses hence hampering private sector competitiveness.

The Kenya Association of manufacturers makes similar observations and adds that although there has been some effort to streamline licensing, procedures through a single business permit, businesses continue facing difficulties with licensing procedures. The Association continues to observe that the biggest problem facing the private sector especially for industries is not about the cost of the licenses but the burden resulting from selective application and implementation by government agents. A good example is that of licensing of the occupation, Health and safety requirements which is not clear and which authorities use subjectively to harass entrepreneurs in order to solicit for bribes.

Harper (1984) also identifies inappropriate standards and legally imposed regulations, which apply to product specification, buildings and environment as some of the other problems facing small entrepreneurs. He notes that such standards are adapted from industrialized countries and for big enterprises hence inappropriate for the small business sector. Taxation has also been ranked high as a source of regulatory cost and disincentive for small businesses.
in South Africa (w.w.w.sbp.org.za/docs/SME. Alert Nov. 03). According to the article, the tax laws are incomprehensive and complicated to the small businessperson.

Small enterprises sometimes find it to be easier to operate outside the law because of the cost and cumbersome regulations unsuitable for their operations. Compliance for such regulations is costly and beyond their capacity. Some of the small business operators prefer operating outside the formal system. This according to Kinyanjui (2006) is hindering the small sector growth.

2.2.4 Technological Change
Introduction of Information systems (IS) by SMES provide major opportunities for obtaining added value through exploitation of the information resource. IS are also a major driver of strategic change. There is less evidence of small and medium enterprises (SMEs) investing in information systems to capture similar benefits. While many SMEs have taken a reactive approach to investment in IS/IT, primarily focused on cost. Hagmann and Mc Cahon (1993) describe the adoption of IS by an SME for strategic competitive advantage. More recently, Levy and Powell (2000) report that SMEs do in fact align their IS strategy to the strategic context, as defined by the level of customer dominance, to capture both cost advantages and value added benefits.

Change of technology has posed a great challenge to small businesses. Since the mid-1990s there has been a growing concern about the impact of technological change on the work of micro and small enterprises. Even with change in technology, many small business entrepreneurs appear to be unfamiliar with new technologies. Those who seem to be well positioned are most often unaware of this technology and if they know, it is not either locally
available or not affordable or not situated to local conditions. Foreign firms still remain in the forefront in accessing the new technologies.

In most African nations including Kenya, the challenge of connecting indigenous small enterprises with foreign investors and speeding up technological upgrading still persists. There is digital divide between the rural and urban Kenya. With no power supply in most of the rural areas, it is next to impossible to have Internet connectivity and access to information and networks that are core in any enterprise. Thus technological change, though meant to bring about economic change even among the rural lot, does not appear to answer to the plight of the rural entrepreneurs.

2.2.5 Capital Input/Access to Finance
Lack of access to credit/finance is almost universally indicated as a key problem for SMEs. This affects technology choice by limiting the number of alternatives that can be considered. Many SMEs may use an inappropriate technology because it is the only one available and affordable by them. In some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan, (King and McGrath, 2002).
Credit constraints operate in variety of ways in Kenya where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives. Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance, (Hagmann and McCAhON, 1993).

There are various financial challenges that face small enterprises. They include the high cost of credit, high bank charges and fees. The scenario witnessed in Kenya particularly during the climaxing period of the year 2008 testifies the need for credit among the common and
low earning entrepreneurs. Numerous money lenders in the name of Pyramid schemes came up, promising hope among the ‘little investors,’ which they can make it to the financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of entrepreneurs is mainly to seek alternatives and soft credit with low interest rates while making profits. Financial constraint remains a major challenge facing SMEs in Kenya (Wanjohi and Mugure, 2008).

Finding start-up finance for the business is the biggest hurdle that many entrepreneurs go through. Even after getting started, getting sufficient finance to sustain business growth is another problem. Research findings by McCormick et al (1992), Daniels et al (2003) Kinyanjui (2006) shows how SMEs are constrained by finance. Studies undertaken by Kiiru, Mirero and Masaviro (1988) for Kenya Rural Enterprise Programme (K-Rep) confirm that a major constraint within the small business enterprise sector is financing. In the study carried out in Nairobi among small manufacturing enterprises, Nyambura (1992) established that finance was rated among the biggest problem. In South Africa Eeden (2004) finance was also cited as one of the most prominent constrains. The problem related to finance includes lack of information on where to source for finance, restrictive lending offered by commercial banks, lack of access to finance, insufficient financing, lack of track record required by the banks, limited access to collateral, and the fact that financial institutions lack appropriate structure for dealing with SMEs.

Insufficient financing is as much a problem as lack of finance as Yankaya a consultant for an NGO Techno-Serve observes (Daily Nation, June 20, 2006). He notes that the proliferation of microfinance institutions has not substantially improved financing options for growth-oriented enterprises. Group lending and regular weekly interest payments are necessary cures
to enable small-scale entrepreneurs without collateral to access credit but the same attributes
tie down growth-oriented clients. As a result of scarcity of finance, small enterprises are
unable to expand, modernize or meet urgent orders from customers. The profit Margin are
usually little to support growth. Harper (1984) notes that businesses like grain millers and
tailors are unable to compete with large manufacturers of ready-made goods because they
have to wait until a customer provides them with raw material or money to buy it. Some may
be unable to get started until a customer pays the deposit, which was used to buy the raw
material.

Capital is therefore necessary for the long-term survival and growth of small enterprises. It
should also be noted that more money than required can be much of a problem as less money.
More money means high cost for money in terms of interest and may also lead to un-
worthwhile investments. The problem of credit to small business is however being addressed
and according to the president’s speech on Jamhuri Day as reported (Daily Nation, December
13, 2006) credit has been made affordable through stabilizing interest rates. Credit to
Agriculture last financial year grew by 18% while to business services grew by 18%.

2.3 Critical review
The number of small and medium enterprises has been increasing rapidly for the last two
decades with the majority based in rural areas. According to the national and small enterprise
baseline survey (GoK, 1999); about 1.3 million small enterprises were in Kenya employing
about 2.4 million people. Their share to GDP was estimated at 18.8% second to agriculture
having increased from 13.8% in 1993. Economic strategy for wealth and employment
creation 2003 – 2007 (GoK, 2003) indicates that about 25% of all households engage in some
form of small business activity with the majority depending on their business for all their household income.

A comparison of the Kenyan SME sector to the Southern African countries such as Malawi, Zimbabwe, Lesotho and Swaziland shows similar trends where 60% of SME is located in the rural areas (Daniels et al. 1992). A number of factors have contributed to the rapid expansion in the sector. One of the factors is the general decline in the economic performance of Kenyan economy as a result of recession and liberalization of the 1980’s. This resulted in the need for number of large companies to adjust to the economic realities by becoming lean through retrenchment and downsizing. The effect of this was massive job losses and reduced employment opportunities in the formal sector.

Another factor is the effect of the World Bank and IMF Structural Adjustment Programme (SAP) of the 1990’s. The reforms by the two institutions recommended as a condition for receiving aid that the government plays a facilitating role rather than intervention and controls in the public companies. This led to reduced government role in public companies like Kenya Co-operative Creameries (KCC) Ltd, and Marketing Boards and Cereals Board among others, liberalization of trade, abolition of price controls of maize flour and other essential consumer goods, encouraged small private sector participation, reduced barriers of trade to small and micro enterprises who found opportunities in niche areas that the large corporation had abandoned.

The third factor is the hard economic situation in the country leading to those even employed to engage in small enterprises to earn extra income and make “ends meet”. The fourth factor is the increased numbers of school leavers who cannot find employment in the formal sector.
engage in small business for a living. The other factor is the government support and the entrepreneurial wave that is prevailing in the country.

The SMES recognition and their potential to solve the unemployment problem and create wealth, considerable support programmes have been put in place by the government and the private sector to assist small enterprises improve their performance. However, despite the apparent growth in the establishment of small and micro enterprises and the efforts made to improve performance a number of the enterprises have either stagnated or closed down with a few recoding some level of growth (Dondo, 1991).

2.4 Summary and Research Gaps

According to Gitman (2005), small and medium enterprises are enterprises employing between 10 and 150 employees (GOK, 1992). To understand why SMEs are established, it is important to understand the process of entrepreneurship and the various theories regarding the motivation to create new enterprises. Small businesses are in most cases creations of entrepreneurs. The word entrepreneur originated from French word “entrepredre” which means to undertake. In the business context, it means individuals who undertake the risk of new enterprises. Richard Cantillon a French economist considered an entrepreneur as a risk-taker who bought goods at a certain price to sell at an uncertain price with the aim of making a profit. Menge, on the other hand in Holt (2003) views an entrepreneur as a change agent who transforms resources into useful goods and services creating circumstances leading to industrial growth. He gave the case of grain in the field, which has low value, but when harvested and milled into flour and transformed to bread has a higher value. This is the process of value addition done through food processing and manufacturing.
Austrian Economist Joseph Schumpeter (Schumpeter, 1954) considers innovation as one of the main characteristics of an entrepreneur. According to Schumpeter, innovation can take the form of combination of resources into something new such as new products, new production methods and new forms of organizations. Drucker (1986) observes that all new small businesses have many factors in common but to be entrepreneur an enterprise has to have some special characteristics over and above being new and small. Indeed entrepreneurs are a minority among new businesses. They create something new, something different; they change or transmute values (Holt, 2003).

Entrepreneurship can be considered as a process of creating value through the recognition of a business opportunity and mobilizing factors of production with management skills to bring the enterprise in to productivity under conditions of risk and uncertainly. Entrepreneurship therefore shapes the direction of enterprise and the performance of the enterprise depends on the creativity, risk-taking and innovation, which are key features of entrepreneurship.

Performance refers to how well or badly an individual or institution is doing in his or its designated task. The balance score card provides, clear prescription as what a company should measure in order to balance their financial and operation perspective. Gitman (2005) emphasizes on reduction of costs. The financial performance measurements are derived in the company financial statements (Mann et al, 1989). A wide range of literature exists on factors affecting financial performance. The following are some of the most common factors considered as affecting small business performance.

In Storey’s model, strategy is “action taken by the firm once in business” (Storey, 1994). Market positioning, new product introduction and technological sophistication are the key
drivers. Technological sophistication relates to product innovation and does not include management information systems. The other two drivers that support growth are a willingness to borrow money to fund it and to devolve decisions to a management team. Both of these reinforce the importance of the owner’s attitude towards growth. Churchill and Lewis (1983) identified four firm related success resources: financial, personnel, systems and business (including customer and supplier relations). A key message is the need to plan for systems ahead of the stage of growth. They also identify four owner-related factors: business goals, operational skills, managerial ability and strategic abilities.

However, it is not critical for SMEs to use all these skills at all stages. For example, owners’ personal skills become less relevant as the firm grows. The importance of financial resources changes with business growth. Scott and Bruce (1987) develop Churchill and Lewis’ (1983) model. They identify six factors that influence growth: top management role, style, structure, product and market research, system and controls, and sources of finance. They argue that movement to the next stage is occasioned by a crisis and suggest it is unlikely that firms require formal management.

Findings from studies done earlier and government reports on the state of affairs of small scale enterprises reveals that the sector faces numerous problems and constrains that affect their performance. While much research has been done on the small business, none has been done specifically on financial performance of SMEs in Kenya. The overall problem therefore is that relatively little is known about factors affecting the growth of small scale real estate companies in Kenya with a focus on Setmark Properties Ltd in Trans - Nzoia County, Kenya.
2.5 Conceptual Framework

A conceptual framework is a diagrammatical research tool intended to assist the researcher to develop awareness and understanding of the situation under scrutiny and to communicate this. A conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. It can be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. An independent variable is one that is presumed to affect or determine a dependent variable. It can be changed as required, and its values do not represent a problem requiring explanation in an analysis, but are taken simply as given. The independent variables in the study will be: access to business information services, lack of managerial training and experience, government policies and regulations, technological changes and capital input/access to finance. A dependent variable is what is measured in the experiment and what is affected during the experiment, it responds to the independent variable. The dependent variable in the study was growth of small scale real estate companies in Kenya.

Figure 2.1: Conceptual framework
2.6 Chapter Summary
This chapter has reviewed the existing literature on factors affecting the growth of small scale real estate companies in Kenya; in specific it has reviewed the theoretical review, critique of existing literature, summary of the literature and the conceptual framework.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the methodology that was used to collect data for the study. It covered the research design, the target population, data collection instruments and procedures.

3.1 Research Design

This research adopted a descriptive research design where the population of interest were the employees of Setmark Properties Limited. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive research design was chosen because it enabled the researcher to generalise the findings to a larger population. The design was deemed appropriate because the main interest was to establish factors affecting the growth of small scale real estate companies in Kenya with a focus on Setmark properties limited in Trans - Nzoia County, Kenya. According to Mugenda and Mugenda (2003) the descriptive research collects data in order to answer questions concerning the current status of the subject under study.

3.2 Target Population

According to Ngechu (2004), a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. This definition ensures that population of interest is homogeneous. Population studies are more representative because everyone has equal chance to be included in the final sample that is drawn according to Mugenda and Mugenda (2003). The target population for this study is 51 staff working with Setmark properties limited in Trans - Nzoia County, Kenya.
Table 3.1: Target population

<table>
<thead>
<tr>
<th>Sections</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>6</td>
<td>11.8</td>
</tr>
<tr>
<td>Middle level management</td>
<td>11</td>
<td>21.6</td>
</tr>
<tr>
<td>Lower level management</td>
<td>34</td>
<td>66.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.3 Sampling Design

From the above population of fifty one respondents, a sample of 100% from each group in proportions that each group bear to the population as a whole was taken since the study was a census survey.

Table 3.2: Sample Population

<table>
<thead>
<tr>
<th>Sections</th>
<th>Frequency</th>
<th>Percentage %</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>6</td>
<td>100</td>
<td>6</td>
</tr>
<tr>
<td>Middle level management</td>
<td>11</td>
<td>100</td>
<td>11</td>
</tr>
<tr>
<td>Lower level management</td>
<td>34</td>
<td>100</td>
<td>34</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
<td><strong>51</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection

The researcher used the questionnaire as the primary data collection instrument. The questionnaire was designed to give a brief introduction of the organizations. The questionnaire was divided into sections representing the various variables adopted for study. For each section of the chosen study included closed structured and open ended questions which collected the views, opinion, and attitude from the respondent which might not have
been captured by the researcher. The questionnaire were administered through drop and pick method to the staff working in the organization. The questions were designed to collect qualitative and quantitative data. The open ended questionnaires gave unrestricted freedom of answer to respondents.

3.5 Data Analysis and Presentation

This included the analysis of data to summarize the essential features and relationships of data in order to generalise from the analysis to determine patterns of behaviour and particular outcomes. Before processing the responses, the completed questionnaires were edited for completeness and consistency. Content analysis and descriptive analysis was employed. The content analysis was used to analyze the respondents’ views about the factors affecting the growth of small scale real estate companies in Kenya with the case of Setmark properties limited in Trans - Nzoia County, Kenya . The data was then coded to enable the responses to be grouped into various categories.

The data was then grouped into frequency distribution to indicate variable values and number of occurrences in terms of frequency. Frequency distribution table was informative to summarize the data from respondents, percentages and other diagrams such as bar charts, histograms, grouped frequency distributions and pie charts were used during the analysis. The organised data was interpreted on the account of occurrence and standard deviation to objectives using the assistance of computer packages especially the statistical package for social science (SPSS) and Microsoft Excel to communicate research findings. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis.
3.6 Ethical Consideration

The following ethical consideration were taken into account: The need for approval of the research proposal by the Management University of Africa is essential and mandatory to give validity to the document and show that the study was in accordance to the approved research standards and practices. Informed consent from the participants in the study is necessary so as to gain their trust and confidence in the objectives of the study which is purely academic in nature. Observation and maintenance of confidentiality is vital, especially for participants who remain anonymous for either official or personal reasons, for fear of reprisal or otherwise.

3.7 Chapter Summary

This chapter discusses the methodology approach for the study and highlights the research design, target population, sampling technique, data collection instruments and data analysis and presentation.
CHAPTER FOUR

DATA ANALYSIS, INTERPRETATIONS AND PRESENTATIONS

4.0 Introduction

This chapter discusses the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive and inferential statistics have been used to discuss the findings of the study. The study targeted a sample size of 51 respondents from which 46 filled in and returned the questionnaires making a response rate of 90.1%. This response rate was satisfactory to make conclusions for the study. The response rate was representative. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was considered to be excellent.

4.1 Reliability Test

Table 4.3: Reliability Analysis

<table>
<thead>
<tr>
<th>Scale</th>
<th>Cronbach's Alpha</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Business Information Services</td>
<td>0.812</td>
<td>4</td>
</tr>
<tr>
<td>Managerial Training and Experience</td>
<td>0.815</td>
<td>7</td>
</tr>
<tr>
<td>Government Policies and Regulations</td>
<td>0.820</td>
<td>4</td>
</tr>
<tr>
<td>Technological Changes</td>
<td>0.715</td>
<td>6</td>
</tr>
<tr>
<td>Capital input/Access to Finance</td>
<td>0.789</td>
<td>5</td>
</tr>
</tbody>
</table>

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved the sample respondents. Reliability analysis was subsequently done using Cronbach’s Alpha which measured the internal consistency by establishing if certain item within a scale measures the same construct. Gliem and Gliem (2003) established the Alpha
value threshold at 0.6, thus forming the study’s benchmark. Cronbach Alpha was established for every objective which formed a scale. The table shows that government policies and regulations had the highest reliability ($\alpha=0.820$), followed by managerial training and experience ($\alpha=0.815$), access to business information services ($\alpha=0.812$), Capital input/Access to Finance ($\alpha=0.789$), and Technological Changes ($\alpha=0.715$). This illustrates that all the five variables were reliable as their reliability values exceeded the prescribed threshold of 0.6.

4.2 Background Information

Gender category

![Figure 4.2: Gender category](image)

The study sought to determine the gender category of the respondent, and therefore requested the respondents to indicate their gender category, from the research findings the study established that the majority of the respondents as shown by 56% were males whereas 44% of the respondents were females. This is an indication that both genders were fairly involved in this research and thus the findings of this study did not suffer from gender biasness.
Age distribution

Figure 4.3: Age distribution

The study requested the respondent to indicate their age category, from the findings, most of the respondents as shown by 34.8% of the respondents were aged between 36 to 40 years, 26.1% of the of the respondent indicated they were aged between 31 to 35 years, 17.4% of the respondents indicated were aged between 41 to 50 years, 13% of the respondents indicated were aged between above 26 to 30 years whereas 8.7 % of the respondents indicated that they were aged above 50 years. No one indicated to be ages below 26 years. This is an indication that respondents were well distributed in terms of their age.

Level of education

Figure 4.4: Level of education

The study requested the respondent to indicate their highest level of education. From the findings, most of the respondents as shown by 45.7% of the respondent indicated their
highest level as bachelor’s degree, 32.6% of the respondent indicated their highest level of education as college certificate, 17.4% of the respondent indicated their highest level of education as secondary school certificate whereas 4.3% of the respondents indicated their highest level of education as primary level certificate. This is an indication that most of the respondents were well education and therefore they were in a position to comprehend questions and respond to them accordingly.

**Period of service**

![Pie chart](image)

**Figure 4.5: Period of service**

The study requested the respondents to indicate the period of time they had worked with the organization. From the study findings, most of the respondents as shown by 28.3% indicated to have served for more than 15 years, 26.1% of the respondents indicated to have worked with the organization for a period of 11 to 15 years, 19.6% of the respondents indicated to have worked with the organization for a period of 7 to 10 years, 17.4% of the respondents indicated to have served for a period of 5 to 6 years whereas 8.7% indicated to have worked with the organization for a period between 2 to 4 years. This implies that most of the respondents had worked with the company for a considerable time and thus they were in a position to give credible information in regards to this study.
4.3 Access to Business Information Services
Table 4.4: Extent to which access to business information service affects the growth of small enterprises

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>13</td>
<td>28.3</td>
</tr>
<tr>
<td>Great extent</td>
<td>22</td>
<td>47.8</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>8</td>
<td>17.4</td>
</tr>
<tr>
<td>Little extent</td>
<td>3</td>
<td>6.5</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which access to business information service affects the growth of the SMEs. From the findings, most of the respondents as shown by 47.8% indicated to a great extent, 28.3% of the respondents indicated to a very great extent, 17.4%
of the respondents indicated to a moderate extent whereas 6.5% of the respondents indicated to a little extent. This is an indication that access to business information service affects the growth of small enterprises to a great extent.

Table 4.5: Extent to which the SMEs had initiated the following

<table>
<thead>
<tr>
<th>Support for attendance at trade fairs and business exhibitions</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderate great extent</th>
<th>Little extent</th>
<th>not at all</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for attendance at trade fairs and business exhibitions</td>
<td>1 2 3 24 16 4.13 0.22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-stop information shops</td>
<td>2 1 4 25 14 4.04 0.22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution of printed information</td>
<td>1 3 5 22 15 4.02 0.19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support for learning visits to improve the information flow from business associations</td>
<td>2 2 2 28 12 4.00 0.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The study requested the respondent to indicate the extent which the SME had undertaken on the above marketing initiatives. From research findings, the study established that most of the businesses had done little on support for attendance at trade fairs and business exhibitions as shown by a mean of 4.13, one-stop information shops as shown by a mean of 4.04, distribution of printed information as shown by a mean of 4.02, support for learning visits to improve the information flow from business associations as shown by a mean of 4.00. This is an indication that most of the business had done little on business advertising.
### Table 4.6: Information accessibility

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very accessible</th>
<th>Accessible</th>
<th>Moderately accessible</th>
<th>Less accessible</th>
<th>Not accessible at all</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information on business trends and markets</td>
<td>22</td>
<td>21</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>4.37</td>
<td>0.24</td>
</tr>
<tr>
<td>Information on business organization</td>
<td>20</td>
<td>20</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>4.24</td>
<td>0.22</td>
</tr>
<tr>
<td>Advisory services on legal and regulatory aspects</td>
<td>20</td>
<td>21</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>4.24</td>
<td>0.23</td>
</tr>
<tr>
<td>Business management</td>
<td>24</td>
<td>19</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>4.41</td>
<td>0.25</td>
</tr>
<tr>
<td>Customer service</td>
<td>19</td>
<td>25</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>4.35</td>
<td>0.26</td>
</tr>
<tr>
<td>Business expansion and diversification and technology</td>
<td>23</td>
<td>21</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>4.41</td>
<td>0.25</td>
</tr>
<tr>
<td>Identification and communication of business opportunities</td>
<td>18</td>
<td>26</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>4.33</td>
<td>0.26</td>
</tr>
<tr>
<td>Providing access to linkages, finance, markets</td>
<td>30</td>
<td>14</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>4.59</td>
<td>0.28</td>
</tr>
<tr>
<td>Facilitation of business partnerships</td>
<td>26</td>
<td>15</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>4.37</td>
<td>0.24</td>
</tr>
</tbody>
</table>

The research sought to determine the extent to which respondent agreed with the above statements relating to the access to information. From the research findings, majority of the respondents were of the opinion that there was little access to linkages, finance and markets as shown by a mean of 4.59, business expansion and diversification and technology, business management as shown by a mean of 4.41 in each case, facilitation of business partnerships and information on business trends and markets as was indicated by a mean of 4.37 in each case, customer service as was indicated by a mean of 4.35, identification and communication of business opportunities as was indicated by a mean of 4.33, information on business
organization and advisory services on legal and regulatory aspects as was indicated by a mean of 4.24.

Table 4.7: Extent to which access to marketing information services affects the growth of SMEs

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very great extent</th>
<th>great extent</th>
<th>Moderate great extent</th>
<th>Little extent</th>
<th>not at all</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many firms in Africa operate in an information-poor environment due to lack of adequate business support services and the poor information technological infrastructures</td>
<td>25</td>
<td>16</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>1.59</td>
<td>0.24</td>
</tr>
<tr>
<td>Accessing business information services has over the years been greatly enhanced with the emergence of various information and communication technologies</td>
<td>22</td>
<td>19</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1.70</td>
<td>0.23</td>
</tr>
<tr>
<td>There are many challenges regarding ICTs infrastructure and the cost of IT hardware and software creating many problems in the area of business information services for the SME sector</td>
<td>21</td>
<td>21</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1.70</td>
<td>0.23</td>
</tr>
<tr>
<td>Lack of sufficient market information poses a great challenge to small enterprises.</td>
<td>24</td>
<td>19</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1.59</td>
<td>0.25</td>
</tr>
<tr>
<td>Many small enterprises continue to rely heavily on private or even physical contacts for market related information due to inability to interpret the statistical data and poor connectivity especially in rural areas</td>
<td>16</td>
<td>24</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1.89</td>
<td>0.22</td>
</tr>
</tbody>
</table>

The research sought to determine the extent to which access to marketing information services affects the growth of SMEs, from the research findings, majority of the respondents agreed that, many firms in Africa operate in an information-poor environment due to lack of adequate business support services and the poor information technological infrastructures,
lack of sufficient market information poses a great challenge to small enterprises as shown by mean of 1.59 in each case, there are many challenges regarding ICTs infrastructure and the cost of IT hardware and software creating many problems in the area of business information services for the SME sector, accessing business information services has over the years been greatly enhanced with the emergence of various information and communication technologies as shown by mean of 1.70 in each case, many small enterprises continue to rely heavily on private or even physical contacts for market related information due to inability to interpret the statistical data and poor connectivity especially in rural areas as shown by mean of 1.89.

4.4 Lack of Managerial Training and Experience

Table 4.8: Extent to which lack of managerial training and experience affect the growth of small and medium enterprises.

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>10</td>
<td>21.7</td>
</tr>
<tr>
<td>Great extent</td>
<td>24</td>
<td>52.2</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>8</td>
<td>17.4</td>
</tr>
<tr>
<td>Little extent</td>
<td>4</td>
<td>8.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which lack of managerial training and experience affect the growth of small and medium enterprises. From the findings, most of the respondents as shown by 52.2% indicated to a great extent, 21.7% of the respondents indicated to a very great extent, 17.4% of the respondents indicated to a moderate extent whereas 8.7% of the respondents indicated to a little extent. This is an indication that lack of managerial training and experience affect the growth of small and medium enterprises to a great extent.
Table 4.9: Extent to which respondents applied managerial experience in the following areas of business

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderate great extent</th>
<th>Little extent</th>
<th>Not at all</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deployment of finance resources</td>
<td>17</td>
<td>22</td>
<td>5</td>
<td>2</td>
<td>0</td>
<td>1.83</td>
<td>0.21</td>
</tr>
<tr>
<td>Design of organization structure</td>
<td>13</td>
<td>31</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1.80</td>
<td>0.29</td>
</tr>
<tr>
<td>Deployment of material</td>
<td>21</td>
<td>19</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1.76</td>
<td>0.22</td>
</tr>
<tr>
<td>Planning</td>
<td>19</td>
<td>21</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1.78</td>
<td>0.22</td>
</tr>
<tr>
<td>Staffing</td>
<td>18</td>
<td>24</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1.78</td>
<td>0.24</td>
</tr>
<tr>
<td>Directing</td>
<td>18</td>
<td>25</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>1.76</td>
<td>0.25</td>
</tr>
<tr>
<td>Controlling activities</td>
<td>24</td>
<td>19</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1.61</td>
<td>0.25</td>
</tr>
<tr>
<td>Coordination</td>
<td>22</td>
<td>18</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1.74</td>
<td>0.22</td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which respondents applied managerial experience in the above areas of business. From the research findings, majority of the respondents agreed that they applied the following to a greater extent. Controlling activities as show by a mean of 1.61, Coordination as shown by mean of 1.74, Directing and Deployment of material as shown by mean of 1.76, in each case, planning, staffing as shown by mean of 1.78 in each case, Design of organization structure as shown by mean of 1.80 and deployment of finance resources as shown by mean of 1.83, The above findings concurs with Larson and Clute (1979) as lack of experience among small business managers who happen to be the owners leading to poor performance and consequently to business failure.
Table 4.10: Statements related to managerial training and experience

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Moderately agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and management experience is vital for any business growth for it</td>
<td>27</td>
<td>16</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1.50</td>
<td>0.26</td>
</tr>
<tr>
<td>enhances the process of getting tasks accomplished with and through people by guiding and motivating their efforts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There’s a very strong positive relationship between Management skills, owner/manager and the enterprise itself</td>
<td>23</td>
<td>21</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1.59</td>
<td>0.25</td>
</tr>
<tr>
<td>Management is critical for the growth of every business enterprise for it is concerned with the deployment of material, human and finance resources with the design of organization structure</td>
<td>19</td>
<td>23</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1.76</td>
<td>0.24</td>
</tr>
<tr>
<td>Education and skills are needed to run micro and small enterprises</td>
<td>25</td>
<td>14</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>1.70</td>
<td>0.22</td>
</tr>
<tr>
<td>Those with more education and training are more likely to be successful in the SME sector</td>
<td>28</td>
<td>14</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>1.50</td>
<td>0.26</td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which respondents agreed with the above Statements related to managerial training and experience. From the research findings majority of the respondents agreed that; management and management experience is vital for any business growth for it enhances the process of getting tasks accomplished with and through people by guiding and motivating their efforts, those with more education and
training are more likely to be successful in the SME sector as shown by mean of 1.50 in each case, there’s a very strong positive relationship between management skills, owner/manager and the enterprise itself as shown by mean of 1.59, Education and skills are needed to run micro and small enterprises as shown by mean of 1.70, every business enterprise for it is concerned with the deployment of material, human and finance resources with the design of organization structure as shown by mean of 1.76.

4.5 Government Policy and Regulations

Table 4. 11: Extent to which government policies and regulations affects the growth of small businesses

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>13</td>
<td>28.3</td>
</tr>
<tr>
<td>Great extent</td>
<td>26</td>
<td>56.5</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>5</td>
<td>10.9</td>
</tr>
<tr>
<td>Little extent</td>
<td>2</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which government policies and regulations affect the growth of SMEs. From the research findings, 56.5% of the respondents indicated to a great extent 28.3% of the respondents indicated to a very great extent, 10.9% of the respondents indicated to a moderate extent whereas 4.3% of the respondents indicated to a little extent. This implies that government policies and regulations affect the growth of SMEs to a great extent.
The study sought to determine the extent to which government policies and regulations affect the growth of small businesses. From the research findings, the majority of the respondents agreed that Government regulation about wages as shown by a mean of 1.61, Licensing/permits as shown by a mean of 1.74, Unpredictable government policies as shown by mean of 1.76 and Government regulation about taxation, Grand corruption as shown by mean of 1.78, in each case.

<table>
<thead>
<tr>
<th>Policies</th>
<th>Very great extent</th>
<th>great extent</th>
<th>Moderate great extent</th>
<th>Little extent</th>
<th>not at all</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government regulation about wages</td>
<td>24</td>
<td>19</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1.61</td>
<td>0.25</td>
</tr>
<tr>
<td>Government regulation about taxation</td>
<td>18</td>
<td>22</td>
<td>5</td>
<td>0</td>
<td>1</td>
<td>1.78</td>
<td>0.22</td>
</tr>
<tr>
<td>Licensing/permits</td>
<td>22</td>
<td>18</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1.74</td>
<td>0.22</td>
</tr>
<tr>
<td>Unpredictable government policies</td>
<td>20</td>
<td>20</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1.76</td>
<td>0.22</td>
</tr>
<tr>
<td>Grand corruption</td>
<td>18</td>
<td>24</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1.78</td>
<td>0.24</td>
</tr>
</tbody>
</table>
Table 4.13: Statements on the effects of government policies and regulations on the growth of small businesses

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Moderately agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The government policy before and thereafter has not been very favorable to the small enterprises</td>
<td>25</td>
<td>18</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1.54</td>
<td>0.25</td>
</tr>
<tr>
<td>Business environment is among the key factors that affect the growth of SMEs</td>
<td>24</td>
<td>19</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1.61</td>
<td>0.25</td>
</tr>
<tr>
<td>Complex licensing regime has impeded economic development of SMEs</td>
<td>21</td>
<td>20</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1.74</td>
<td>0.22</td>
</tr>
<tr>
<td>Obtaining licenses is time consuming, cumbersome, and costly and causes delays in starting new business hence hampering private sector competitiveness</td>
<td>24</td>
<td>17</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1.65</td>
<td>0.23</td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which respondents agreed with the above statements relating to the effect of government policies and regulations on the growth of small businesses. From the findings majority of the respondents agreed that; the government policy before and thereafter has not been very favorable to the small enterprises as shown by mean of 1.54, business environment is among the key factors that affect the growth of SMEs as shown by mean of 1.61, obtaining licenses is time consuming, cumbersome, costly and causes delays in starting new business hence hampering private sector competitiveness as shown by a mean of 1.65, complex licensing regime has impeded economic development of SMEs as shown by mean of 1.74. The above findings concurs with the findings in the literature provided by Wanjohi and Mugure (2008) that asserts that Unpredictable
government policies coupled with ‘grand corruption,’ high taxation rates, all continue to pose a great threat, not only to the sustainability of SMEs but also to the Kenyan economy that was gaining momentum after decades.

4.6 Technological Change

Table 4.14: Extent to which level of technological changes affect the growth of SMEs

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>14</td>
<td>30.4</td>
</tr>
<tr>
<td>Great extent</td>
<td>20</td>
<td>43.5</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>10</td>
<td>21.7</td>
</tr>
<tr>
<td>Little extent</td>
<td>2</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which level of technological changes affect the growth of SMEs. From the research findings 43.5% of the respondents indicated to a great extent, 30.4% of the respondents indicated to a very great extent and 21.7% of the respondents indicated to a moderate extent where as 4.3% of the respondents indicated to a little extent. This implies that level of technological changes affect the growth of SMEs to a great extent.
The study sought to determine the extent to which technological changes affect the growth of SMEs. From the research findings, the study majority of the respondents indicated that the following aspects affect the growth of SMEs to a great extent. Unfamiliarity with new technologies, new technology not situated to local conditions as shown by a mean of 1.63 in each case. New technology not locally available, Unawareness of new technology as shown by a mean of 1.83 in each case, New technology not affordable, Introduction of complex Information systems as shown by a mean of 1.89 in each case. The above findings concur with, Levy and Powell (2000) report that Change of technology has posed a great challenge to small businesses. Since the mid-1990s there has been a growing concern about the impact of technological change on the work of micro and small enterprises.
Table 4.16: Statements related to technological changes

<table>
<thead>
<tr>
<th>Statements</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderate great extent</th>
<th>Little extent</th>
<th>Not at all</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present use of ICTs in accessing business information services should be</td>
<td>22</td>
<td>17</td>
<td>5</td>
<td>2</td>
<td>0</td>
<td>1.72</td>
<td>0.21</td>
</tr>
<tr>
<td>identified in order to provide more development support for the growth of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of sufficient market information poses a great challenge to small</td>
<td>24</td>
<td>18</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1.63</td>
<td>0.24</td>
</tr>
<tr>
<td>enterprises and hence affecting the growth of businesses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Despite the vast amount of trade-related information available and the</td>
<td>24</td>
<td>18</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1.65</td>
<td>0.24</td>
</tr>
<tr>
<td>possibility of accessing national and international databases, many small</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>enterprises continue to rely heavily on private or even physical contacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for market related information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to the inability to interpret statistical data and poor connectivity,</td>
<td>23</td>
<td>20</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1.61</td>
<td>0.25</td>
</tr>
<tr>
<td>many entrepreneurs cannot lead their business growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which respondents agreed with the above Statements relating to technological changes. From the research findings, majority of the respondents agreed to a great extent that; due to the inability to interpret statistical data and poor connectivity, many entrepreneurs cannot lead their business growth as shown by a mean of 1.61, lack of sufficient market information poses a great challenge to small enterprises and hence affecting the growth of businesses as shown by a mean of 1.63, despite the vast
amount of trade-related information available and the possibility of accessing national and international databases, many small enterprises continue to rely heavily on private or even physical contacts for market related information as shown by a mean of 1.65. Present use of ICTs in accessing business information services should be identified in order to provide more development support for the growth of SMES as shown by mean of 1.72. The above findings concurs with Hagmann and McCahon (1993) Lack of sufficient market information poses a great challenge to small enterprises and hence affecting the growth of businesses.

4.7 Capital Input/Access to Finance/ Credit
Table 4.17: The initial source of business start-up.

<table>
<thead>
<tr>
<th>Initial source of business start-up</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-financing</td>
<td>12</td>
<td>28.6</td>
</tr>
<tr>
<td>Borrowing</td>
<td>15</td>
<td>35.7</td>
</tr>
<tr>
<td>Loan from bank</td>
<td>7</td>
<td>16.7</td>
</tr>
<tr>
<td>Pyramid schemes</td>
<td>8</td>
<td>19.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study requested the respondent to indicate the initial source of business start-up. From the research findings, most of the respondents as shown by 35.7% indicated their initial source of capital as borrowing, 28.6% of the respondents indicated their initial source of capital as Self-financing. 19.0% of the respondents indicated to have obtained their initial capital as Pyramid schemes whereas 16.7% of the respondents indicated to have obtained their capital from bank loans. This implies that the initial source of business start-up capital is from borrowing.
Table 4.18: Extent to which enterprises encounter problems related to access to finance

<table>
<thead>
<tr>
<th></th>
<th>Very great extent</th>
<th>great extent</th>
<th>Moderate great extent</th>
<th>Little extent</th>
<th>not at all</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raising Capital</td>
<td>12</td>
<td>28</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1.96</td>
<td>0.25</td>
</tr>
<tr>
<td>Accessing finance</td>
<td>15</td>
<td>29</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1.74</td>
<td>0.28</td>
</tr>
<tr>
<td>Accessing credit</td>
<td>17</td>
<td>24</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1.83</td>
<td>0.23</td>
</tr>
</tbody>
</table>

The study sought to determine whether SMEs encountered problems related to the above aspects. From the research results, the study established that many of the SMEs encountered great problems in accessing finance as shown by a mean of 1.74, accessing credit as shown by 1.83, raising capital as shown by a mean of 1.96.

Table 4.19: Extent to which the business face financing challenge

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>13</td>
<td>28.3</td>
</tr>
<tr>
<td>great extent</td>
<td>19</td>
<td>41.3</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>9</td>
<td>19.6</td>
</tr>
<tr>
<td>Little extent</td>
<td>5</td>
<td>10.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which the SMEs face challenges in financing the businesses. From the research findings, 41.3% of the respondents indicated to a great extent, 28.3% of the respondents indicated to a very great extent, 19.6 % of the respondents
indicated to a moderate extent whereas 10.9% of the respondents indicated to a little extent.

This implies that SMEs faced a great challenge in financing the business.

**Firm faces the following financial challenges that affect its growth.**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderate great extent</th>
<th>Little extent</th>
<th>Not at all</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undeveloped capital market forces</td>
<td>22</td>
<td>18</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1.74</td>
<td>0.22</td>
</tr>
<tr>
<td>Lack of access to long-term credit for small enterprises</td>
<td>20</td>
<td>20</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1.76</td>
<td>0.22</td>
</tr>
<tr>
<td>High cost of credit</td>
<td>18</td>
<td>22</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1.83</td>
<td>0.22</td>
</tr>
<tr>
<td>High bank charges and fees</td>
<td>19</td>
<td>24</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1.72</td>
<td>0.25</td>
</tr>
<tr>
<td>Lack of information on where to source for finance</td>
<td>17</td>
<td>25</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1.80</td>
<td>0.24</td>
</tr>
<tr>
<td>Restrictive lending offered by commercial banks</td>
<td>25</td>
<td>18</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>1.61</td>
<td>0.25</td>
</tr>
<tr>
<td>Lack of access to finance</td>
<td>24</td>
<td>18</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1.65</td>
<td>0.24</td>
</tr>
<tr>
<td>Insufficient financing,</td>
<td>18</td>
<td>25</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>1.76</td>
<td>0.25</td>
</tr>
<tr>
<td>Lack of track record required by the banks</td>
<td>24</td>
<td>19</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1.61</td>
<td>0.25</td>
</tr>
<tr>
<td>Limited access to collateral</td>
<td>22</td>
<td>18</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1.74</td>
<td>0.22</td>
</tr>
<tr>
<td>Financial institutions lack appropriate structure for dealing with SMEs</td>
<td>20</td>
<td>20</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1.76</td>
<td>0.22</td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which respondents agreed with the above statements on financial challenges that affect its growth. Lack of track record required by the banks, restrictive lending offered by commercial banks as shown by mean of 1.61 in each case, lack of access to finance as shown by mean of 1.65, high bank charges and fees shown
by a mean of 1.72, undeveloped capital market forces, limited access to collateral as shown by mean of 1.74 in each case, insufficient financing, lack of access to long-term credit for small enterprises as shown by mean of 1.76 in each case, lack of information on where to source for finance as shown by mean of 1.80, high cost of credit as shown by mean of 1.83. The findings above concur with (Wanjohi and Mugure, 2008). Financial constraint remains a major challenge facing SMEs in Kenya.

Table 4.20: Statements related to the constraints encountered by SMES in accessing credit/ finance

<table>
<thead>
<tr>
<th>Statements</th>
<th>Very great extent</th>
<th>great extent</th>
<th>Moderate great</th>
<th>Little extent</th>
<th>not at all</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial institutions lack appropriate structure for dealing with SMEs</td>
<td>23</td>
<td>16</td>
<td>5</td>
<td>2</td>
<td>0</td>
<td>1.70</td>
<td>0.21</td>
</tr>
<tr>
<td>The problem related to finance includes lack of information on where to source for finance</td>
<td>23</td>
<td>17</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1.72</td>
<td>0.22</td>
</tr>
<tr>
<td>Restrictive lending offered by commercial banks</td>
<td>18</td>
<td>22</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1.87</td>
<td>0.22</td>
</tr>
<tr>
<td>Insufficient financing</td>
<td>21</td>
<td>22</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1.65</td>
<td>0.24</td>
</tr>
<tr>
<td>Lack of track record required by the banks</td>
<td>17</td>
<td>26</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>1.78</td>
<td>0.25</td>
</tr>
<tr>
<td>Limited access to collateral</td>
<td>20</td>
<td>22</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>1.65</td>
<td>0.24</td>
</tr>
</tbody>
</table>

The research sought to determine the extent to which respondents agreed with the above statements relating to the constraints encountered by SMES in accessing credit/ finance. From the research findings, most of the respondents agreed that the business was faced with limited access to collateral, insufficient financing as shown by a mean of 1.65 in each case,
Financial institutions lack appropriate structure for dealing with SMEs as shown by a mean of 1.70, the problem related to finance includes lack of information on where to source for finance as shown by mean of 1.72, Lack of track record required by the banks as shown by mean of 1.78, Restrictive lending offered by commercial banks as shown by mean of 1.87. The findings above concur with (King and McGrath, 2002) lack of access to credit/finance is almost universally indicated as a key problem for SMEs.

4.8 Regression Analysis
In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 20) to code, enter and compute the measurements of the multiple regressions.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.832a</td>
<td>.692</td>
<td>.660</td>
<td>.09038</td>
</tr>
</tbody>
</table>

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.660 an indication that there was variation of 66% on growth of SMEs in Kenya due to changes in access to business information, managerial training and experience, government policies and regulation, technological changes, capital input at 95% confidence interval. This shows that 66% changes in growth of SMEs in Kenya could be accounted for by access to business information, managerial training and experience, government policies and regulation, technological changes, capital input. R is the correlation coefficient which shows the relationship between the study variables, from the
findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.832.

Table 4.22: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>19.612</td>
<td>5</td>
<td>4.903</td>
<td>10.288</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>41.499</td>
<td>40</td>
<td>0.477</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>61.111</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the ANOVA statistics in the table above, the processed data which is the population parameters, had a significance level of 0% which shows that the data is ideal for making a conclusion on the population’s parameter as the value of significance (p-value) is less than 5%. The calculated value was greater than the critical value (10.288 > 1.984) an indication that access to business information, managerial training and experience, government policies and regulation, technological changes, capital input significantly influence growth of SMEs in Kenya.

Table 4.23: Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.032</td>
<td>.348</td>
<td>8.702</td>
<td>.000</td>
</tr>
<tr>
<td>Access to Business Information Services</td>
<td>.028</td>
<td>.127</td>
<td>.025</td>
<td>4.221</td>
</tr>
<tr>
<td>Managerial Training and Experience</td>
<td>.148</td>
<td>.115</td>
<td>.160</td>
<td>3.292</td>
</tr>
<tr>
<td>Government Policies and Regulations</td>
<td>.080</td>
<td>.175</td>
<td>.064</td>
<td>2.459</td>
</tr>
<tr>
<td>Technological Changes</td>
<td>.112</td>
<td>.183</td>
<td>.616</td>
<td>6.085</td>
</tr>
<tr>
<td>Capital input/Access to Finance</td>
<td>.067</td>
<td>.013</td>
<td>.116</td>
<td>4.455</td>
</tr>
</tbody>
</table>
From the data in the above table the established regression equation was
\[ Y = 3.032 + 0.028 X_1 + 0.148 X_2 + 0.080 X_3 + 1.112 X_4 \]

From the above regression equation it was revealed that holding access to business information, managerial training and experience, government policies and regulation, technological changes, capital input to a constant zero, Growth of SMEs in Kenya would be at 3.032, a unit increase in access to business information would lead to increase in growth of SMEs in Kenya by a factors of 0.028, unit increase in managerial training and experience would lead to increase in growth of SMEs in Kenya by factors of 0.148, a unit increase in government policies and regulation would lead to increase in growth of SMEs in Kenya by a factor of 0.080, a unit increase in technological changes would lead to increase in growth of SMEs in Kenya by a factors of 1.112 and further unit increase in capital input would lead to increase in growth of SMEs in Kenya by a factor of 0.067. The study found that p-value was less than 0.05, an indication that access to business information, managerial training and experience, government policies and regulation, technological changes, capital input significantly influence growth of SMEs in Kenya.
5.0 Introduction

This chapter presented the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to, the conclusions and recommendations drawn were focused on addressing the objective of the study the researcher had intended to determine effects of access to marketing information services on the growth of small scale real estate companies in Kenya, to examine the effects of managerial training and experience on the growth of small scale real estate companies in Kenya, to determine the extent to which government policies and regulations affects the growth of small scale real estate companies in Kenya, to establish the effects of capital input and access to finance / credit on the growth of small scale real estate companies in Kenya, to assess the effects of technology on the growth of small scale real estate companies in Kenya.

5.1 Summary of findings

5.1.1 Access to Business Information Services

From the analysis’s the study established that; access to business information service affects the growth of small enterprises to a great extent, most of the businesses had done little on Support for attendance at trade fairs and business exhibitions, One-stop information shops, distribution of printed information, Support for learning visits to improve the information flow from business associations, that most of the business had done little on business advertising.

The research also established that most of the business experienced limited access to linkages, finance, markets, business expansion and diversification and technology, business
management, facilitation of business partnerships, information on business trends and markets, customer service, identification and communication of business opportunities, advisory services on legal and regulatory aspects and that information on business organization.

The research revealed that, many firms in Africa operate in an information-poor environment due to lack of adequate business support services and the poor information technological infrastructures, lack of sufficient market information poses a great challenge to small enterprises, there are many challenges regarding ICTs infrastructure and the cost of IT hardware and software creating many problems in the area of business information services for the SME sector, accessing business information services has over the years been greatly enhanced with the emergence of various information and communication technologies. Many small enterprises continue to rely heavily on private or even physical contacts for market related information due to inability to interpret the statistical data and poor connectivity especially in rural areas.

5.1.2 Lack of Managerial Training and Experience

The study revealed that lack of managerial training and experience affect the growth of small and medium enterprises to a great extent. Majority of the SME owners applied the following to managerial skills to greater extent, Controlling activities, coordination, directing and deployment of material, planning, staffing, design of organization structure and deployment of finance resources. The study also established that; management and management experience is vital for any business growth for it enhances the process of getting tasks accomplished with and through people by guiding and motivating their efforts, those with more education and training are more likely to be successful in the SME sector, there’s a
very strong positive relationship between management skills, owner/manager and the enterprise itself. Education and skills are needed to run micro and small enterprises, every business enterprise for it is concerned with the deployment of material, human and finance resources with the design of organization structure.

5.1.3 Government Policy and Regulations

The study revealed that government policies and regulations which include government regulation about wages, licensing/permits, unpredictable government policies, government regulation about taxation and grand corruption affect the growth of SMEs to a great extent. The study also revealed that government policy before and thereafter has not been very favorable to the small enterprises, business environment is among the key factors that affect the growth of SMEs, obtaining licenses is time consuming, cumbersome, costly and causes delays in starting new business hence hampering private sector competitiveness, complex licensing regime has impeded economic development of SMEs.

5.1.4 Technological Change

The study revealed that technological changes affect the growth of SMEs to a great extent. The research further established that Unfamiliarity with new technologies with SME owners, new technology not situated to local conditions, new technology not locally available, unawareness of new technology, new technology not affordable, and introduction of complex information systems all affects the growth of SME to a great extent.

The study revealed that due to the inability to interpret statistical data and poor connectivity, many entrepreneurs cannot lead their business growth, lack of sufficient market information poses a great challenge to small enterprises and hence affecting the growth of businesses, despite the vast amount of trade-related information available and the possibility of accessing
national and international databases, many small enterprises continue to rely heavily on private or even physical contacts for market related, Present use of ICTs in accessing business information services should be identified in order to provide more development support for the growth of SMES.

5.1.5 Capital Input/Access to Finance/ Credit

The study revealed that most of the SME owners had obtained their Capital from borrowing. Most of the SMEs encountered great problems in accessing finance, accessing credit and raising capital. The study further revealed that SMEs owners were faced with a great challenge in financing the business. Other factors related to financing which impeded growth of SME included; lack of track record required by the banks, restrictive lending offered by commercial banks, lack of access to finance, high bank charges and fees, undeveloped capital market forces, limited access to collateral, insufficient financing, lack of access to long-term credit for small enterprises, lack of information on where to source for finance and high cost of credit.

The research established that most of the SMEs were faced with challenges related to limited access to collateral, insufficient financing, financial institutions lack appropriate structure for dealing with SMEs, the problem related to finance includes lack of information on where to source for finance, lack of track record required by the banks and restrictive lending offered by commercial banks.

5.2 Conclusion

The study concludes that many firms in Africa operate in an information-poor environment due to lack of adequate business support services and the poor information technological infrastructures, lack of sufficient market information poses a great challenge to small
enterprises, and that poor infrastructure and the relatively high cost of IT hardware and software creates many problems in the area of business information services for the SME. Thus the study concludes that access to marketing information services have a positive influence on the growth of small scale real estate companies in Kenya.

Relating to lack of managerial training and experience, the study revealed that management experience is vital for any business growth because it enhances the process of getting tasks accomplished, SME owners with more education and training are more likely to be successful in the SME sector and that there’s a very strong positive relationship between management skills, owner/manager and the enterprise itself. Thus the study concludes that managerial training and experience in SME sector have a positive effect on the growth of small scale or real estate companies in Kenya.

The study revealed that the government policy before and thereafter has not been very favorable to the small enterprises and that business environment is among the key factors that affects the growth of SMEs because obtaining licenses is time consuming, cumbersome, costly and causes delays in starting new business hence hampering development of SMEs thus the study concludes that government policies and regulations negatively affects the growth of small scale real estate companies in Kenya.

Regarding technology the study revealed that many entrepreneurs cannot lead their business growth and that lack of sufficient market information poses a great challenge to small enterprises affecting the growth of businesses though there is vast amount of trade-related information available that can be of great help to the entrepreneurs thus the study concludes that technology has a positive effect on the growth of small scale real estate companies in Kenya.
To establish the effects of capital input and access to finance / credit on the growth of small scale real estate companies in Kenya. The study established that in most cases, SMEs had limited access to collaterals and that financial institution lacked appropriate structure to deal with SMEs on matters of finance which would ensure that the SMEs acquire the relevant finances to carry on with their businesses. Thus the study concludes that capital input and access to finance or credit have a positive influence on the growth of small scale real estate companies in Kenya.

5.3 Recommendations

The study recommends that there is need for the government to review policies governing SME sector. This should aim at establishing new policies that should favour the starting up and the general running of SME in order to ease the heavy burden placed by unfavourable government policies on the SME sector.

This study recommends that the management of the financial institutions should consider reviewing their policies regarding access to finance by SMEs. This should aim at instituting policies which brings ease in obtaining of credit from the financial institutions by the SMEs thus encouraging entrepreneurship.

The study recommends that the entrepreneurs in the SMEs should consider advancing their technological expertise by even training on use of modern technology in order to acquire information that is of essential to their businesses and also investing in technology in order to benefit from the advantages that come along with the modern technology.

The study further recommends that the county government in collaboration with the ministry of devolution should consider organizing managerial training forums for SMEs owners; this
will help to equip the SMEs owners with necessary skills for the management required within their area of operation.

The study proposes that the owners of SMEs should consider finding and establishing channels that will ensure that they get current, regular and efficient sources of information pertaining to their various and respective SMEs. Acquisition of current business trends will enable SMEs owners to align their business operation with the current market trends thus promoting their performance in general.

5.4 Suggestion For Further Studies
The study recommends that a similar study should be conducted this time focusing on challenges facing the growth of small scale real estate companies in Kenya.
REFERENCES


APPENDICES

Appendix I: Introductory Letter

BEN MALESI MUGODO

EAML/00011/2/2013

Management University of Africa
P O Box ..
Nairobi- Kenya

Dear respondents

RE: REQUEST TO COMPLETE RESEARCH QUESTIONNAIRE

This is to kindly inform you that I am a student at the Management University of Africa pursuing a degree of Executive Masters of Business Administration. It is a requisite that student carry out research project in the final year of the course as a partial fulfilment of the award of the degree. It is for this reason therefore that I humbly request you to assist me by filling in the questionnaire issued to you.

The answers provided in this questionnaire will only be used for the purpose of this study which is basically academic. The information you provide will not be used in any other way other than for the purpose of this research project.

I sincerely request you to respond to the questions. All the information gathered will be handled responsibly with up most confidence, secrecy and due respect.
Thank you for your endless support
Yours faithfully

BEN MALESI MUGODO

EAML/00011/2/2013
Appendix II: Questionnaire

Part A: General Information

1. Gender
   Male [ ]  Female [ ]

2. Age
   Below 20 years [ ]  21-25 years [ ]  26-30 yrs [ ]
   30-35 yrs [ ]  36-40 years [ ]  41-50 years [ ]
   Above 50 years [ ]

3. Level of education
   Primary [ ]  Secondary [ ]
   College [ ]  University [ ]

4. No of years worked in the enterprise
   Below One Yr [ ]  1-2 Yrs [ ]  3-4 Yrs [ ]
   4-5 Yrs [ ]  6-10 Yrs [ ]  10-15 Yrs [ ]
   Above 15 Yrs [ ]

5. What is the total number of employees in the organization: Please tick one
   Less than 50 [ ]
   50 – 100 [ ]
   Above 100 [ ]

Access to Business Information Services

1) To what extent does access to business information service affect the growth of your enterprise?
   Very great extent [ ]
   Great extent [ ]
   Moderate extent [ ]
   Little extent [ ]
   No extent [ ]

2) To what extent have the following activities been undertaken by business support organisations to improve the information environment of SMEs so that they are able to respond more readily to market signals?

   1  2  3  4  5
Support for attendance at trade fairs and business exhibitions
One-stop information shops
Distribution of printed information
Support for learning visits to improve the information flow from business associations

3) How accessible are the following business information services that may affect the growth of your enterprise? Use a scale of 1-5 where 1= Very accessible and 5= not accessible at all

<table>
<thead>
<tr>
<th>Service</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information on business trends and markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information on business organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advisory services on legal and regulatory aspects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business expansion and diversification and technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identification and communication of business opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providing access to linkages, finance, markets</td>
<td></td>
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<tr>
<td>Facilitation of business partnerships</td>
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</tbody>
</table>

4) What is your level of agreement with the following statements that relate to the extent to which access to marketing information services affects the growth of SMEs? Rate where 1 is to a strongly agree and 5 is strongly disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many firms in Africa operate in an information-poor environment due to lack of adequate business support services and the poor information technological infrastructures</td>
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<tr>
<td>Accessing business information services has over the years been greatly enhanced with the emergence of various information and communication technologies</td>
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</tbody>
</table>
There are many challenges regarding ICTs infrastructure and the cost of IT hardware and software creating many problems in the area of business information services for the SME sector.

Lack of sufficient market information poses a great challenge to small enterprises.

Many small enterprises continue to rely heavily on private or even physical contacts for market related information due to inability to interpret the statistical data and poor connectivity especially in rural areas.

### Lack of Managerial Training and Experience

5) To what extent does lack of managerial training and experience affect the growth of small and medium enterprises?

- Very great extent [ ]
- Great extent [ ]
- Moderate extent [ ]
- Little extent [ ]
- No extent [ ]

6) To what extent do you apply managerial experience in the following areas of your business? Use a scale of 1-5 where 1= Very great extent and 5= not at all

<table>
<thead>
<tr>
<th>Area</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deployment of finance resources</td>
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<tr>
<td>Design of organization structure</td>
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<tr>
<td>Deployment of material</td>
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<tr>
<td>Planning</td>
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<tr>
<td>Staffing</td>
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<tr>
<td>Directing</td>
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<tr>
<td>Controlling activities</td>
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<tr>
<td>Coordination</td>
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</tr>
</tbody>
</table>
7) To what extent do you agree with the following statements related to managerial training and experience? Rate where 1 is to a strongly agree and 5 is strongly disagree

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and management experience is vital for any business growth for it enhances the process of getting tasks accomplished with and through people by guiding and motivating their efforts.</td>
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<tr>
<td>There’s a very strong positive relationship between Management skills, owner/manager and the enterprise itself</td>
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<tr>
<td>Management is critical for the growth of every business enterprise for it is concerned with the deployment of material, human and finance resources with the design of organization structure</td>
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</tr>
<tr>
<td>Education and skills are needed to run micro and small enterprises</td>
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<tr>
<td>Those with more education and training are more likely to be successful in the SME sector</td>
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</tbody>
</table>

**Government Policy and Regulations**

8) What are some of the challenges encountered related to government policies and regulations?

.................................................................
.................................................................
.................................................................

9) To what extent do government policies and regulations affect the growth of small businesses?

- Very great extent [ ]
- Great extent [ ]
- Moderate extent [ ]
- Little extent [ ]
- No extent [ ]

10) To what extent do the following aspects on government policies and regulations affect the growth of small businesses? Use a scale of 1-5 where 1= Very great extent and 5= not at all
11) What is your level of agreement with the following statements on the effect of government policies and regulations on the growth of small businesses? Use a scale of 1-5 where 1= Strongly agree and 5= Strongly disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government regulation about wages</td>
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<td></td>
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<tr>
<td>Government regulation about taxation</td>
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<tr>
<td>Licensing/ permits</td>
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<tr>
<td>Unpredictable government policies</td>
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<td></td>
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<tr>
<td>Grand corruption</td>
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</tbody>
</table>

The government policy before and thereafter has not been very favorable to the small enterprises

Business environment is among the key factors that affect the growth of SMEs.

Complex licensing regime has impeded economic development of SMEs

Obtaining licenses is time consuming, cumbersome, and costly and causes delays in starting new business hence hampering private sector competitiveness.

**Technological Change**

12) To what extent has the level of technological changes affect the growth of your enterprise?

- Very great extent [ ]
- Great extent [ ]
- Moderate extent [ ]
- Little extent [ ]
- No extent [ ]

13) To what extent do the following aspects of technological changes affect the growth of your enterprise? Use a scale of 1-5 where 1= Very great extent and 5= not at all
14) To what extent do you agree with the following statements related to technological changes? Use a scale of 1-5 where 1= Very great extent and 5= not at all

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Present use of ICTs in accessing business information services should be identified in order to provide more development support for the growth of SMES</td>
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<tr>
<td>Lack of sufficient market information poses a great challenge to small enterprises and hence affecting the growth of businesses</td>
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<tr>
<td>Despite the vast amount of trade-related information available and the possibility of accessing national and international databases, many small enterprises continue to rely heavily on private or even physical contacts for market related information</td>
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<tr>
<td>Due to the inability to interpret statistical data and poor connectivity, many entrepreneurs cannot lead their business growth</td>
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</tbody>
</table>

**Capital Input/Access to Finance/ Credit**

15) What was the initial source of business start-up?

- Self-financing  [ ]
- Borrowing       [ ]
- Loan from bank  [ ]
- Pyramid schemes [ ]
- Other sources   [ ]
16) To what extent does this enterprise encounter problems related to access to finance? Use a scale of 1-5 where 1= Very great extent and 5= not at all

<table>
<thead>
<tr>
<th>Problem</th>
<th>1</th>
<th>2</th>
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<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raising Capital</td>
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<tr>
<td>Accessing finance</td>
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<tr>
<td>Accessing credit</td>
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</tbody>
</table>

17) To what extent does your business face challenges in financing the business?

- Very great extent [ ]
- Great extent [ ]
- Moderate extent [ ]
- Little extent [ ]
- No extent [ ]

18) To what extent does the firm face the following financial challenges that affect its growth? Use a scale of 1-5 where 1= Very great extent and 5= not at all

<table>
<thead>
<tr>
<th>Challenge</th>
<th>1</th>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undeveloped capital market forces</td>
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<tr>
<td>Lack of access to long-term credit for small enterprises</td>
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<tr>
<td>High cost of credit</td>
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<tr>
<td>High bank charges and fees</td>
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<tr>
<td>Lack of information on where to source for finance</td>
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<tr>
<td>Restrictive lending offered by commercial banks</td>
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<tr>
<td>Lack of access to finance</td>
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<tr>
<td>Insufficient financing</td>
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<tr>
<td>Lack of track record required by the banks</td>
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<tr>
<td>Limited access to collateral</td>
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<tr>
<td>Financial institutions lack appropriate structure for dealing with SMEs</td>
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</tbody>
</table>

19) To what extent do you agree with the following statements related to the constraints encountered by SMES in accessing credit/finance? Rate where 1 is to a very great extent and 5 is to no extent;
<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial institutions lack appropriate structure for dealing with SMEs</td>
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<tr>
<td>The problem related to finance includes lack of information on where to source for finance</td>
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<tr>
<td>Restrictive lending offered by commercial banks</td>
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<td>Insufficient financing</td>
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<td>Lack of track record required by the banks</td>
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