



**ENTREPRENEURIAL FACTORS INFLUENCING PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN
ONGATA RONGAI TOWN, KAJIADO COUNTY, KENYA**

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ABSTRACT

Development, growth and performance of SMEs are signs of economic growth in many countries. SMEs contributes to country's GDP, creates employments, useful in wealth distribution. The performance of SMEs largely depends on characteristic and behavioural factors exhibited by the entrepreneur. The objective of this study was to determine entrepreneurial factors influencing performance of SMEs in Ongata Rongai Town, Kajiado County, Kenya. In particular the study sought to examine the influence of commitment on performance of SMEs and to determine the influence of innovation on performance of SMEs. The target population was 372 licensed SMEs as per register records in Ongata Rongai Sub-County offices, sample frame comprised of list of registered SMEs in Ongata Rongai Sub-County office. The study adopted survey research design method, involving classification of SMEs into primary and secondary clusters followed by multistage samplings. The research instrument used was closed questionnaires, of which its validity and reliability was established at pilot test stage. The collected data was checked for errors, completion and coded. SPSS software was used for data analysis, interpretations and generation of statistical information mean, standard deviation and confidence limits. A correlation relationship of SME performance as a function of independent variables was developed. Descriptive statistics was used to summarize the data collected and presented in the form of tables, frequencies and percentages for ease of understanding and interpretations. Correlation analysis was used to analyse the relationships between the performance of SMEs and independent variables. The findings showed entrepreneurial factors commitment and innovation had significant and positive influence on the performance of SMEs. In conclusions commitment and innovation significantly influenced performance of SMEs, while independence had experience had a major influence SMEs performances. The study recommended extensive training and coaching of entrepreneurs on business vision, goal settings, value addition, new market development, risk taking and decision making. Further research was suggested in other entrepreneurial factors influencing SMEs performances.

Key Words: Commitment, Innovation, Performance, SMEs

INTRODUCTION

Small and medium enterprises all over the world are defined differently. In almost all economies, small businesses are vital for sustained growth. According to Ayyagari, Demirguc-Kunt, and Maksimovic (2011), in every country, SMEs are in evidence. They make a huge contribution to gross domestic product (GDP) and employments creation. There is no standard definition of SME, but globally the number of employees and annual turnover characterises SME definition. More than 95% of enterprises globally are SMEs, Japan has more than 99 % of total enterprises, Ghatak (2010) indicated India has about 80 %, Abor and Quartey (2010) indicated South Africa has 91 %, Ghana has about 92 % of total enterprises.

According to Berisha and Shiroka (2015), in Kosovo, a small enterprise is considered to employ upto nine employees during the previous twelve months with turnover of 500,000 euros or less, while medium enterprise employs between ten to forty nine employees during the previous twelve months with a turnover of 2.4 million euros or less. Kongolo (2010), indicated SMEs represent a vast portion of business entities, in South Africa SMEs account to about 51-57 % of GDP, providing almost 60 % of employment.

Empirical studies have shown that SMEs contribute to over 55 % of GDP and 65 % of employment in high income countries. SMEs and informal enterprises, account for over 60 % of GDP and 70 % of total employment in low income countries, while they contribute about 70 % of GDP and 95 % of total employment in middle income countries. According to Kanchana, Divya, and Beegom (2013), there are numerous challenges facing an entrepreneur such as developing vision and ideas, assembling a competent team, developing purposes, finding the right location and good customers, overcoming competitions.

SMEs have deficiency in knowledge and technology transfer, limited skills and lack of government program in support of entrepreneurial and innovation are among factors that affect their performances. According to Shahidi and Smagulova (2008), challenges facing entrepreneur include risks, fear of failure, lack of confidence in dealing with world and taking rational steps in pursuit of goals. The successful entrepreneur tends to be a visionary, competent, independent, action oriented, passionate, confidence, virtuous person who uses reasons to focus enthusiasm on reality in efforts to attain the goals.

SMEs in Kenya has long history, and basically with the same purpose of economy growth and employments creation. The Sessional Paper No 10 of 1965 advocated for Africans to start and own private enterprises. In 1972 ILO report highlighted the importance of small enterprises in terms of economy growth and employments creation. In the Session Paper No.1 of 1986, the Kenya Government underscored the importance of the sector in terms of its potential to bring about balanced rural-urban development and create non-farm employment based on its unique characteristics. Session Paper No.2 of 2005 defined an SME as an enterprise with 1-9 employees and annual turnover of less than ksh.500,000.

The Micro and Small Enterprise (MSME) Act No. 55 2012 define SME as micro if with employees less than nine, and annual turnover of less than Ksh.500,000; and small if with employees between ten and fifty with annual turnover of between Ksh.500,000 and Ksh.5 million. According to Katua (2014) SMEs play a significant role in the development and growth of various economies. Success in SMEs sector will help the country to achieve vision 2030 and face a competitive, dynamic and challenging global environment. Collectively SMEs are the largest employers and greatest wealth creators.

The long term economic effect of SMEs are increased income, increased GDP and increased employment opportunities. Savlovschi and Robu (2011) indicated for the economy in whole, the SMEs are launchers of new ideas and assemblers of new products accelerating the effective use of resources. SMEs contribution in economy is extended as impact to other sectors, and hence SMEs serve as engine of economic growth. SMEs counter-balance the monopoly, and hence reduce the capacity of big companies controlling the market. SMEs generates to a greater extent the technical innovation applicable in the economy. The significance of SMEs in Kenya is reflected in the 2014 Economy Survey, which indicated that 83% of 800,000 jobs created in 2014 were in the informal sector that is dominated by SMEs.

SMEs are source of employment, competition, economic dynamism and innovation. They stimulate the entrepreneurial spirit and the diffusion of skills. Due to their widespread geographical presence, SMEs also contribute to more just distribution of income (OSCE, 2006). In Kenya, SMEs create employment at low levels of investment per job, lead to increased participation of indigeneous people in the economy, use mainly local resources, promote the creation and use of local technologies, and provide skills training at low cost to society (ILO, 1989). Entrepreneurial factors such as visionary leadership, innovative, independence and competency can be major determinants of SMEs performance.

Entrepreneurial factors namely visionary, employees development, goal setting, value addition, change oriented, technology adoption, risk bearing, persistence, decision making, skills, knowledge and personal character can determine whether an SME will perform in a competitive business environment. According to Follet and Rhyno (1999), visionary leadership is a dynamic interactive phenomenon, ie communication and action occur simultaneously. The leader develops

an excellent working knowledge of business products, markets, and technology.

Statement of the Problem

In developing countries, SMEs play a major role in economic development especially through employments creation and contribution for GDP, and therefore SMEs performances is of great interest to the country. SMEs in Kenya fall into Trade, Farming, Manufacturing and Services Providers. In Kenya SMEs contributed 18% of GDP in 2003, 20% in 2007, 25% in 2012 (Economic Survey of Kenya).

The performance of SMEs in the country is still challenging, despite of various financial assistance from government and NGOs, and other non-financial incentives and facilities, favourable government policies and now MSE Act of 2012. According to Kenya Session Paper No.2 of 2005, three out of five SMEs fail within first 3 years of operations. The high rate of SMEs failure in the country shows poor performance and lack of ability to remain competitive.

According to Robertson (2002), entrepreneurial factors such as visionary leadership provide a clear and compelling sense of business direction in terms of goals and time frame; Crossan and Apaydin (2010) emphasized the importance of ability to innovate, that is development of new outcome by adopting new ways of working and product improvement for better performance. According to Gerli, Gubitta, and Tognazzo (2011), entrepreneurial competencies determines both personal and business performances.

Despite the importance of SMEs in the country's economy development, there lacks a specific study within the local context that has managed to address the influence of entrepreneurial factors on the performance of SMEs in Kenya, and in particular Ongata Rongai Town. This study therefore aimed at filling the missing knowledge gap by finding the influence of entrepreneurial factors on performances of SMEs with specific

reference to SMEs in Ongata Rongai Town, Kajiado County.

Study Objectives

The objective of this study was to determine entrepreneurial factors influencing performance of small and medium enterprises in Ongata Rongai Town, Kajiado County. The specific objectives were:

- To examine the influence of commitment on performance of Small and Medium Enterprises in Ongata Rongai town, Kajiado County
- To determine the influence of innovation on performance of Small and Medium Enterprises in Ongata Rongai town, Kajiado County

LITERATURE REVIEW

Theoretical Framework

Theory of Visionary Leadership

Visionary leaders, utilize vision on the basis of their work. Visionary leadership has been defined as the ability to create and articulate clear visions providing meaning and purpose to the work of an organization. Visionary leaders develop their own personal vision then merge it into a shared vision with their colleagues. Communication of the vision is what empowers people to act. When people do not act, it tends to be because the vision has not been clearly communicated; people spend their time trying to figure out what direction to go, which makes them tired and unresponsive. According to Robertson (2002), the purpose of leadership is to communicate a compelling vision, or picture of the business direction.

By having a clear and attractive picture of future, people transform thought into reality, intention into action. They are energized or empowered because they have a sense of purpose or direction, combined with an enhanced belief in

their ability to achieve their purpose. As Kantabutra (2006), indicated vision work in various ways. It provides link between present and future, serves to energize and motivate followers towards the future, provides meaning for people's lives and work, and sets a standard of excellence in an organization. It is a guiding star to draw every one along the same path toward the future, vision can energize people and garner commitment from followers. This theory helped in answering research question, what is the influence of commitment on performance of Small and Medium Enterprises in Ongata Rongai town, Kajiado County?

Schumpeter's Entrepreneurship Theory

Entrepreneurial actions are the mechanism in the process of economic development system and the disturbance of economic is impossible without them. These actions are introduction of new good or unfamiliar quality, new methods of production, new market, new source of materials and new organization of the industry. According to Bula (2012) in general entrepreneurs are risk-bearers, co-ordinators and organizers, gap-fillers, leaders, and innovators or creative imitators. Okeke and Okechukwu (2014) indicated economic growth generated by entrepreneurs is the core engine of a virtuous cycle that develops an economy. Successful entrepreneurs, through their breakthrough technologies and rapidly growing business, create new wealth that can generate even greater economic growth. Eroglu and Picak (2011) indicated entrepreneurship is most about risks, innovation thinking and an entrepreneur is the one who creates and innovates something, recognizes opportunities by accepting risks and failures.

Hessels, Gelderen, and Thurik (2008) noted the main drivers for an entrepreneur innovation which has been defined as doing something new or different, introducing original ideas about product or processes; independence, having

flexibility being his own boss, working to realize his own ideas about how an organization should evolve; vision, determining goals and capability that the organization should pursue and challenge, having opportunities to use ones full range of talents; self-actualization, assuming more responsibilities, dealing with a wider range of issues. According to McCaffrey (2009) change is only introduced to model through the entrepreneurs, who launch various economic innovations. Once introduced, innovation inspire imitation, and competition between alternative actions. Thus entrepreneurial profits tends towards zero, and is zero in the long run. Eventually the economy adjust to innovation and a new equilibrium is reached. This theory guided in the understanding of second research question, what is the influence of innovation on performance of Small and Medium Enterprises in Ongata Rongai town, Kajiado County?

Conceptual Framework

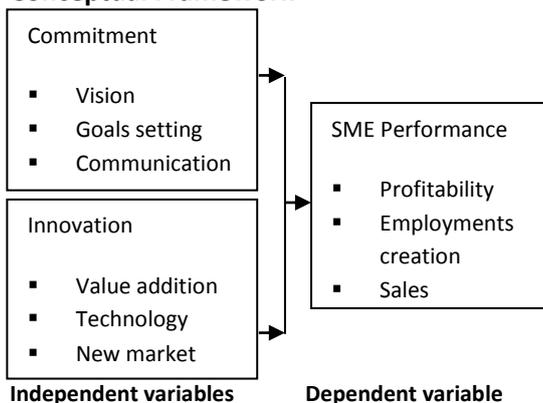


Fig. 1 Conceptual framework

Commitment Factor

Entrepreneurs are committed to establishing their business, working hard, diligently and persistently, with elements of communication. According to Man, Lau, and Chan (2002), commitment to the entrepreneurial endeavour can be characterised as the passion required for entrepreneurial success. It is further characterised by a single-minded focus to start a business and work towards its survival and growth, often at expense of other worthy and important goals. It is further

argued that being a persistent and committed to the task will enhance performance of the firm. Dixit and Bhati (2012), indicated an individual who is effectively committed or emotionally attached to the business, believe in goal and values of the organization, works hard for the business and intends to stay with the business.

Commitment involves timely actions or decisions. Commitment lead to perserveriance or persistence in face of obstacles. According to Dordevic (2004), employee commitment is important because high level of commitment lead to several favourable business outcomes. It reflects the extent to which employee identifies with the business and is committed to goals. Commitment is an important issue, because it may be used to predict business performnces. Continuance and affective commitment are particularly importance to entrepreneurship interms of pursuing business goals. Entrepreneur is committed on taking action on potential opportunity and therefore can pursue opportunities rapidly, making the most of the window of opportunity. An entrepreneur is also able to withdraw the resources from pursuit of an opportunity based on available information to minimize losses from initial opportunity pursuit.

According to Gupta, Guha, and Krishnaswami (2015), the vision is what guides enterprise, and energizes stakeholders; it is the big picture illustrating what you expect to achieve. Enterprise growth depends on the vision and motivation of the entrepreneur. The growth parameters vary from one entrepreneur to another. According to Brunetto and Farr-Wharton (2004), the communication process by which employees are made aware of business goals and their involvement in the achievement of them is recognized to play an important role in fostering job commitment. Business communication have an important possitive association with affective commitment.

Innovation Factor

Innovation involves generation of new ideas and their implementation. Innovation can be implemented either in a series of steps or in one huge leap towards in a desired direction. Innovation is tightly tied to change, since organizations use innovation as a tool to influence environment. Depending on organization resources, capabilities, strategies and requirements, innovation may involve a wide range of different types of changes. According to Baregheh, Rowley, and Sambrook (2009), the common types of innovation relate to new products, materials, new processes, new services, and new organization forms.

According to Halim, Ahmad, and Ramayah (2014), innovations result from ideas, if they are implemented in new products, services and processes, which find real usage and thus penetrate the market. Innovation don't always have to be completely new ideas. The term innovation rather means the implementation of something new and result in a noticeable improvement for the user. They are characterised by special characteristics, clear originality and noticeable user benefit.

Gupta *et al* (2015) indicated innovations are as a result to qualitative new products, services, markets and culture. Innovation can be applied to any section or department of a business activity. For economic development, it is critical for SMEs to create, apply, and introduce innovation. According to Martin and Namusonye (2014), improving process of innovation can greatly enhance the production of quality products which in the end would improve SME performance.

SMEs Performance

According to Sebikari (2014), SME performance can be measured objectively by return on investment, market share, profitability and sales growth. Objective values is measured using collected quantitative data. According to Kithae, Gakure, and Munyao (2012), the employment

trend of the small enterprises sector in Kenya between 2000 and 2003 was noticeable. A total employment was estimated at 6.4 million persons, and which was almost entirely attributed to the increase in employment in SMEs.

Brem, Kreusel, and Neusser (2008) indicated it is important to specify company's growth and its complex structure by the number of its employees. Financial constraints may lead to decreased demand for product, services and labour. Consequently, firms access to financing and their liquidity positions are factors influencing their ability to create jobs. The level of jobs creation is sensitive to availability of cash and financing. As SME resources increase, so may their investment expectations, leading to an increase in demand for products, services, and labour. From resource-based perspective, SME performance can be evaluated by their profitability, turnover, market share and job creation being measured by number of employees.

Empirical Literature Review

In Kenya, the Micro and Small Enterprise (MSME) Act No. 55 2012 define SME as micro if with employees less than nine, and annual turnover of less than Ksh.500,000; and small if with employees between ten and fifty with annual turnover of between Ksh.500,000 and Ksh.5 million. According to Osoro and Muturi (2013), the SME contribute immensely to the economic development and wealth creation through employment creation estimated at 3.2 million people in 2003, generation of income, increasing productivity, facilitating technological transfer, and creation of market linkages.

According to Philip (2010), a huge majority of firms world wide are SMEs, and they play a significant role in the economy of a country. There is a broad consensus that a vibrant SME sector is one of the principal driving forces in the development of a market economy. SMEs stimulates private ownership and entrepreneurial

skills, are flexible and can adapt quickly to the changing market demand and supply situations, generate employment, help diversify economy activity, and make a significant contribution to GDP. SMEs have long been believed to be important in supporting economy development within a country. One of important role of SMEs in this context includes poverty reduction through jobs creation. SMEs performance can be characterised as the firm's ability to create acceptable outcomes and actions.

SME performance is often used to refer a firm's financial performance measured by eg. profit, number employed, sales growth. In starting and running a new venture the role of the entrepreneur is vital as the whole process is often dependent on him/her. The entrepreneurial behaviour or characteristics determines the SME performance. According to Katua (2014) SMEs are important traders and service providers to primary industries. In addition SMEs are also producers of finished goods and services. Collectively SMEs have contributed to the growth of manufacturing, services and agricultural sectors as well as ICT services, in terms of the growth, value-addition, employment and export.

According to Tang (2008), entrepreneurial commitment manifest itself through entrepreneurs' desire to remain with the new business regardless of the unpredictability associated with start-up process; the entrepreneurial willingness to expend significant efforts for the new business and entrepreneur emotional attachment, identification and involvement in the new venture. Entrepreneurial commitment is the extent to which an entrepreneur identifies with and is engaged in new business creation activities.

According to Joshi (2014), there are many attributes of entrepreneur; an inevitable attribute is their ability to communicate. It is very crucial to mention that an entrepreneur cannot succeed without communicating with human elements

surrounding him/her. Communication is what transforms an idea into a vision, defines how it's different, explains why it will work, and engages people in helping to make it a reality. Communication is what keeps the vision alive in entrepreneur's communication with others and himself. It is in communication that an idea gets envisioned. The moment the idea starts crystallising into a concrete shape in its communication, an entrepreneur starts visualizing the complete picture about how a particular idea would turn into a reality.

Effective communication is a primary means whereby entrepreneurs achieve the desired levels of excellence in the development of their organizations. Communication has the direct effect on performance and attitudes of followers. The vision needs to be communicated to qualifying set of people through written or oral means in order to synergise them in an efficient team or teams for various purposes. Compelling visions provide people with a sense of purpose and encourage commitment if it is communicated properly.

According to Belser (2005), while the contribution of small business to development are generally acknowledged, entrepreneurs in this sector face many challenges that limit their long-term survival and development. Scholars have indicated that starting a business is a risky venture and warn that the chances of owners making it past five year mark are very slim. Sherifat (2013), indicated entrepreneurial orientation (EO) such as innovativeness, risk taking are factors found to influence the success of entrepreneur in SME performance. Innovative enables entrepreneurs to venture into new things such as technology, products and market where as risk taking is required.

According to Martin and Namusonye (2014), the process of innovation is an aspect crucial to the success of any business. It is an integrated concept that involves changes in the production process

which is aimed reducing cost, wastes, and lead time or at improving production efficiency. Innovation is a value adding process. Innovation works to improve any section of business operations. Innovation helps business in performance irrespective of the size. For business to realize growth, investment in technology should be made in order to reduce costs and increase the level of sales.

In agreement with Halim, Ahmad, and Ramayah (2014), innovation and competitive advantage have deep roots in the creation of something new, different and unique. An entrepreneur should be confident and motivated enough to continually try new things out. To this end an entrepreneur would become an innovative and equipped with the right type of knowledge, skills and abilities to effectively generate and implement new ideas. Innovation is crucial for the survival of business of SME.

Performance measures may be in terms of profit, growth in sales, stake holders satisfaction, competitive position and success in launching new products. Factors determining the performance of SME include entrepreneur education, raw materials, entrepreneur competencies, technology. According to Sarwoko, Surachman, Armanu, and Hadiwidjojo (2013), performance of SMEs is determined by the characteristics of the owner. The overall entrepreneurial competencies are attributes of the entrepreneurship which include attitudes, beliefs, knowledge, skills, abilities, personality, and behaviour which is directed to achieve success. SME success will be influence by the skill and the ability.

The ability of a sector to create new employment opportunities reflect the changes in these factor over time. Voulgaris, Papadogonas, and Agiomirianakis (2005) indicated there is a significant positive relationship between employment growth and firm size, profitability, sales growth, reliance on debt, and investment in

fixed assets. Ngek (2014) emphasized sales growth is the most essential and widely used measure of SME growth. According to Olowa and Olowa (2015), factors affecting SMEs growth in villages include persistence, organizational, finance, education, personal autonomy, previous experience, creativity, sense of accomplishment and internal control.

RESEARCH METHODOLOGY

This study adopted a survey research design method, and questionnaires were used to collect the necessary data and information about the entrepreneurial factors influencing performances of SMEs in Ongata Rongai Town , Kajiado County. In this study, the target population consisted of all current licensed SMEs in Ongata Rongai Town, operating business for profits and continuity in either areas of farming, trading, manufacturing or services. The instrument used in collecting data was questionnaire, which made it possible for respondents to supply the needed data for the research. Primary data was collected using questionnaire. Pilot study was carried out in order to establish the accuracy and appropriateness of the research design and data collection instruments. Validity was assessed by randomly selecting items from questionnaire, recording the ratings by different respondents, and then calculating Chronbach's alpha using SPSS.

RESEARCH FINDINGS AND DISCUSSIONS

The survey research was conducted through questionnaires with 90 out of targeted 114 respondents participating in the research, making a response rate of 78.95%, which was above 50% and thus adequate for statistical reporting (Mugenda and Mugenda, 2003). On respondent's years in Business Operations majority 50% had been in business for less six years. On correspondent's education level, 1.1% had bachelor degree, 12.2% had diplomas, 48.9 % had KCSE level, and 37.8 % were KCPE and below. On the type of business the respondents operated, the business owners were well spread in tree and

flower nurseries, shoes trade, furniture manufacturing and car wash services.

Influence of Commitment on the Performance of Small and Medium Enterprises in Ongata Rongai Town, Kajiado County

Data for this research objective was centred on sub-factors, the vision, goal setting and

communication towards SMEs performances. Responses in Table 1 below represented the opinions of the respondents. The respondents were asked to rate statements based on a five likert point scale defined as: 1= strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree.

Table 1: Influence of Commitment on the Performance of SMEs

Statement		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Business vision is clear and understandable	Frequency	67	14	5	1	3
	Percent	74.4	15.6	5.6	1.1	3.3
Business staff know their daily goals Business	Frequency	42	14	14	10	10
	Percent	46.7	15.6	15.6	11.1	11.1
Business performance communication meeting	Frequency	3	2	8	14	63
	Percent	3.3	2.2	8.9	15.6	70.0
Vision statement is clearly displayed	Frequency	59	11	6	3	11
	Percent	65.6	12.2	6.7	3.3	12.3
Business is the most important activity	Frequency	87	2	1	0	0
	Percent	96.7	2.2	1.1	0	0

Table 2: Influence of Commitment on the Performance of SMEs Statistics

Statement	Frequency	Mean score	Standard deviation
Business vision is clear and understandable	90	1.43	0.912
Business staff know their daily goals Business	90	2.34	1.425
Business performance communication meeting	90	4.47	0.985
Vision statement is clearly displayed	90	1.84	1.398
Business is the most important activity	90	1.04	0,256
Average		2.204	0.995

Table 3: Vision Statement

Statement		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Business vision is clear and understandable	Frequency	67	14	5	1	3
	Percent	74.4	15.6	5.6	1.1	3.3
Vision statement is clearly displayed	Frequency	59	11	6	3	11
	Percent	65.6	12.2	6.7	3.3	12.3
Business is the most important activity	Frequency	87	2	1	0	0
	Percent	96.7	2.2	1.1	0	0

Table 4: Goal Setting

Statement		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Business staff know their daily goals	Frequency	42	14	14	10	10
	Percent	46.7	15.6	15.6	11.1	11.1

Table 5: Business Communication

Statement		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Business performance communication meeting	Frequency	3	2	8	14	63
	Percentage	3.3	2.2	8.9	15.6	70.0

Influence of Innovation on Performance of Small and Medium Enterprises in Ongata Rongai Town, Kajiado County

Data for this research objective was centred on sub-factors the value addition, technology and new market towards SMEs performances. Responses in Table 6 below represented the opinions of the respondents. The respondents were asked to rate statements based on a five likert point scale defined as: 1= strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree.

Table 6: Influence of Innovation on Performance of SMEs

Statement		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Tolerance for failure	Frequency	73	11	5	1	0
	Percent	81.10	12.20	5.60	1.10	0.00
Use of business equipments	Frequency	27	24	20	15	4
	Percent	30.00	26.70	22.20	16.70	4.40
Handling of customers feedback information	Frequency	13	15	23	22	17
	Percent	14.40	16.70	25.60	24.40	18.90
Business addresses high potential growing markets	Frequency	13	16	27	15	19
	Percent	14.40	17.80	30.00	16.70	21.10
Rewards is given for creativity	Frequency	63	9	6	4	8
	Percent	70.00	10.00	6.70	4.40	8.9

Table 7: Influence of Innovation on Performance of SMEs Statistics

Statement	Frequency	Mean score	Standard Deviation
Tolerance for failure	90	1.27	0.614
Use of business equipments	90	2.39	1.206
Handling of customers feedback information	90	3.17	1.318
Business addresses high potential growing Markets	90	3.12	1.331
Rewards is given for creativity	90	1.72	1.298
Average		2.33	1.153

Table 8: Value Addition

Statement		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Tolerance for failure	Frequency	73	11	5	1	0
	Percent	81.10	12.20	5.6	1.10	0.0
Handling of customers feedback information	Frequency	13	15	23	22	17
	Percent	14.4	16.70	25.60	24.40	18.90
Rewards is given for creativity	Frequency	63	9	6	4	8
	Percent	70.0	10.0	6.70	4.40	8.90

Table 9: Business Technology

Statement		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Use of business equipments	Frequency	27	24	20	15	4
	Percent	30.00	26.70	22.20	16.70	4.40

Table 10: New Markets

Statement		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Business addresses high potential growing markets	Frequency	13	16	27	15	19
	Percent	14.40	17.80	30.00	16.70	21.10

From Table 1, the study reveal that majority of respondents perceive commitment as positively and moderately influencing performance of SMEs as indicated by a mean score of 2.207 and standard deviation of 0.576. This analysis shows

extremely weak business commitment, lacking visions and mission, and weak business team which may not achieve the desired business goals at the scheduled time. According to Smit & Watkins (2012), learning, goal setting and

achievement orientation is linked to SME success. It was suggested to improve commitment; regular communication to business staff on vision, daily goals was important.

From Table 2 of the survey study, 70% respondents strongly agreed that business performance communication meeting has an influence on performance of SMEs. Communication was used to pass information about business vision, mission and goals. Communication was used in giving instructions and procedures. According to Rufai (2014), communication positively influences the performance of SME firms within the area where the SMEs operates, also influences the shape on business performance. Commitment motivates an entrepreneur and aids in focusing to business goals.

Commitment had a positive association with performance of SMEs with scores of 0.292 and precision level of 95%. This correlation was statistically significant since its p-value is less than 0.005 at 0.003. From the score, it was concluded that there was significant influence of commitment on performance of SMEs. Commitment was also positively and significantly associated with other independent variables, and it was concluded it jointly influenced performances of SMEs.

In this section, the study sought to determine the influence of innovation on the performance of SMEs in Ongata Rongai Town. Majority of respondents perceive innovation as positively and moderately influenced performance of SMEs, as indicated by a mean score of 2.333 and standard deviation of 0.753. These analyses showed a moderate application of innovation as a tool to improve SMEs performances in Ongata Rongai Town. According to Rosli & Sidek (2013), innovation is critical and can be used to enhance SMEs performance. From the survey study, 43.3% of respondents agreed handling of customer's feedback information has influence on performance of SMEs.

Development of new products or services or methods of work tend to improve business

performance, according to Gupta *et al* (2015), for economic growth it is critical for SME to create, apply and introduced innovation. Any SME not actively involved in innovation, may not meet the demand of its customers, and hence a decline in profitability or performance. This moderate pace of innovation take up could be due to relative low education qualifications of majority of respondents and lack exposure. With high level of education, the management skill and knowledge is better, and hence better SMEs performance.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The study established that most of the respondents agreed that SMEs performances were influenced by entrepreneurial commitment and innovation. These entrepreneurial factors had a positive influence on SMEs performances and a high association of 95% confidence level.

The study examined the influence of commitment factors on performance of SMEs by examining the influence of sub-factors vision, goal settings and communication. The influence of vision was examined through statements on vision clarity and understandable, clear display of vision statement, importance of business activity. The influence of goal setting was examined through statement on business staff being aware of daily goals. Influence of communication, was determined through statement on business performance communication meeting.

Statement on vision clarity and understandable, majority of the respondents 74.4% strongly disagree, and viewed business vision as having no influence over commitment. On statement business staff know their daily goals, 62.3% of respondents disagree, and hence it has no influence over goal setting. On statement business performance communication meeting, 70% of respondents strongly agree it has influence over communication. On vision statement being clearly displayed, majority of respondents 65.6% strongly disagreed, and it can be argued that it does not influence vision. On statement business

is the most important activity, majority of respondents 96.7% strongly disagree, and perceive business activity as not having influence over vision.

The influence of entrepreneurial innovation factors on performance of SMEs, was determined by examining how value addition, technology and new market influence innovation. Value addition was examined by statements on tolerance for failure, handling of customer feedback information and reward is given for creativity. Technology was examined through statement on use of business equipments. New market was examined through statement on business addresses high potential growing markets.

Statement on tolerance on failure, majority of the respondents 81.1% disagree that it had influence on value addition. On statement use of business equipments, 21.1% of the respondents agreed it does influenced technology, while majority of respondents 56.7% disagree. Statement on handling of customers' feedback information, 43.3% of the respondents agreed it does influence value addition, while 31.1% of respondents disagreed. Statement on addressing high potential growing market, 37.7% of the respondents agreed that it does influence new market, while 32.2% respondents disagreed. On statement reward was given for creativity, 13.3% of the respondents agreed it does influence value addition, while majority of respondents 80.0% disagreed.

Conclusions

The study revealed that commitment had moderate and positive influence on performance of SMEs. The study further revealed that commitment was highly influenced by communication, and least influenced by vision and goal setting. It can be argued that communication is an important factor used to

pass information about vision and goals. Innovation was also seen to moderately and positively influencing performance of SMEs. This low innovation could be due to lack of high education qualifications as shown by respondent's education qualification demographic. Innovation was seen to influence in areas of handling customer's feedback information and addressing high potential growing markets.

Recommendations

Based on the findings of the study, it was recommended that entrepreneurs needed to regularly and intensively trainings and coaching on vision, goals setting, value addition, technology and new markets development. According to Bakar and Zainol (2015), SMEs that set a clear vision, having ability to innovate, being proactive, and being able to take culculated risks, can do well in terms of performance than those without these features. Other areas recommended for entrepreneur developments were decision making process and business opportunities identifications, according to Choongo, Burg, Paas, and Masurel (2016), entrepreneur need be in a position to identify, evaluate and exploit the available business opportunities.

Suggestions for Further Research

It was anticipated that this study will ignite further research in the area of SMEs performances, especially on other entrepreneurial factors influencing performance of SMEs, it will be interesting to see how these factors augment the studied entrepreneurial factors and their overall influence on SMEs performance in Ongata Rongai Town. To facilitate generalization of the findings, this study suggests that another similar study be carried out to determine the influence of entrepreneurial factors on the performance of SMEs in rural settings.

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