

Operating Environment and Performance of Small and Micro Enterprises in Urban Townships in West Pokot County, Kenya

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ABSTRACT

Small and Medium Enterprises (SMEs) in Kenya have not performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of Kenyan economy. This situation has been of great concern to the government, citizenry, operators, practitioners and the organized private sector groups especially because many of the SMEs owners are faced with unpredictable operating environment which presents many entrepreneurs with a challenge of both growing and managing their SMEs consequently affecting SMEs performance. The study aimed at establishing operating environment effects on performance of small and micro enterprises in urban townships in West Pokot County. The specific objectives of the study included determining the influence of skills and competence, technology, legislations and competition on the performance of small and micro enterprises in urban townships in West Pokot County. The study was anchored on the theory of multi-dimensional performance, goal setting theory and Human capital theory. The target population was drawn from small and micro enterprises owners and managers in the two major townships in West Pokot County that is Kapenguria, and Chepareria Townships. The study was based on descriptive research design where the researcher used stratified random sampling techniques to sample its respondents; Questionnaires were used for the data collection. Both descriptive and inferential statistics were undertaken. Inferential statistics was used to test the extent and nature of the relationship between dependent and independent variables. The correlation results of the study found that SMEs owners/managers skills and competence, technology and competition are positively related to SMEs performance. Results further showed that legislations are negatively related to SMEs performance. SMEs owners/managers skills and competence, legislation, technology and competition were found to be significant variables in explaining SMEs performance which is illustrated by coefficient of determination (R square) of 79.4%. Based on the research findings the study concluded that SMEs owners/managers skills and competence, legislation, technology and competition has a significant relationship with SMEs performance. The study recommends that the financial institutions, NGOs, and Government agencies should work in collaboration in improving SMEs owner's skills and competence, also technological changes awareness should be provided to the SMEs owners and managers. The Government agencies should come up with friendly policies and regulations to eliminate unhealthy competition towards the SMEs.

Key Words: *Operating Environment, Organization Performance, Small and Micro Enterprises in Urban Townships, West Pokot County, Kenya*

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1. INTRODUCTION

In Kenya the Micro and Small Enterprises are defined as any firm, trade, service, industry or a business activity with an annual turnover not exceeding Kenya Shillings Five Million and less than 50 employees, according to Kenya's Micro and small enterprises Act (2012). The small and micro enterprises (SMEs) are being considered as engines of economic growth worldwide. One of the most important roles of SMEs in this context includes poverty alleviation through job creation. The developed as well as developing countries are taking extreme benefits from SMEs and that are capable to accelerate the economy of any country. Kenya National Bureau of Statistics, (2016). Developing economies have started to focus on the crucial role that SMEs can play in their economic development (Maad, 2008). The only way to reduce poverty in a sustainable way is to promote economic growth, through wealth and employment creation. In developing countries, SMEs are the major source of income, a breeding ground for entrepreneurs and a provider of employment (UNIDO Report, 2003). In Kenya Small and micro enterprises faces a complex, uncertain and ambiguous operating environment such as the ever changing technology thus affecting their performance. Operating environment is thus paramount because, like other living organisms, businesses tend to adjust to their environment for example compensating for weak demand, taking advantage of existing legislations, substituting for missing infrastructure, or self-finance when banks are unfriendly (Giuseppe, 2009)

Government policy is a critical component of operating environment everywhere in the world. A study carried out by Economic Commission for Africa ECA (2001) on enhancing the competitiveness of small and medium enterprises in Africa, found that the regulatory and policy environment in Africa continues to present hindrances to the SMEs, laws and regulations are often complex, increasing the transaction costs of the SMEs. Another research indicates that majority of micro and small enterprises owners in Kenya are not quite adequately equipped in terms of education and skills the study suggests that those with more education and training are most likely to be successful in the SME sector (King and McGrath, 2002). Moreover, according to the Economic Survey, (2010). SMEs account for about 80 per cent of the country's total employment and that Kenya has about 1.6 million registered small and micro sized enterprises constituting about 96 per cent of all business enterprises in the country (Economic Survey, 2009). SMEs represent the largest sector in the economy employing up to 83% of Kenya's workforce and contributing up to 18.4% of the country's Gross Domestic Product (GDP) (Economic Survey, 2013). Studies show that the ever changing environment requires SMEs to adapt quickly to the new aspects such as competition and technology. This presents particular problems for small business given their size and inadequate resources (Caputi,2006) suggested that small businesses need to identify, prioritize and effectively tackle these challenges in order to be more competitive relevant and cope with the dynamic operating environment.

Performance refers to level of output, efficiency, turnover, and revenue and scale progression of an enterprise over a given period of time. There are two types of business performance tactical and adaptive, Tactical performance entails how effectively your organization sticks to its strategy as the driver of focus and consistency. Adaptive performance involves creativity, problem solving, grit, innovation, and how organization adapts to ever changing operating environment

(Ethan. S. 2007). Business performance has also been looked at in terms of; goal attainment, resources utilization, reputation and multi-dimensional measurement techniques of business performance (Abdel-Kader & Wadongo, 2011). SMEs Performance has been measured in some countries using profitability index of the business (Chirwa, 2008). SME performance can also be measured objectively by return on investment, market share, profitability and sales growth (Sebikari ,2014). Similarly, (Hanushek & Woessmann, 2008) postulates that entrepreneurs more often than not are very good at starting up a business, but poor in the operation and management of the same thereby affecting the overall performance of the SMEs. Hanushek & Woessmann (2008) postulates that majority of entrepreneurs thrive as starters but are not skilled enough at the running or even management of the business. Most small business are set up by a sole trader or a small group of entrepreneurs who possess the idea of coming up with a specific product or in the provision of a particular service as indicated by the European Federation of Accountants report (2004). therefore the entrepreneurs may not possess the skills as well as experience requisite for business planning , marketing , customer relation , financial reporting plus financial management which may result in SMEs poor performance .The European Federation of Accountants (2004) report also stated that United States Small business Administration had observed that 50% of the SMEs do collapse in the in the first year of operation while 95% fail within the first five years of operation.

In general, there exist numerous actions that an entrepreneur can put into practice in order to avoid failure of the business or under performance and some of the actions would include market research, business planning as well as delegation of management aspect to others. (National Baseline Survey, 1999) numerous constraints continue to be experienced by the SME sector such as inhibitive legal and regulatory environment, restricted market access, inadequate access to information, technology, poor quality products, insufficient business skills, deficiency in institutional framework, as well as incomplete linkages with large enterprises (national baseline Survey, 1999). The performance of SMEs in Kenya is still very challenging despite of various financial aids from the Government and the NGOs and that three out five SMEs fails within the first three years of operations; the high failure rate in the country shows poor SMEs performance according to Kenya Session Paper No 2 of 2005. Mechanisms to upscale SMEs performance in developing countries have been proposed Previous researchers (e.g. Gikonyo & Zainalaludin, 2006) proposed that for SMEs to be successful, SMEs owners and their staff should be provided with elementary entrepreneurial training on management of the enterprise and be given access to cheap loans and in particular, to promote performance of Kenyan SMEs, factors such as ability to create savings, better education levels for entrepreneurs could enhance SMEs competitiveness.

The environment of the business is best defined as the total sum of all the things which are external to the firms as well as which influence business operations, (Bayard, 2010). According to Arthur (2009) business operating environment encompasses the climate or set of conditions political, economic, social technological and legal which, poses a threat and opportunities to the business. International Labor Organization report (1998) noted that lack of critical assessment of the policy, legal plus regulatory environment is principal for the reason that small and micro enterprises fail due to lack of managerial capacity as well as monetary resources to handle multifaceted procedures, erratic monetary policies and harsh Government regulations. (Beck,2005) emphasized that the critical issue of the operating environment is not a prerogative of SMEs alone but also to the large, medium as well. Dethier (2010) illustrated that the operating environment affects the general economy through its influence on incentives to start and grow the SMEs. Klapper (2009) found out that those countries that registered high firm entry levels

present entrepreneurs with a secure political climate, efficient form of business registration process, condensed red tapes as well as business enterprises that have simplified legal forms.

Further The International Labor Organization report (2005) described business environment as those particular elements that are external to the business enterprise itself. Consequently, the assessment focus in relation to the operating environment was on the small business enterprises that considered following perspectives namely, the policy, legal plus regulatory framework, economic settings as well as the markets. Data has been compiled by many researchers pertaining to what they perceive to be the most salient issues affecting SMEs, for instance research into causes of business failure by the European federation of Accountants (2004) brought to the fore the distinction that exist between internal factors as those that are directly related to the business in question in addition to the external factors as those factors that affects the trading environment where the firm conducts its operation. Conclusions made were that the most frequently established causes of failure in regard to small business comprise of external price environment plus inflation, rates of interest, wage costs, moribund markets, rates of taxes, bad debts as well as delayed payment in addition to market competition. In relation to internal business matters, the European Federation of Accountants (2004) indicted that most prevalent occurring internal factor in failure of business is related to poor management. Similarly, the Small Business Research Centre (2008) remarked that the most prevalent causes of failure that is internal is 'bad management'. Affirming that a general feature of internal concern is the 'one person' issue, whereby the majority if not the entire senior management duty is vested in one particular person who may lack the right range of skills, or may fail to get time for appropriate application. The entrepreneur in this kind of scenario usually of a one-person business uses the skills of one person to carry out all the management functions such as marketing, sales, financial control, resourcing, planning and purchasing.

West Pokot County is found within the Rift Valley region of Kenya. The county is made up of four sub-counties specifically Pokot North, West Pokot, Pokot South and Pokot North. The County has two main urban towns Kapenguria and Chepareria. The main economic activities that most of SMEs owners engage in includes farming, pastoralism, mining, wholesale and retail trading and service businesses. West Pokot County is characterized by low levels of trade growth and development. Most SMEs are in early growth stage and are small in nature according to the West Pokot County integrated development plan CIDP (2018-2022). Some of the unique factors impeding performance of small and micro enterprises in urban townships in West Pokot county include poor infrastructure, unavailability of trading premises, soaring levels of poverty plus low right of entry to credit facilities, Shortage of trading premises, lack of management skills and harsh County by laws are some of hindrances affecting SMEs performance in the selected townships within the county which illustrates the few number of businesses small and micro enterprises in those townships, otherwise has huge potential for growth in trade owing to its strategic location and many existing opportunities (Mnang'at ,2016) There are 804 SMEs in urban townships in West Pokot County which are classified into either Small or Micro enterprises which are still in early years of operation, According to the West Pokot County Statistics office, Like in any other part of the Country SMEs in West Pokot County have high mortality rates with most of them not surviving beyond their third year of operation due constrains that hinder their general performance (RoK, 2005).

2. STATEMENT OF THE PROBLEM

SMEs have played and continue to play significant roles in the growth, development and industrialization of many economies the world over (Onugu, 2005). Research done by Onugu (2005) on the performance of SMEs indicate that performance of SMEs depends mainly on access to finance and firm size, environmental factors such as infrastructure, business legal status and legal registration. Studies on small and micro enterprises have been done mainly focusing on cultural setting of western countries (Jenning, 1994). A 2004 U.S bank study cited lack of sufficient capital as one of the challenge that affects performance of SMEs. Insufficient access to technology as well as skills, partial access to services that offers financial services plus inadequate access to markets are some of the challenges pointed out affecting performance of SMEs in Kenya (Wanjohi,2008;GoK,2005). Several other studies have been done in the informal sector in Kenya (Abuodha, 1996; Kinyanjui, 2000), found out that, although many SMEs continue to be established, majority of them are not performing as per the expectation and are barely surviving. The SMEs performance has not improved despite the various opportunities presented by the increased globalization, this is supported by survey undertaken by Central Bureau of Statistics (2004) which indicated that there is high failure rate and stagnation among many SMEs. The survey found that only 38% of the SMEs were expanding while 58% had stagnated and that more micro and small enterprises are most likely to close in their first three years of business.

A study conducted by the Institute of Development Studies University of Nairobi on behalf of Ministry of Planning (2008) which used a sample of SMEs operating in Central Kenya. The study revealed that 57% of SMEs are in stagnation with only 33% of them showing some level of growth. Research has shown that about 3 out of 5 Kenyan MSEs fail within their first year of operation. Between the year 2011 – 2016, a total of 2,210 thousand SMEs closed down (Fatoki, 2013). In West Pokot County a number of studies have been done but none has focused on the effects of operating environment on performance of SMEs in Urban Townships, despite the increasing number of small and micro enterprises that are being born now and then, this informs the objective of this study. A study by Mong’eri (2014) to investigate the influence of Micro Credit Institutional services on performance of small scale enterprise, at Kapenguria town, West Pokot County did not capture the influence of operating environment on SMEs in West Pokot County. Mwang’at (2016) examined the effect of interest rate on micro enterprises in Makutano (Kapenguria) Township, West Pokot County of which the study did not examine the effects of operating environment on SMEs in urban Townships in West Pokot County. Based on that premise, the current study sought to bridge this knowledge gap by determining the effects of operating environment on performance of SMEs in Urban Townships in West Pokot County.

3. OBJECTIVES OF THE STUDY

The main objective of the study was to establish the effect of operating environment on the performance of small and micro-enterprises in urban townships in West Pokot County, Kenya.

Specific objectives were:

- i. To establish how skills and competence of entrepreneurs/managers affects performance of small and micro enterprises in urban townships in West Pokot County, Kenya.
- ii. To determine the effects of legislations on performance of small and micro enterprises in urban townships in West Pokot County, Kenya.

- iii. To establish how technology affects the performance small and micro enterprises in urban townships in West Pokot County, Kenya
- iv. To determine the effects of competition on the performance of small and micro enterprises in urban townships in West Pokot County, Kenya.

4. THEORETICAL REVIEW

4.1 Theory of Multi-Dimensional Performance

The theory was developed by Borman and Motowidlo (1997) related to multi-dimensional performance distinguishes the concepts of contextual performance as well as task performance. Task performance according to him refers to proficiency of an individual to perform activities which in turn would make contributions to the technical core of the institution. the fore mentioned contribution is either direct or indirect. On the other hand contextual performance is taken to mean the activities that do not in any way contribute to the technical core but rather support social plus psychological environment of the organization whereby organizational goals are made pursuit .performance that is appropriate comprises not only of behaviours such as being a member who is reliable in an organization, but also coming up with suggestions on how to make improvements in work procedures (Borman & Motowidlo, 1993). This theory is relevant to the study since it explains how individual proficiency may influence the performance of SMEs, it's clearly defines employees or manager's roles into either task or contextual and suggests improvement of work procedures to increase performance both for the individuals and the businesses in general. while activities involved in contextual performance are comparatively alike across jobs; task performance is directly correlated to skill, but contextual performance is allied to personality as well as motivation; task performance is more recommended plus constitute in role behaviour, while contextual performance is considered flexible in addition to extra role (Motowidlo & Schmit, 1999). Additionally the theory will help in understanding of how different employees skills can be assigned to various needs in the SMEs to maximize SMEs performance in West Pokot County.

4.2 Goal Setting Theory

Edwin (1968) proposed a goal setting Theory suggesting that individual goals that have been formulated by an entrepreneur serves a vital role in motivating him/her for better-quality performance. The reason behind superior performance is the fact that the individual keep following their goals. This theory further states that goal setting is essentially linked to task performance, in that specific and challenging goals along with appropriate feedback contribute to higher and better task performance. This theory is related to our study because however much we consider the external environment and its influence to the SME performance, the individual must have set some attainable goals no matter the operating environment .In case the goals are not realized then they can adjust their strategic plans in order to improve their performance or have the goals modified to make them realistic and relevant in nature .If the performance registers an improvement then it will reflect the attainment of the aims set out by performance management system (Salaman,2005) As Kantabutra (2006),found goal setting works in various ways. It gives the link between present and future, energize and motivate followers towards the future, and sets a higher level of performance in an organization. This theory helped in determining the contribution of planning and goal setting towards performance of Small and Medium Enterprises in, West Pokot County. Further to that, in coming up with the relevant goals a critical analysis of the operating environment both internal and external must carried out in that process various

risks must be identified and plans be made on how to mitigate them in advance by so doing performance of SMEs in West Pokot can be enhanced greatly.

4.3 Human Capital Theory

The effect of levels of education possessed by the owner or managers on the success of SMEs can be explained by the human capital theory. According to this theory, training and education are essential as they improve on the efficiency and productivity of the SMEs by instilling knowledge and skills which are used in running the business operations and as a result raising productivity and performance of the SMEs (Fairlie & Robb, 2007; Chiliya & Robert, 2012). A number of studies have been done to examine success of businesses in terms of Rates of Return to Education (RORE). Most of such studies have shown that formal, proper and precise academics are vital in determining the success in performance of SMEs in well developed countries (Cohn & Addison, 1998). Education or training improves productivity of owner or managers and the success of their SMEs. The human capital theory reinforces the Skills and Competence variable in the current study since it explains the importance of core skills and enhanced training in enhancing performance in SMEs in West Pokot County.

5. CONCEPTUAL FRAMEWORK

Independent Variables

Dependent Variables

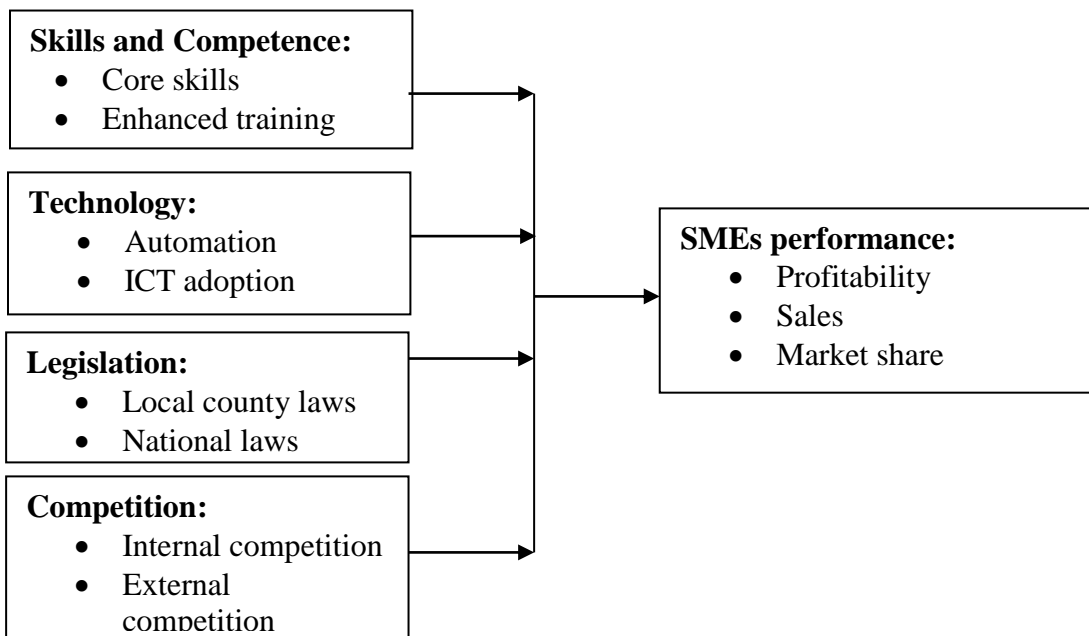


Figure 1: Conceptual Framework

A conceptual Framework refers to assumptions, rules as well as principles that are theoretically structured to tie together ideas made up of broad concepts (Huberman, 1994). It illustrates the relationship between the dependent and independent variables. The dependent variable was the performance of SMEs in West Pokot County while the Independent variables included the operating environment variables which include skills and competence, legislations, technology and competition. All these belonged to either internal or external environment of the enterprises.

6. RESEARCH METHODOLOGY

Descriptive research design was adopted. The research study derived the population from small and micro enterprises owners and managers in urban townships in West Pokot County. The study focused on 804 SMEs in urban townships in West Pokot County which were clustered into either Small or Micro enterprises. Information regarding the study population was sought from the West Pokot County Statistics office in Kapenguria town. The study was based on the stratified random sampling in which the sample members were utilized on the proportionate strength of the strata. The strata were based on two categories of enterprises that is Small and Micro enterprises. Several stages were used when conducting the analysis of data which include data clean-up plus explanation. Coding of primary data was then done while checking on any kind of errors and omissions both qualitative and quantitative approaches were used to analyse the data. Quantitative analysis was done using descriptive statistics and inferential statistics such as frequency, pie charts, and graphs percentages. Statistical Package for Social Sciences (SPSS) was used analyse Quantitative data. The findings were then presented through the use of tables, as percentages, and graphs. In addition, the researcher conducted a multiple regression analysis so as to determine the effects of each of the four variables on employee satisfaction. Regression was used to estimate the coefficients of the linear equation, involving one or more independent variables, which best predicted the value of the dependent variable. The regression equation was used to determine the relationship between operating environment and how it influenced the performance of small and micro enterprises.

7. STUDY FINDINGS

The researcher further ran a multiple regression to predict the dependent variable (performance of SMEs in urban townships in West Pokot County) using independent variables (Skills and Competence, Legislation, Technology and Competition)

Table 1: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891 ^a	.794	.731	.885

a. Predictors: (Constant), Skills and Competence, Legislation, Technology and Competition

From the findings, R was 0.891, R square was 0.794 and adjusted R squared was 0.731. An R square of 0.794 implies that 79.4% of changes in performance of SMEs in urban townships in West Pokot County are explained by the independent variables of the study. There are however other factors that influence performance of SMEs in urban townships in West Pokot County, that are not included in the model which account for 20.6%. An R of 0.891 on the other hand signifies strong positive correlation between the Variables of the study.

Table 2: ANOVA

Model	SS	df	MS	F	Significance
Regression	621.54	5	521.4	676.005	.000
Residual	361.41	312	.950		
Total	982.95	317			

From the ANOVA table 2, the value of F calculated was 676.005 while F critical was 599.521. Since the value of F calculated was greater than F critical, the overall regression model was

significant and therefore a reliable indicator of the study findings. The significance value was 0.000 which is less than 0.05 ($p < 0.05$). Therefore, statistically significant illustrating that there was 95% chance that the relationship among the study variables was not due to chance.

Table 3: Regression Coefficients

Model	Unstandardized coefficients		Standardized Coefficients	T	Sig
	B	Std Error			
Constant	3.48	0.675		8.012	.000
Skills and competence	0.865	0.022	0.811	14.15	.001
Legislations	-0.886	0.033	-0.120	-11.04	.000
Technology	0.895	0.029	0.127	2.15	.009
Competition	0.987	0.031	0.384	5.42	.000

a. Dependent Variable: performance of SMEs

The resulting model was; Performance of SMEs = 3.48 + 0.865 (Skills and Competence) - 0.886 (Legislations) + 0.895 (Technology) + 0.987 (Competition). This implies that when all the variables of the study are held constant, and other factors not included in the study are considered the performance of the SMEs will be at 3.48. A unit improvement in skills and competence of entrepreneurs/managers among the SMEs while all other factors held constant results in 0.865 increase in performance of SMEs, a unit increase in legislations with other factors held constant leads to 0.886 decrease in performance of the SMEs because of the negative relationship. Similarly, a unit increase in use of technology while other factors held constant, translates to a 0.895 increase in performance of the SMEs while a unit increase in internal and external competition with other factors held constant leads to a 0.987 improvement in performance of the SMEs.

H01: There is no significant statistical relationship between skills and competence of entrepreneurs and performance of small and micro enterprises in urban townships in West Pokot County, Kenya.

The null hypothesis was tested on a 0.05 level of significance which informed the decision to either reject or accept the null hypothesis. The null hypothesis was rejected in case the p-value was less than 0.05 otherwise it was accepted. In this case the null hypothesis that there is no significant statistical relationship between skills and competence of entrepreneurs and performance of small and micro enterprises in urban townships in West Pokot County, Kenya, was rejected because t statistics 14.15 has a p value of 0.001 less than 0.05, the study concludes that there is significant statistical relationship between skills and competence of entrepreneurs and performance of small and micro enterprises in urban townships in West Pokot County, which was similar to Mmari (2014) study which sought to examine the influence of education and competence possessed by owners or managers on success of Small and Micro enterprises in Tanzania. The findings from the study led to a conclusion that SMEs owners with low levels of education registered slow growth in their SMEs.

H02: There is no significant statistical relationship between legislations and performance of small and micro enterprises in urban townships in West Pokot County, Kenya.

The null hypothesis was tested on a 0.05 level of significance which informed the decision to either reject or accept the null hypothesis. The null hypothesis was rejected in case the p-value was less than 0.05 otherwise it was accepted. Where the null hypothesis that: there is no significant statistical relationship between legislations and performance of small and micro enterprises in urban townships in West Pokot County, Kenya, Was rejected because t statistics - 11.04 has a p value of 0.000 less than 0.05 which led to conclusion that there exists a significant statistical relationship (negative) between legislations and performance of small and micro enterprises in urban townships in West Pokot County. The finding is also consistent with findings of a study by Oludele (2014) on regulation, SMEs' growth and performance in Cameroon's Central and Littoral provinces retail and manufacturing and sectors. The study established that trade regulations and company law had a negative effect on small and medium-size businesses growth and performance.

H03: There is no significant statistical relationship between technology and performance of small and micro enterprises in urban townships in West Pokot County, Kenya.

The null hypothesis was tested on a 0.05 level of significance which informed the decision to either reject or accept the null hypothesis. The null hypothesis was rejected in case the p-value was less than 0.05 otherwise it was accepted in this case the null hypothesis that there is no significant statistical relationship between technology and performance of small and micro enterprises in urban townships in West Pokot County was rejected since t statistics 2.15 has a p value of 0.009 less than 0.05 which implies that that there is significant statistical relationship between technology and performance of small and micro enterprises in urban townships in West Pokot County which also corresponds to a study done by Nkuah, Tanyeh & Gaeten (2013) who studied on effects of technology on performance of SMEs in Ghana and found that there was significant relationship between the use of technology and performance of the business enterprises which included both small and medium operating within the central business district of Wa Municipality in Ghana.

H04: There is no significant statistical relationship between competition and performance of small and micro enterprises in urban townships in West Pokot County, Kenya.

The null hypothesis was tested on a 0.05 level of significance which informed the decision to either reject or accept the null hypothesis. The null hypothesis was rejected in case the p-value was less than 0.05 otherwise it was accepted in this case the null hypothesis that there is no significant statistical relationship between competition and performance of small and micro enterprises in urban townships in West Pokot County was rejected since t statistics 5.42 has a p value of 0.000 less than 0.05 which implies that that there was significant statistical relationship between competition and performance of small and micro enterprises in urban townships in West Pokot County. This is in agreement with Azende (2012) who carried out a study on competition and performance of small as well as medium scale ventures in Nigeria, and found that predominant SMEs were facing high competition from larger business setups. This in turn affected their financial accessibility hence performance.

8. CONCLUSION

The conclusions made by this study were informed by the study findings based on each and every study objective. The study concludes that skills and competence of entrepreneurs and business owners had a significant influence on SMEs performance. In the view of the second objective that sought to find out the effects of legislations on performance of small and micro enterprises in urban townships in West Pokot County the study concludes that legislation has significant influence on SMEs performance. In addressing the third objective of the study on establishing how technology affects the performance small and micro enterprises in urban townships in West Pokot County, the study concludes that technology has significant influence on SMEs performance. Finally, on the last objective of the study on determining the effects of competition on the performance of small and micro enterprises in urban townships in West Pokot County the study concludes that competition has significant influence on SMEs performance.

9. RECOMMENDATIONS


The study recommended that the MFIs, stakeholders, banks, government agencies needs to work on improving skills and competencies of the entrepreneurs through training and improving academic standards of the business owners and managers. It was also recommended that for the ventures to perform, Government agencies should have consultations with the stakeholders like business community before coming up with by-laws and also create favourable laws that can make the business environment attractive, thriving and profitable. For the technology to boost the performance of their businesses, the SMEs owners and managers should be sensitized on ICT roles and significance of technology and provided with the necessary facilities to enable them acquired the equipment, services and skills. It was also recommended that for competition to be healthy and assist the small and micro enterprises to flourish, Competition should be monitored and regulated by the government agencies.

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