ENTREPRENEURIAL CAPABILITIES AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN KENYA

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Entrepreneurial Capabilities and Performance of Small and Medium Enterprises in Kenya

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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This thesis has been submitted for examination with our approval as the University Supervisors.

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DEDICATION

This work is dedicated to my late parents and my entire family for their spiritual inspirations in the course of writing this thesis.

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ACRONYMS AND ABBREVIATIONS

CLRM	Classical Linear Regression Model
CRM	Customer Relationship Management
GDP	Gross Domestic Product
HEIs:	Higher education Institutions
HRM	Human Resource Management
ICT	Information and Communication Technology
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KNBS	Kenya National Bureau of Statistics
MSBs	Micro and Small Businesses
MSP	Mobile Service Provider
NACOSTI	National Commission for Science, Technology and Innovation
OECD	Organisation for Economic Co-operation and Development
RBV	Resource-Based View Theory
ROA	Return on Assets
ROE	Return on equity
ROI	Return on Investment
SCP	Structure Conduct Performance
SMEs	Small and Medium Enterprises

SMFEs	Small and Medium Family Enterprises
SPSS	Statistical Package for Social Science
UN	United Nations

DEFINITION OF OPERATIONAL TERMS

Business Performance is the ability of small and medium enterprises to meet their goals and make profit from their resources (Jing, 2018). In this study, performance was operationalized using profitability, sales volume and product/service quality.

Entrepreneurial Capability is the propensity of firms to identify new ideas and constantly pursue new opportunities (Weerakoon, McMurray, Rametse & Arenius, 2019). It was conceptualized using innovation, leadership Capability, marketing and strategic capabilities.

Information and Communication Technology is the extent to which the organization is equipped with IT infrastructure, IT knowledge and experience, and efficient use of IT operations (Ferraris, Mazzoleni, Devalle & Couturier, 2019). It was measured in terms of IT infrastructure, skills and experience.

Innovation Capability is a significant factor that promotes an innovative organizational culture, comprehension, and responsiveness capacities to the external setting and the features of inner promotion operations (Saunila, 2016). It was measured in terms of resource allocation, learning capability, and organizational capability.

Leadership Capability is management that generates visionary scenarios that are used to assemble and mobilize respondents engaged by the vision of strategic value creation discovery and exploitation (Khalil & Durra, 2019). It was operationalized using risk taking, pro-activeness and autonomy.

Manufacturing Industry that makes finished products from raw materials (Esmaeilian, Behdad, & Wang, 2016).

Entrepreneurial Marketing Capability is the ability needed by companies to guarantee efficiency in the form of customer service quality and efficiency; expertise in raw material buying, inventory management, and sales; and efficient use of logistics management methods (Martin, Javalgi & Cavusgil, 2017). It was operationalized using market sensing, partner linking and branding.

Service Industry that produces services maintenance and repairs, training, or consulting (Pepinsky, Pierskalla & Sacks,. 2017).

Small and Medium Enterprises is a business that maintains revenues, assets, or a number of employees below a certain threshold. In this study, the focus was on enterprises with 11 to 100 employees (KIPPRA, 2021).

Strategic Capability is the ability of an organization to develop and implement strategies that will achieve sustained competitive advantage (Ngammoh, Mumi, Popaitoon & Issarapaibool, 2021). It was measured in terms of cost leadership, differentiation strategy and customers focus.

Trade Includes wholesale and retail trade in all commodities whether produced domestically, imported or exported (Hagströmer, & Nordén, 2013).

ABSTRACT

The role Small and Medium Enterprises play in propelling economic growth in Kenya cannot be overlooked. However, majority of these businesses experience severe competition from large international businesses. Most of these small businesses have ended up closing down since they could not cope with the rapidly growing competitive environment. This study sought to investigate the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya. Specific objectives were to; analyze the relationship between business owner leadership capability, innovation capability, entrepreneurial marketing capability, strategic capability and performance of small and medium enterprises in Kenya. It also assessed how information and communication technology moderates the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya. The study was guided by six theories: capability-based theory, resource-based theory, market-based view theory, porter's theory of competitiveness, theory of innovation diffusion, and stakeholder's theory. This research was guided by the positivism paradigm and adopted a descriptive cross-sectional research design. The study covered licensed small and medium enterprises in Kariobangi light industrial area, Thika town's light industrial area and Kitui Central in Kitui County, Kenya. In particular, the target population was 2400 licensed SMEs comprising of 783 enterprises in manufacturing, 901 enterprises in trade and 716 enterprises in service. The study sampled 331 small and medium enterprises using stratified random sampling. The study's target respondents were owners of the enterprises. Primary data was collected using semi-structured questionnaires. Both quantitative and qualitative data were collected. Statistical Package for Social Sciences (SPSS) version 21.0 was used to process and analyze the data. Quantitative data were evaluated using descriptive statistics, that is, means standard deviations, frequencies, and percentages, as well as Pearson correlation and regression analysis. In addition, the values of t-statistics, F-statistics, and P were used to verify the statistical importance of the outcomes at a significant rate of 5 percent. Thematic analysis was used to analyze qualitative data. The assessment included classifying different responses into topics, driven by the objectives of the research. According to the findings, 69.1% of variations in performance of small and medium enterprises can be explained by entrepreneurial capabilities. The findings also revealed that separately and when combined, business owner leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability positively and significantly influence the performance of small and medium enterprises. Results also revealed that information and communication technology had a significantly positive moderating influence on the relationship between entrepreneurial capabilities and the performance of small and medium enterprises. The study concluded that entrepreneurial capabilities are significant contributors to small and medium enterprises' performance. Overall, entrepreneurial marketing capability was identified as having the most significant influence on firm performance, followed by strategic capability, followed by innovation capability, and lastly business owner leadership capability. Based on the findings, the study recommended that small and medium enterprises owners should strengthen business owner leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability aspects. The study findings make a

significant contribution to policy, theory, and practice in the field of entrepreneurship. Particularly, they inform extent to which entrepreneurial capabilities predict performance of small and medium enterprises.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The research aimed to explore the role of entrepreneurial capabilities on the performance of Kenya's small and medium-sized enterprises. It focused on business owner leadership, innovation, entrepreneurial marketing, and strategic capabilities. The Small and Medium Enterprises (SMEs) sub-sector plays a significant role in the Kenyan economy's growth and development. It is credited with providing a big proportion of the Kenyan population with revenue and jobs (Mutula, 2018). Therefore, examining the main drivers of the performance of the companies is of paramount importance. Scholarly research has shown that entrepreneurial capability plays a vital role in enhancing business performance. There is, however, scanty information on the connection between entrepreneurial capability and SME performance in Kenya.

China has managed to become the second-largest economy in the world, especially after engaging in economic reforms since the late 1970s. Despite playing a significant role in manufacturing products and exporting to different parts of the globe, the Chinese government has realized that depending upon this production model cannot sustain the country’s long-term economic growth and development. Hence, the government has tried to invest more in advancing technology, research and innovation, knowledge transfer, and promoting entrepreneurship education (Zhu, Guo, Hou & Chiu, 2021). Ma *et al.* (2021) explored increasing entrepreneurial capabilities among Chinese entrepreneurs. The research was based on a group of Chinese restaurant owners. There was a growing need to increase systematic knowledge on vital aspects to improve entrepreneurial capabilities among small business owners. Several aspects were pointed out as critical in enhancing the entrepreneurship capability of small businesses in China. These were entrepreneurial training, networks, culture, and attitude.

In Turkey, small businesses play a prominent role in generating employment (Erdoğmuş, Olcay & Erdemir, 2017). The country has a stable economic and political environment, well-educated youth, and strong domestic market, and underserved markets of neighboring nations. However, several factors act as impediments to entrepreneurial growth in Turkey. Some of these obstacles include; bureaucracy, difficulty in the protection of intellectual property rights, lack of capital, and a monopolistic marketplace. However, scholars hold that Turkey has a reasonable environment to nurture entrepreneurship (Meyer, Meyer & Molefe, 2016). The Turkish government recognizes the importance of entrepreneurship and it tries to form an entrepreneur-friendly environment to encourage people to start their businesses by decreasing paperwork, lowering taxes, and providing incentives.

In the 1980s, Japan was significant in global competition largely by shaping global technological trajectories, transforming major global industries, and contributing to fundamental innovations in industrial production processes (Kushida, 2017). Following the economic bubble burst in the early 1990s, however, other places such as Silicon Valley in the United States, moved to the forefront of transforming technology, industries, and production, creating vast wealth along the way. While Japan's role in global competition seemingly became largely irrelevant from the 1990s onward, careful analyses reveal that Japan was transforming quietly and gradually, but significantly. Japan's startup ecosystem, though still small compared to Silicon Valley, has dramatically transformed over the past twenty years through a combination of regulatory shifts, corporate transformations, and technological breakthroughs that have opened up vast new opportunities.

Ahmad, Suseno, Seet, Susomrith, and Rashid (2018) examined the impact of the different types of entrepreneurial competencies on business performance in businesses run by women entrepreneurs in Malaysia. Some of the specific competencies analyzed were analytical planning, innovation, leadership, enforcement/implementation, teamwork, and networking. The authors established that only enforcement/implementation and network competencies have significant effects on business performance. Their research provides insight about women's

entrepreneurship in emerging economies and recommends further research that could assist policymakers in implementing more effective initiatives to encourage and develop women entrepreneurs for the success of the economy.

In Nigeria, the business sector faces numerous challenges, which renders the environment not only difficult for business but resulting in the increasing failure of SMEs in the country (Gwadabe & Amirah, 2017). Studies established that 85 percent of businesses in the country do not survive beyond the first five years of their establishment. Moreover, even the little percentage that manages to sustain beyond five years, collapses between the sixth to tenth years of their existence which leaves only around 5 to 10 percent of the SMEs in business (Bagudu, Khan, & Roslan, 2016). Despite the effort and contribution of the Nigerian government to the development of SMEs, the input of the enterprises including micro-businesses to the country's exportation is as low as 7.27 percent. The lack of entrepreneurial competencies has been identified as the leading cause of business failure in the country (Amini, Arasti & Bagheri, 2018).

Goedhuys and Sleuwaegen (2016) analyzed the growth performance of entrepreneurial ventures among manufacturing sectors in Sub-Saharan African countries including Ghana, Gambia and Ethiopia. Their focus was on identifying those entrepreneurial capabilities and firm attributes that tend to create an important number of high-growth businesses in these economies. They established that businesses that engage in product innovation, have their transport means, and are connected to the internet through their website are particularly characterized by high growth rates.

Kenya is faced with increasing challenges of unemployment, low levels of entrepreneurial activities, and poor business performance. This has resulted in the problem of unsustainable economic growth and development (Musambayi, 2018). Since the country adopted the devolved system of government in 2010, there has been a huge demand from county government officials as well as the entrepreneurs operating in the areas on how to provide innovative leadership for entrepreneurial performance and development. Jonas (2017) identified the impacts of entrepreneurial capabilities on the performance of private colleges in Kenya, including market

orientation, entrepreneurial orientation, advertising capability, and social orientation. The study showed that entrepreneurial capabilities had a positive impact on the private university's performance. This study has practical implications for the theoretical advancement of university entrepreneurial capability. Additionally, the outcomes of the study provide insights into universities' management on the strategic choices they can make to enhance their performance in the fast-changing environment.

1.1.1 The Concept of Performance

Business performance is related to the company's market achievement with a distinct result (Bennett, Bettis, Gopalan & Milbourn, 2017). It is described in terms of economic results, which includes measures of economic effects such as return on investment and return on equity, and measures of profit such as sales return and net profit margin, profit, turnover, or return on investment (Dijkhuizen, Gorgievski, van Veldhoven, & Schalk, 2016). Non-financial measures include autonomy, customer satisfaction, development of sales, development of staff, market share, job satisfaction, work, and family equilibrium capacity (Bennett *et al*., 2017).

Business performance includes many particular fields including development and profitability (Nason & Wiklund, 2018). It is a constant and flexible method involving executives and executives acting as partners within a structure that sets out how best they can work together to accomplish the necessary outcomes. It is the outcome of operations that involves the real outcomes of the process of strategic management. In terms of its capacity to enhance the efficiency of the firm, strategic management practice is justified (Addae-Korankye & Aryee, 2021).

Financial efficiency relates to the financial measurement of the outcomes of a company's strategies, policies, and activities. These findings are expressed in the return on assets and investment returns of the company. Financial performance offers a subjective measure of how well a company can use and produce revenue from assets from its main company mode. It is evaluated by operating revenue or cash flow from activities or complete unit sales. The analyst or investor may want to look into financial

statements more deeply and pursue margin levels of development or any decreasing debt (Wambua, 2019).

Financial performance is also evaluated in the form of ratios, including profitability, liquidity, economic structure usage, and investment-shareholder ratio, according to Al-Malkawi and Pillai (2018). Measurement of profitability is by gross profit margin; consideration has been given to the quantity of cash produced after direct sales expenses, operating margin; lies between gross and net profitability measures and net profit margin; takes into consideration all expenses. Liquidity ratios show the capacity to fulfill short-term commitments, effectiveness ratios show how well company resources are in use, and economic leverage/leverage ratios imply sustainability to long-term debt exposure (Wambua, 2019).

Firm efficiency is the organization's capacity to accomplish its mission through sound leadership, and constant rededication to attain its objectives. The strong performance initiative enables organizations to mitigate the factors that impede their mission's achievement, such as enhanced uncertainty. This initiative aims to assist organizations in all industries of the economy, charities, companies, and government (Boonjing, Chanvarasuth, & Lertwongsatien, 2017). Business performance, according to Petrenko, Aime, Ridge, and Hill (2016), includes evaluating the functioning of significant procedures and facilities and identifying adjustments that improve performance when stated.

The normal measurement of business performance was not agreed upon owing to distinct opinions on the results to be used to measure an organization's efficiency and since performance is defined by the theory and purpose of the studies being undertaken (Yu *et al*., 2016). Performance measurement focuses on inner procedures to quantify an action's efficacy and efficiency with different metrics. Indicators of performance measurement act as proxies of organizational events. According to Boonjing, Chanvarasuth, and Lertwongsatien (2017), Return on Assets (ROA), Return on Investment (ROI), and market share are the most prevalent economic performance measurements.

There are distinct measurements of firm output including return on assets (ROA), which is a metric based solely on accounting and is calculated from information on the financial statements of the business. At the beginning and end of the year, the annual earnings of each firm before interest, taxes, and depreciation are divided by the average book value of the total assets. Performance measurements for accounting (such as ROA) have a benefit because they look backward. Nevertheless, they are susceptible to management manipulation and do not generally reflect investment in intangible assets. This distorts comparisons of performance across companies with varying degrees of intangible assets (Machuki & Rasowo, 2018).

Another performance measurement is the Q-ratio (Q) of Tobin, which is measured by separating the amount of the equity market value and the debt book value by the complete asset book value. Also, inventory return is a measure of results based on the capital market. It is calculated from annual share price modifications plus dividends separated by the share price of the prior year. The return of stocks is regarded as a strictly forward-looking benchmark (Machuki & Rasowo, 2018).

Aduralere Opeyemi (2019) evaluated Nigeria's business performance and used both ROA and ROE as performance measurements. The company's total sales and age had a major impact on the company's return on investments. In addition, leverage has been discovered to have an important impact on equity returns. Based on productivity measurement of chosen business' performance using both outputs per labour and output per capita, both total sales and company age have been discovered to have an important impact on production per labour.

1.1.2 Entrepreneurial Capabilities

Entrepreneurial capabilities refer to a capacity that needs the required resources to execute at a timely market or to create fresh market possibilities. Entrepreneurial capacities can be essential to achievement at the beginning of the company, while these capacities become less essential and meaningful as the company matures. More specifically, entrepreneurial skills allow companies to enhance resource bundles. Enterprise capabilities can contribute to the enterprise's continuous competitive

advantage. Some of the key dimensions of entrepreneurial capabilities are leadership, innovation, marketing, and strategic capabilities (Cavusgil, & Knight, 2015).

According to Weerakoon, McMurray, Rametse and Arenius (2019), the entrepreneurial capability is the propensity of firms to identify new ideas and constantly pursue a new opportunity. Ebrahimi, Azizi and Pourmehdi (2020) further point out that the organization's long-term success depends on enhancing entrepreneurial capability. Combining business behavior with the company's resource setup is a source of competitive advantage (Asemokha, Musona, Torkkeli & Saarenketo, 2019). They further argue that entrepreneurial firms are sensitive to opportunity identification and exploitation. A firm that possesses entrepreneurial capabilities adopts market-oriented behaviour and is constantly pursuing market opportunities. The market orientation gives it a competitive advantage over those that are not permanently seeking market opportunities.

Entrepreneurial leadership is described as leadership that generates visionary situations that are used to gather and mobilize respondents engaged in the vision of strategic value creation discovery and exploitation (Renko, El Tarabishy, Carsrud & Brännback, 2015). It is a style of management in which the ability to influence staff to strategically handle resources is essential to boost opportunities and for advantage-seeking behavior (Leitch & Volery, 2017). Business leaders can stimulate innovation and identify company possibilities in uncertain settings (Bagheri, 2017).

Innovation capacity is a significant factor facilitating an innovative organizational culture, comprehension, and responsiveness capacities to the external setting and the features of inner promotion operations (Tsai & Liao, 2017). To take advantage of market possibilities and attain greater efficiency, includes generating fresh thoughts and expertise (Lianto, Dachyar & Soemardi, 2018). Falahat, Tehseen and Van Horne (2018) observed that capacity for innovation involves resource accessibility; cooperative structure and problem-solving process.

Marketing capabilities refer to abilities needed by companies to guarantee efficiency in the form of customer service quality and efficiency; expertise in raw material

purchases, inventory management, and sales; and efficient use of logistics management methods (Chen, Chan, Hung, Hsiang, & Wu, 2016). Organizations also need to be able to motivate, empower and maintain staff and demonstrate responsiveness to market trends. Continued use makes it harder and harder for rivals to comprehend and imitate capacities. According to Chen *et al*. (2016), some of the more socially complex capabilities include interpersonal relationships, trust, friendships between managers, and between the company's managers and employees of suppliers and clients.

Porter (1996) described strategic capability as being continuously above the industry's average capacity to gain returns on investment. Specifically, other academics such as Stead and Stead (2016) observed that competitive advantage can be accomplished if the company implements a value-creating approach not being implemented concurrently by any present or potential rivals. Gorondutse and Hilman (2017) proposed that generic strategies lead to basic types of competitive advantage coupled with the operations the business is seeking to accomplish.

Ferraris, Mazzoleni, Devalle, and Couturier (2019) define information and communication technology as the extent to which a company is equipped with IT infrastructure, IT knowledge and experience, and efficient use of IT operations. According to the World Bank (2015), the inclusion of ICT in organizations has had an impact on the economic performance of companies in developing countries (Akinwale, Adepoju & Olomu, 2017), where ICTs contribute positively to the growth and development of companies. SMEs can use ICT to strengthen or replace existing information systems and networks and thereby open up new markets for companies (Setiowati, Hartoyo, Daryanto & Arifin, 2016). ICT promotes the diffusion of information and knowledge that facilitates development by bringing about social and economic change (Osborn, Cutter & Ullah, 2015). It was not anticipated that the connection between entrepreneurial capability and business performance would be linear. As such, this research sought to examine the moderating effect of ICT on the relationship between entrepreneurial capabilities and the performance of SMEs in Kenya.

1.1.3 Small and Medium Enterprises

Small and Medium-Sized Enterprises (SMEs) are described differently throughout the globe. Small companies are essential to sustained development in almost all economies. In each nation, SMEs are making an enormous contribution to Gross Domestic Product (GDP) and job creation (Clarke, Li & Xu, 2016). There is no conventional definition of SMEs, but the global definition of SMEs is characterized by the number of staff and annual turnover. More than 95 percent of businesses worldwide are small and medium-sized enterprises, Japan has more than 99 percent of total businesses, Singh, Mondal and Das (2020) said India had about 80 percent, Gyimah, Appiah and Lussier (2020) said South Africa had 91 percent, while Ghana had about 92 percent of total companies. Enterprises are categorized by the number of employees involved in full-time employment. Organizations with less than 10 employees are categorized as micro-enterprises, those with 11 to 50 employees are categorized as small-scale enterprises, those with 51-100 employees are medium enterprises, and those with more than 100 employees are called large enterprises (Kenya Institute for Public Policy Research and Analysis [KIPPRA], 2021). The current study focused on enterprises with 11 to 100 employees.

SMEs have been defined as propellers for the future economy. Studies on SMEs and entrepreneurship have risen considerably over the past decade (Mwangi, 2018). It has been increasingly acknowledged that small and medium-sized enterprises are not only essential to job creation and wealth creation but also to foster entrepreneurship, competition, and innovation leading to sustainable growth and development. SME growth has long been seen as vital to achieving wider development goals, including poverty alleviation, economic development, and promoting more democratic and pluralistic societies (Ombongi & Long, 2018).

Increased revenue, GDP, and enhanced jobs possibilities are the long-term financial impacts of SMEs. For the economy as a whole, Khan, Rathore and Sial (2020) have stated that SMEs are launchers of fresh concepts and assemblers of fresh products that accelerate the efficient use of funds. The contribution of small and medium-sized enterprises in the economy is expanded to other industries as an effect and therefore

SMEs serve as engines of economic growth. SMEs counterbalance the monopoly and thus decrease the market-controlled ability of large businesses. SMEs are generating to a higher extent the economically relevant technical innovation. The importance of small and medium-sized enterprises in Kenya is expressed in the 2014 Economy Survey, which showed that 83percent of the 800,000 employment opportunities generated in 2014 were in the informal sector dominated by SMEs.

SMEs play a significant role in economic development in developing nations, particularly through job creation and GDP contribution, and SME performance is therefore of excellent concern to the nation. Kenya's SMEs fall into providers of trade, agriculture, manufacturing, and services. SMEs in Kenya contributed 18% of GDP in 2003, 20% in 2007, 25% in 2012 (Kenya's Economic Survey, 2016). Despite numerous governments and NGO economic support, as well as other non-financial incentives, equipment, and favorable public policies, the performance of SMEs in Kenya remains difficult. Three out of five SMEs fail within the first three years of activities (KIPPRA, 2021). The country's elevated level of SME failure demonstrates bad efficiency and the absence of competitiveness.

1.2 Statement of the Problem

In Kenya, by providing income and jobs to a big proportion of the population, the Small and Medium Enterprise sub-sector is considered a significant economic propeller (Mutula, 2018). As stated in the Kenya Economic Survey Report (2018), 79.8% of Kenya's fresh jobs were contributed by SMEs. The sub-sector supplied more than 80% of the country's employment in 2012. In addition, the sub-sector adds more than 20% of the gross domestic product of the country (RoK, 2019).

Despite the role of SMEs in the Kenyan economy, the KNBS report indicated that a total of 2.2 million SMEs were closed within five years. Companies that have endured the fate of failure are in industries such as wholesale & retail, motor car, and motorcycle repair, which accounted for approximately 73.5% of complete closures (KNBS, 2016). The report further established that within the first three years of operation, three out of five companies failed. Business companies that began or

acquired within the last two years were more susceptible to closures and accounted for 61.3% of the total closed companies. SMEs' failure results in job losses, resulting in enhanced insecurity, low financial liquidity, and declining financial development (Kangala, 2018).

Waithaka (2017) recognized the absence of intellectual capital, infrastructure and political stability as critical threats to the survival and stability of Pakistan's small businesses. The absence of skills makes it impossible for SMEs to match and compete at both domestic and global levels. Thus, insufficient intellectual capacity condemned the SMEs towards the fierce challenge of survival in a competitive environment (Shamsuddin *et al*., 2017). Further, Akbar, Omar, Wadood and Al-Subari (2017) cited shortage of operating funds as the leading trigger to the closure of small businesses. Locally, Koech (2016) recognized capital markets, costs, access to capital, collateral conditions, capital management, and registration costs as factors affecting small business development. Awiti, Imbambi, Mande, and Machuki (2020) linked technology to organization. Similarly, Chege, Wang, and Suntu (2020) associated information and communication technology to business performance. However, there was limited empirical literature on the link between entrepreneurial capabilities and performance of SMEs in Kenya when moderated by ICT. This research sought to address the existing knowledge gap by analyzing the relationship between entrepreneurial capabilities and performance of SMEs in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to investigate the relationship between entrepreneurial capabilities and performance of Small and Medium Enterprises in Kenya.

1.3.2 Specific Objectives

The specific objectives were:

1. Analyze the relationship between business owner leadership capability and performance of small and medium enterprises in Kenya.
2. Determine the relationship between innovation capability and performance of small and medium enterprises in Kenya.
3. Establish the relationship between entrepreneurial marketing capability and performance of small and medium enterprises in Kenya.
4. Examine the relationship between strategic capability and performance of small and medium enterprises in Kenya.
5. Assess how information and communication technology moderates the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya.

1.4 Study Hypotheses

This study sought to test the following hypotheses:

1. H_0: Business owner leadership capability does not have a significant relationship with performance of small and medium enterprises in Kenya.
2. H_0: Innovation capability does not have a significant relationship with performance of small and medium enterprises in Kenya.
3. H_0: Entrepreneurial marketing capability does not have a significant relationship with performance of small and medium enterprises in Kenya.
4. H_0: Strategic capability does not have a significant relationship with performance of small and medium enterprises in Kenya.
5. H_0: Information and communication technology does not significantly moderate the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya.

1.5 Significance of the Study

The findings of this study will be of particular importance to various sectors. The various scholars and other researchers interested in small and medium enterprises will benefit from the findings of this study. The findings will add to the already existing body of knowledge in this field. Particularly the study will benefit the following;

1.5.1 Owners of Small Businesses

The study finding may be useful to the owners of small businesses in adopting entrepreneurial capabilities that will enhance their growth and sustainability. The study might also guide entrepreneurs in identifying key entrepreneurial dimensions that are essential in achieving better performance. Small businesses operate in a very competitive environment and therefore, the owners need to identify ways of remaining competitive in the growing and dynamic sector. As such, the small business owners might find this study useful in identifying the entrepreneurial capabilities that they need to focus on more based on how best the capabilities explain firm performance.

1.5.2 Customers

The customers who receive services from small businesses might also benefit from the findings of this study. Capabilities such as innovation leads to the improvement of existing products as well as the creation of new products and services that fit the customer's needs. This way, customers may gain more value for their money through quality products and services. Through marketing capability, the information gap between the small businesses and potential customers is eliminated, and therefore, customers can get information regarding various products and services being offered by the firm.

1.5.3 Government and Policy Makers

The government may also find the outcomes of this study useful, particularly, the ministry of trade which is charged with overseeing the functioning of SMEs. One of the functions of the Ministry is to develop policies that create a favorable environment

for SMEs to thrive. Based on the study findings, the ministry may be able to make informed policies aimed at enhancing small business performance and sustainability.

1.5.4 Investors

Investors may also find this study useful in several ways. It might strengthen the investors' confidence in the ability of the small businesses to capitalize on their entrepreneurial capabilities leading to high performance. Improved performance of the firms means that investors gain as well. Furthermore, investors would be confident that their investment is secure and are likely to inject more resources into the firms. Additional capital might lead to more business returns and this may benefit both business owners and investors.

1.5.5 Researchers and Scholars

Since there is little data available on the research topic, this study may enhance and accelerate research in this area, thereby generating new knowledge. The study also contributes to scientific knowledge of the influence of entrepreneurial capabilities on the performance of small and medium enterprises in Kenya, offering new perspectives and insights; which might be useful to researchers and scholars. Furthermore, since the researcher intends to publish the study; it would be easily accessible, and save time and money for researchers and scholars in the field.

1.6 Scope of the Study

This study investigated the influence of entrepreneurial capabilities on the performance of small and medium enterprises in Kenya. Particularly, the study focused on four dimensions namely; leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability. This research theoretical scope included the following theories: capability-based theory, resource-based theory, market-based view and porter's theory of competitiveness, theory of innovation diffusion, and stakeholders' theory. This study covered licensed small and medium enterprises in Kariobangi light industrial area in Nairobi, Thika town light industrial area, and Kitui Central in Kitui County, Kenya. The choice of these locations was

because there are people living in both rural and urban areas, and people from different cultural backgrounds run the enterprises. In particular, Kariobangi represented urban population, Thika town represented semi-urban population, while Kitui town represented rural population. The study was interested in the entrepreneurs in the three clusters (manufacturing, trade, and services) that are present in these locations. Given the limitations of this study, the regions are also manageable geographically. The study findings can therefore, be generalized to other regions locally and globally. In particular, the target population was 2400 licensed SMEs. This comprised of 783 SMEs in manufacturing, 901 SMEs in trade and 716 SMEs in service. The target respondents were owners of the enterprises. This research was guided by the positivism paradigm and adopted descriptive cross-sectional research design which was a survey in nature. The secondary data on SMEs' profits, number of customers and sales covered the period from 2016 to 2020. The SMEs' owners were required to indicate the value of their profits, number of customers and sales for a period of five years.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides the theoretical framework for anchoring the research. Theories are essential as they provide projections of the anticipated connection between the factors of the research. The section also describes the evaluation of current literature regarding the goals of the research. Reviewing current literature allows the researcher to evaluate what has been said about the focus factors by other researchers. The section also provides the study's conceptual framework, which is a figurative demonstration of the link between the different study factors. Finally, there is a discussion of criticism of current literature and identification of emerging research gaps that further motives the need for the current investigation.

2.2 Theoretical Review

A theory refers to a proposed explanation for the relationship among concepts being examined in a study (Creswell & Poth, 2017). Several theories informed this research: capability-based theory, resource-based theory, market-based view, porter's theory of competitiveness, theory of innovation diffusion, and stakeholders' theory. The researcher captures the concept of the theories and their relevance to the respective study variables. These theories assist to predict the link between the factors of the research, especially the independent variables and the dependent variables.

2.2.1 Capability-Based Theory

Grant (1991) suggested the capability-based hypothesis, citing capacity as the main basis of competitive edge, whereas accessible resources are the cause of capacity. Amit and Shoemaker (1993) argued similarly, suggesting that resources are not placed into an organization's continued competitiveness, except that it can execute its capabilities. Haas and Hansen (2005), also Long and Vickers-Koch (1995), supported the importance of capacities and suggested that a company will be able to attain strong

competitiveness over its competitors in the systematic implementation of its skills in carrying out vital organizational activities.

Amit and Shoemaker (1993) described capacities as the capacity of companies to set assets, typically in amalgamation through the use of accessible procedures within the organization, resulting in a lucrative result. Teece, Pisano, and Shuen (1997) defined dynamic skills in an organization as the ability to integrate, assemble and reconfigure skills both internally and externally to cope with quickly evolving environments. Sirmon and Hitt (2003) suggested that full and open organizational capacities are component and parcel of an organization's overall approach.

The theory is important to the research since it describes firms' capabilities and how they affect their efficiency. Capabilities are critical to attaining competitiveness and improved firm efficiency based on the theorist argument. The current study focuses on four main entrepreneurial capabilities, including leadership, innovation, marketing, and strategic capability. In particular, the study seeks to assess the connection between these capabilities and the performance of SMEs. The Capability-Based Theory predicted a significant effect of entrepreneurial capabilities on firm performance. The theory was, therefore, relevant to this study because it provided a theoretical argument that linked entrepreneurial capabilities, particularly, leadership capability to firm performance. Thus, the theory supported the leadership capability variable in this study.

2.2.2 Theory of Innovation Diffusion

Rogers (1995) developed the innovation diffusion theory. The theory says that diffusion of innovation is based on the concept of spontaneous or scheduled spread of fresh concepts involving the implementation of an innovation. Rogers describes innovation as a perceived fresh concept, practice, or object. The theory emphasizes that the perception of change is essential and that it should be regarded as an innovation if and when the concept appears new to the prospective adopter.

It is indicated that the presence of innovation is seen as causing uncertainty in the minds of prospective adopters in the theory of innovation diffusion (Berlyne, 1962). In this situation, the absence of predictability and data relates to uncertainty. Rogers (1995) further defines diffusion among members of a communicating social network as a method of data exchange driven by the need to decrease uncertainty. Uncertainty, along with the comparative probabilities of each of these solutions, can be regarded as the degree to which a set of solutions are viewed to the occurrence of some case. Those engaged in considering innovation adoption are encouraged to search for data to decrease this uncertainty.

The theory argues that data is embodied by technological innovation, so its implementation acts to decrease uncertainty. According to Rogers (1995), the spread of innovation is subject to five significant features including its comparative benefit, compatibility, complexity, trialability, and observability. The theory of innovation diffusion linked innovation capability to the performance of SMEs in the current research. The theorist emphasized the aspect of creating fresh thoughts that can assist improve an organization's performance. Similarly, it should be possible for small companies to create fresh thoughts that would assist them to improve their performance. The ideas could be in terms of new products or improved products and services. Therefore, the theory of innovation diffusion supported the variable innovation capability in this research.

2.2.3 Market Based View

The Market-Based View (MBV) was created by Caves and Porter (1977) and highlights these factors within the sector as well as internal market orientations as the main drivers of a company's increased efficiency. It posits that a company's main source of value is embedded in the aggressive situation defined by its strategic position in the end product. The distinctive bundle of activities of the company that gives it a competitive edge over competitors derives a powerful strategic market stance. From this view, the productivity or performance of a firm is determined solely by the competitive nutrition and the sector as a whole structure (Schendel, 1994).

Theorists contend that a company's performance relies heavily on the market sector from which it operates. The approach was regarded against their competitors on the pretext of the entire industry and the position of the company in the market. Bain (1968) on his contribution to the industry setup frequently referred to as the Structure Conduct Performance (SCP) paradigm, which he defined as the basic situation in which the organizational behavior of an industry structure is affected by its quality.

The theory of Market-Based View is important to the current research as it connects the market environment with firm performance. The market environment plays a critical part in corporate performance based on the theorist argument. Similarly, small businesses need to be able to use marketing capabilities such as sensing, partner connecting, client skills, functional and networking capabilities to grow and retain their market presence. The theory predicted that there was a connection between marketing capabilities and firm performance. Thus, the theory supported the entrepreneurial marketing capability variable in the current study.

2.2.4 Porter's Theory of Competitiveness

Porter (1985) created the theory and viewed strategy as competition. Competition is defined by theory as a profit fight marked by five separate forces. He claims that the structure of the sector is driving competition and profitability, not whether a sector is emerging or mature, high-tech or low-tech, controlled or unregulated. As such, the five forces describe the structure of a sector and shape the nature of competitive interaction within that sector (Pringle & Huisman, 2011) that is; it assumes that the market's attractiveness from a company's view depends primarily on the composition of the market.

The strategic model of Porter begins by looking at a company's relative position in a particular sector. In other words, you begin by considering the environment of the company and then attempt to evaluate which approach to implement to maximize the efficiency of the company. Porter's strategic model, which he proved through the approach of the five competitive forces (competition level, threats to fresh entrants, the threat of replacements, the bargaining power of customers, the bargaining power

of providers) whose collective strength constitutes the attractiveness of the industry and thus determines the long-term profit potential and thus the survival of a company.

The competitiveness theory by Porter is important to this research as it explains the notion of contests and connects them to firm results. Based on the theoretical argument, companies need to consider important strategic forces if they want to achieve a competitive advantage. These forces include competition, threats presented by fresh entrants, replacement threats, consumer bargaining power as well as supplier bargaining power. The competitiveness theory by Porter predicted a link between strategic capability and firm performance. Thus, the theory supported the strategic capability variable in the current study.

2.2.5 Stakeholders Theory

Friedman (2006) developed the theory and promotes the concept of a company's success. Hubbard (2009) observed that the theory evaluates the efficiency of a company's policy based on the expectations of the stakeholders. Any company's performance draws interest from several key parties. The main stakeholders interested in the performance of the companies are investors/owners, vendors, clients, and staff in the case of small and medium enterprises. Stakeholders are therefore worried about the company's behavior and operations to ensure enhanced profitability.

Some of the performance factors that stakeholders are interested in, based on the concept, include sales, liquidity, and returns on investment (Borror, 2009). Investors' interest is in returns on investment, maximizing their wealth. The state is also worried about the profitability of SMEs as it receives income from corporate tax from the returns of the companies. In particular, customers are worried about the business capacity to satisfy its growing requirements. In addition, the staff is worried about sales as their productivity is evaluated based on their sales.

The theory of stakeholders is important to this research as it highlights the idea of firm performance. Any company's main goal is to maximize earnings and SMEs are not exceptional. Based on the theorist argument, the company's achievement is expected

by different organizations. In the case of SMEs, there are strong expectations of important stakeholders such as owners, government, vendors, staff, and clients. Therefore, the company management has a function to guarantee that the needs of the stakeholders are met. The theory supported the dependent variable (firm performance) in the current study.

2.2.6 Resource-Based View Theory

The Resource-Based Theory (RBV) was created by Penrose (1959), who suggested that an organization's owned, deployed and utilized resources are of significance over the structure of the sector. Prahalad and Hamel (1990) acknowledged the notion of core competencies that are put carefully on an important resource class. Barney (1991) too felt that an organization's assets were its key foundation of competitiveness over competitors. In determining an organization's strategic assets that are easily accessible for deployment for it to obtain a competitive advantage, the resource-based view has been indicated as a crucial business management tool.

The company's implementation of the precious assets at its disposal is a critical resource-based approach as a type of basis for a competitive edge over market competitors (Wernerfelt, 1984). This translates into important assets that cannot be completely imitated or replaced with ease (Hoopes, 2003). If these conditions hold, the company's resource package can help an organization achieve a very excellent return output. The RBV theory emphasizes an organization's funds as the primary source of real competitive advantage and improved efficiency (Peteraf & Barney, 2003).

In the current research, the Resource-Based View theory clarifies the role of firm resources in determining the effect of entrepreneurial capabilities on firm performance. This research used ICT as the moderating variable between entrepreneurial capabilities and firm performance. It was expected that firms with more enhanced ICT resources are likely to develop entrepreneurial capabilities such as marketing, innovation, leadership, and competitiveness. The Resource-Based View theory supported the moderating variable (ICT) in the current study.

2.3 Conceptual Framework

A conceptual framework takes into account the theoretical and conceptual problems concerning the study and forms a coherent and consistent basis for the identification and growth of current factors. A conceptual framework is a model that introduces in different variables the elements under the account. It also shows the connection between the different factors (Regoniel, 2015). The Independent variable is the supposed cause of the dependent variable, whereas a dependent variable relates to the variable that the investigator would like to clarify. A conceptual framework's objective is to categorize and define ideas relevant to the interactions between them in the research and map. In this research, the independent variables were the entrepreneurial capabilities; firm performance formed the dependent variable while the moderating variable was information and communication technology.

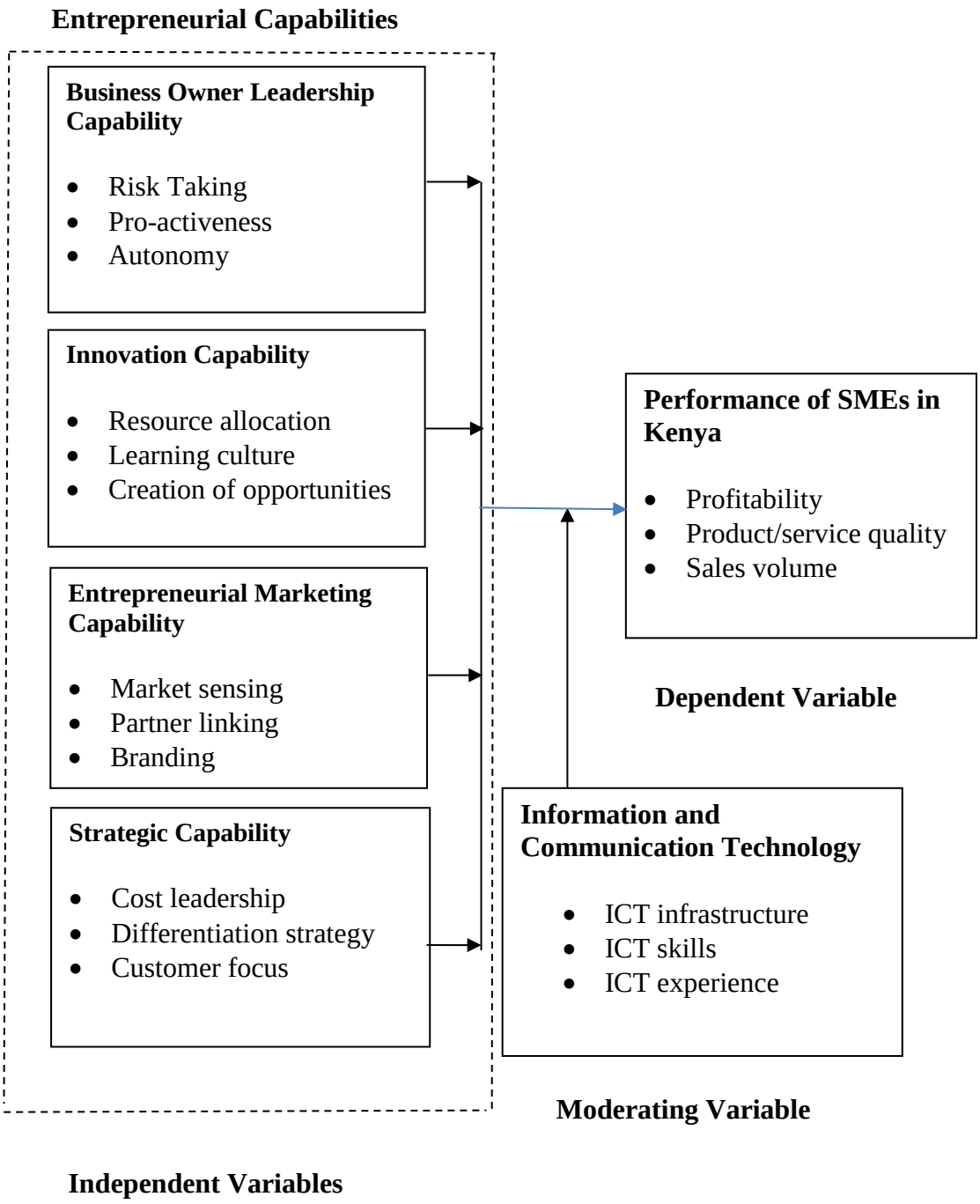

Figure 2.1: Conceptual Framework

2.3.1 Leadership Capability

Different writers have described entrepreneurial leadership, with one overarching definition commonly used by Khalil and Durra (2019). This is leadership that generates visionary scenarios used to assemble and mobilize respondents committed to discovering and exploiting strategic value creation through the vision. It is therefore a leadership style in which it is essential to have the ability to influence staff to strategically handle resources to boost opportunity-and advantage-seeking behavior (Eshima & Anderson, 2017). Entrepreneurial leaders can stimulate innovation and identify company possibilities especially in uncertain settings (Bagheri, 2017).

There are several elements to entrepreneurial leadership ability. First, encouraging risk-taking: as a leader allowing other staff to behave (empowerment) and make choices, and allowing staff to dare to take a risk (Harrison, Paul & Burnard, 2016). Second, pro-activity: encouraging staff to actively seek possibilities for the company (Newman, Neesham, Manville & Tse, 2018). Third, innovation: to encourage staff to be creative, to develop fresh company thoughts to maintain innovation (Leitch & Volery, 2017). Fourth, independence: encouraging staff to operate separately and enabling them to do so freely. Fifth, competitive aggressiveness: encouraging staff to learn from rivals and seeking company possibilities outside the comfort area (Mars & Torres, 2018). Finally, taking ownership-stimulating staff to take responsibility for their actions and feel as if they are part of the business and as such accountable for its achievement (Bagheri, 2017).

The degree and frequency of a leader's entrepreneurial activity in an organization determine the existence of entrepreneurial leadership, according to Kuratko (2017). Communication with staff and communication of a vision is highly essential for entrepreneurial leadership in particular for the achievement of promoting employee entrepreneurial behavior (Miao, Eva, Newman & Cooper, 2019). In this research, business owner leadership capability was measured in terms of risk-taking, pro-activeness, and autonomy.

A strategy implementation leader is someone who is in charge of owning, directing, and directing implementation efforts to fulfill the goals that have been established. He is accountable for completely supporting strategy implementation initiatives by providing the required resources, direction, and establishing an environment in which workers can work without fear or intimidation (Kihara, 2017). According to Chege and Gakobu (2017), a leader is a person who is expected to influence, guide, and motivate those around him to carry out individual tasks and guide his subordinates to effectively present and convey the company's achievement goals.

Leadership is the process or ability to influence others to achieve what has been determined. It is a combination of personal qualities and skills such as vision, purpose, and even vitality. Information to create a shared future and improve performance within the organization. According to Chege and Gakobu (2017), leadership is an important leadership role that is about motivating employees towards a common goal. Leadership emphasizes identifying followers and their needs. Odero (2018) suggests that leadership means delegating more to employees and helping them make most decisions without consulting their superiors.

According to Chege and Gakobu (2017), management has the power to directly stimulate companies to succeed. Managers establish employee values, culture, willingness to change, and motivation. They shape the plan of the organization, including its implementation and effectiveness. Leaders play different roles at each stage of the organization. All successful managers have in common that they motivate those around them to use the organization's resources as efficiently as possible.

For an organization to perform well against a given standard, it must ensure that everyone is performing at their best and there is a significant added value to the organization (Drath, 2017). Mwithi (2016) notes that the quality of leadership skills directly and strongly influences organizational performance, leading to a growing interest in various leadership skills models such as transactional, transformative, and laissez-faire leadership styles.

Transactional leadership involves a change process that ensures that followers meet the manager's needs, but may not show enthusiasm and desire to achieve goals. Leaders focus on getting organizational participants to take on the tasks the organization needs to achieve the desired goals (Kung'u, 2019). The transaction leader aims to ensure that the direction to be followed to achieve the goals is well understood by the participants to motivate the participants to achieve the goals that have been set (Chege & Gakobu, 2017). The transaction leader displays both constructive and corrective behavior. Constructive behavior includes conditional compensation, and the corrective dimension includes outstanding leadership. Conditional remuneration includes a clear presentation of work.

He trusts, admires, is loyal to, and respects the leader in the transformative leadership style, and he is inspired to go further, do more, and exceed expectations (Nyakomitta, 2021). Transformational leaders inspire followers by educating them on the value of task results and motivating them to think beyond their interests to help the greater business or team. He urges his followers to think creatively and attentively as they try to create newer and better ways to do their jobs, thereby stimulating their minds (Chege & Gakobu, 2017). Transformational leaders encourage their followers to work above expectations. The style consists of four dimensions of aspirational influence, inspirational motivation, intellectual stimulation, and individual attention (Eisenbach, Watson & Pillai, 2019).

Another leadership style is laissez-faire: The leadership style includes a policy of non-intervention, offers complete freedom to every employee, and does not contain essential means of achieving company goals. Participating leaders are people who support employees' freedom of choice and allow them to do what they want (Fiaz, Su & Saqib, 2017). This leadership style is based on two aspects. First, there is a strong belief that employees understand their work well, so it is advisable to let them do their jobs as they please. Second, leaders may find themselves in democratic political leadership positions and are hesitant to use energetic authority and control for fear of being re-elected. The sole significant advantage of laissez-faire leadership is that a high level of employee independence can lead to increased job satisfaction and

efficiency. The biggest downside is that it can be risky if employees do not manage their time correctly without supervision, or if they are not adequately taught or have the capacity and skills to accomplish their job properly. As a result, the style may be appropriate in situations when the job description is known, the company's personnel are competent, and no strong supervision or influence is required (Al Khajeh, 2018).

As indicated above, leadership is very important to the organization and involves identifying goals, influencing or motivating subordinates, and demonstrating persistence. Likewise, leadership style is described as the approach or format chosen by executives to involve and influence subordinates to achieve company goals (Hayat *et al.,* 2019). This is because the entrepreneurial orientation consists of aggressive competitiveness, proactiveness, innovation, willingness to take risks, and behavior seeking organizational autonomy, which implies a tendency or inclination to accept and initiate change (Dapper, 2019). Therefore, the leadership skills in this study consisted of risk-taking, autonomy, and being proactive.

2.3.2 Innovation Capability

Saunila (2016) describes innovation capability as a significant factor in facilitating an innovative organizational culture, comprehension and response capabilities to the external setting, and the features of inner promotion operations. Innovation capability includes generating fresh thoughts and expertise to take benefit of market changes (Lianto, Dachyar & Soemardi, 2018). It is the ability to generate new thoughts that contribute to greater results, create new possibilities, enhance future ability, technological management and enhance knowledge base by managing technological change. Falahat, Tehseen and Van Horne (2018) observed that capacity for innovation involves resource accessibility; cooperative structure and problem-solving process.

The significance of innovation skills on company performance is based on the main aspects of innovation capabilities (Aas & Breunig, 2017). These are; it has acknowledged efficient and operational capacities. Effective innovation capacities include production, marketing, and R&D skills as well as resource allocation, organizational, strategic, cultural, and learning capacities. The study measured

innovation capability in terms of resource allocation, learning culture, and opportunity creation.

Innovation is defined as the ability to develop creative, new, and useful ideas and successfully translate them into business inventions (Baer, 2017). In addition, innovation refers to the introduction of a new product or service that is novel or greatly enhanced in terms of its nature or purpose (Nyoike, 2019). Kirutu, Namada, and Kiriri (2019) also define innovation as a dynamic organizational capability that is closely related to strategic change. Through innovation, companies are better able to achieve strategic success. On the other hand, the ability to innovate is the ability to create something new that encourages the implementation of new ideas.

Muniu (2019) further defines innovation in terms of products, processes, and systems. Process innovation views innovation as a process for transforming resources, with a focus on R&D, technological development, and technical research. They also concentrate on improving activities such as the production, acceptance, and implementation of new ideas, processes, goods, or services, as well as the application of new information to generate and successfully apply new ideas in a company.

From a systematic point of view, innovation shows great interest in methodical and consistent relationships that guarantee zero product defects and provide added value to those who create and develop new elements. From a product standpoint, innovation is defined with a stronger emphasis on process innovation, work organization, and human resource management practice innovation (Yam *et al*., 2017).

Muniu (2019) then divides the ability to innovate into seven parts: education, research and development, resource allocation, production, marketing, organization, and strategic planning. According to them, learning capacity is the ability to understand, acquire, and apply knowledge and skills that are critical to the company's success. R&D capability is the ability to integrate R&D strategy, project implementation, product portfolio management, and R&D expenses in the innovation process, whereas resource allocation capacity is the ability to mobilize and increase technological, human, and financial resources in the innovation process (Saunila, 2020).

The ability to convert R&D results into market-ready products is referred to as production capacity. Marketing abilities indicate the capacity to promote and sell products based on present and future consumer needs. And organizational capacity is defined as the ability to construct an established organizational structure and coordinate the work of all activities to achieve common goals (Rajapathirana & Hui, 2018). Strategic planning abilities include the capacity to identify internal strengths and weaknesses, as well as external opportunities and dangers, and to build change-resistant strategies for achieving greatness in a highly competitive context. This study measures the ability to innovate in terms of resource allocation, learning ability, and organizational capability.

2.3.3 Entrepreneurial Marketing Capability

Developing important marketing capabilities is considered to be one of the primary avenues through which companies can attain innovation and competitive advantage (Sok, O'Cass & Miles, 2016). Marketing capabilities are not resources in themselves, but integrative procedures through which a company's collective understanding, abilities, and resources are used to address the business ' market-related requirements. Ultimately, marketing capacities allow the company to add value to its products and services, adapt to market circumstances, exploit market possibilities and overcome competitive threats (Nath, Nachiappan & Ramanathan, 2018).

Marketing capacities are, according to Martin, Javalgi, and Cavusgil (2017), skills needed by companies to guarantee that performance takes the form of customer service quality and efficiency; expertise in buying raw materials, inventory management, and sales; and efficient use of logistics management methods. Organizations also need to be able to motivate, empower and maintain staff and demonstrate responsiveness to market trends. Continued use makes it harder and harder for rivals to comprehend and imitate capacities. Some of the more socially complex capacities include interpersonal relationships, trust, and friendships between executives and between providers and customers' executives, and staff of the firm.

It has been pointed out that the marketing role involves full market understanding, creating and delivering precious and outstanding products and services to its target client. To have a stronger and longer competitive advantage and profit, companies must react heavily to market needs and proactively predict the market scenario (Vicente, Figueiredo & Rodrigues, 2018). Marketing capability is an indispensable factor based on a company's innovative skills that can produce development and benefit through unique innovation capabilities. Vicente *et al.* (2018) observed that tangible and intangible resources and capacities are essential in marketing capacities for the operation of marketing, including brand, sales, channel, and service to provide different marketing services.

Marketing capabilities such as market sensing, partner connecting, client skills, functional capacities, networking capabilities were related to numerous beneficial organizational results (Mitrega, Ramos, Forkmann & Henneberg, 2016). Such skills can either be used to create a marketing strategy that leads to superior results or can be of tactical or operational use, thereby contributing to the value chain. Marketing capabilities were evaluated in this research using market sensing, partner connecting, and client focus.

Marketing capabilities are a means of creating better value for customer service to achieve efficiency. They can also be seen as the company's ability to handle marketing mix techniques, which consist of product development, pricing, sales, and advertising, to achieve efficiency (Morgan, Vazquez & Suarez, 2019). Marketing opportunities include the company's ability to innovate and use marketing resources effectively to achieve efficiencies. Marketing opportunities influence market dynamics by providing product feature changes that increase the use of resources to meet customer needs. O'cass, Ngo, and Siahtiri (2015) find that marketing opportunities are part of the elements that contribute to firm performance and which require firms to focus on customer-centric skills and strategies.

Marketing skills have the potential to make a company aware and responsive to market changes such as steps taken by competitors, technological developments, and revolutions. This allows the firm to influence the resources and capabilities of partner

firms for future customer needs and value creation in production (Kanibir *et al.*, 2016). This can help companies develop new products or add new capabilities or functionality to existing products to meet their customers' needs for a stable, durable, and predictable experience despite competition from emerging technologies and modern evaluation methods. Marketing opportunities will continue to be managed within a more appropriate organizational structure. The company's ability to manage its capabilities and assets effectively following the demands of the environment and prevailing foreign markets is a sign of excellence (Kyengo, Muathe & Kinyua, 2019).

Morgan, Feng, and Whitler (2018) noted that there are two categories of skills; Possibilities from the outside in and from the inside out. By taking advantage of outside opportunities, a company can identify changes in the markets in which it operates, which in turn improves its competitiveness and customer relationship management skills, and enables the company to develop lasting relationships with its customers. On the other hand, inside-out opportunities include the development of new technologies and products, manufacturing processes, manufacturing equipment, technological changes, and the ability to predict technological changes in the industry. They include; Opportunities for market surveillance, branding, and customer relationship management (CRM) (Nyumba, 2018).

Odhiambo, Kibera, and Musyoka (2015) found eight distinct marketing opportunities that help businesses run more efficiently. Product creation, pricing, channel management, marketing communications, sales, marketing information management, and marketing strategy planning and implementation are examples of these opportunities. Nyumba (2018) also identifies three marketing opportunities including customer relationship management, packaging and market surveillance, and networking. This study measured entrepreneurial marketing ability in terms of; market sensing, partner linking, and customer capabilities.

2.3.4 Strategic Capability

Strategic capability is the ability of an organization to develop and implement strategies that will achieve sustained competitive advantage (Ngammoh, Mumi,

Popaitoon & Issarapaibool, 2021). Gorondutse and Hilman (2017) proposed that three generic strategies lead to basic types of competitive advantage coupled with the operations the business is seeking to accomplish. Porter (1990) indicated that cost leadership, differentiation, and focus are the strategies for attaining above-average output in a sector. Further, cost leadership is a strategic option focused on outperforming rivals through effectiveness rather than product or service quality. The focus of this approach is to offer a competitively low price to consumers without sacrificing quality and service. A differentiated company approach is an effort to generate a true or perceived product or service distinction to create an industry-wide client base that sees the product or service of the provider as superior. The customer focus requires a company to narrow its marketing aim by engaging the customer group, product line segment, or geographic region. The business focuses on a specific customer group, geographic markets, or product line segment in this approach (Pett & Wolff, 2016).

Furthermore, Porter (1990) clarified that each of the generic strategies includes a fundamentally distinct path to competitive advantage, combining a decision of the sort of competitive advantage sought with the scope of the strategic objective in which to achieve competitive advantage. A low-cost company will have a higher competitive advantage in low-growth sectors over a high-cost competitor than if it is to compete in high-growth sectors (Ayuso & Navarrete-Báez, 2018). In this study, the strategic capability was measured using cost leadership, differentiation strategy, and customer focus.

The ability of a company to successfully implement strategies that allow it to manage and increase in value over time is referred to as strategic capability (Wangechi, 2016). Although strategic capability considers the company's plan, it concentrates on the company's assets, resources, and market position, and predicts how well the strategy will be implemented in the future (Hareebin, Aujirapongpan & Siengthai, 2018).

Organizational strategic capabilities usually guide and evaluate the organization's plans and objectives over a long period. This allows organizations to potentially gain a competitive advantage by using collective skills to meet customer needs, regardless

of the prevailing economic situation (Wangechi, 2016). According to Aaker (2018), the strategic skills of an organization form the basis for a carefully structured plan of action, which can be the key to achieving organizational goals over a long period and thus offer a problem-solving mechanism, especially when it comes to relevant topics relevant to the organization is important.

Terouhid and Ries (2016) noted that strategic skills are mostly about skills or resources that will help companies develop and stay one step ahead of the competition. They are also threshold-level resources. Companies must meet resource and skill requirements to succeed in the marketplace. They are classified as threshold resources, or those required to meet the bare minimum of customer needs, and threshold talents, which are required to meet customer wants and ensure the success of corporate strategy (Vesalainen & Hakala, 2016).

King'oo, Kimencu, and Kinyua (2020) suggest that strategic resources must be scarce, replicated, valuable, and without replacement, to ensure sustainability. Competence, on the other hand, is a company's processes and activities that help it use its resources efficiently. Therefore, it is necessary to understand the organizational resources available and how they are used before considering the strategic capabilities of the company. Competencies are typically divided into threshold competencies, which represent actions and processes that the company excels at, and core competencies, which represent those things that the company excels at and that competitors find difficult to imitate to give the company a competitive advantage (Njoroge, 2016). According to Oswago (2018), five critical strategic management abilities include defining a strategic vision and business mission, setting goals, designing strategies to attain goals, executing and enforcing plans, and evaluating performance.

2.3.5 Information and Communication Technology

Ferraris, Mazzoleni, Devalle, and Couturier (2019) define information and communication technology as the extent to which a company is equipped with IT infrastructure, IT knowledge and experience, and efficient use of IT operations. Extensive IT experience enables enterprise strategies to be implemented smoothly,

develop reliable and cost-effective systems for the organization and anticipate customer needs. Zahra, Hameed, Fiaz, and Basheer (2019) found that IT experience combined with other IT elements directly determines a company's ability to grow rapidly and apply more innovative techniques to increase productivity.

SMEs in developing countries face challenges in terms of technological innovation due to their size and uncertain environment (Wamuyu, 2015). Changes in the business environment have resulted in companies increasingly relying on IT to achieve and maintain competitiveness, increase productivity, and thrive in today's dynamic market (Yunis, Tarhini & Kassar, 2018). These changes encourage technology-based innovation activities aimed at increasing productivity. However, despite the widespread adoption of ICT by organizations in various sectors, several research reports indicate that many companies fail to pass through the stages of the business life cycle (Amankwah-Amoah, Boso & Antwi-Agyei, 2018). In this study, information and communication technology was measured using IT infrastructure, IT skills, and IT experience.

Ndemo (2015) defines technology as the application of scientific knowledge for practical reasons or applications, whether in industry or our daily life. As a result, whenever we apply our scientific understanding to achieve a goal, we invariably employ technology. According to Njuguna (2018), the technology is device-specific, however, it might be extremely simple or highly sophisticated. Information and communication technology, on the other hand, is the infrastructure, application systems, and employees that information and communication technology employs to deliver information and communication services for an organization's processing/operations and administration/management (Diing, 2016). It is also defined as the capabilities provided by computer and telecommunications software applications to organizations to provide data, information, and knowledge to individuals and processes.

Maina and Muthee (2020) show that information and communication technology is determined by the workforce, skills, infrastructure, and level of IT experience. IT skills are those that are gained via the use of computers and other technology. Online skills,

critical thinking, the science behind technology, adaptability, and courage are all essential technology skills (Mugo, 2018). Therefore, IT literacy issues offer a solution to most of the challenges facing SMEs. It plays a very important role as it helps SMEs find ways to apply what they have learned as well as their innovations. Communication skills, organizational skills, writing skills, problem-solving abilities, project management skills, planning skills, customer service skills, and research skills are also described by Ahmad Marzuki *et al.* (2015).

Laan (2017) describes the information and communication technology infrastructure as a set of information and communication technology (IT) components that underlie IT services and physical components; Computer and network hardware and equipment, and network software and components. According to Ejiaku (2018), IT infrastructure includes computers, software, and all communications system components required for efficient data transfer and management. The IT infrastructure also includes IT experts for system planning, installation, maintenance, and repair as well as qualified IT personnel for effective system administration. Infrastructure is the main pillar and backbone of the implementation of any ICT program, be it education, business, or other fields. Without basic and solid infrastructure, everything will collapse. Problems with hardware, software, network connectivity, physical equipment such as computer laboratories, and power supplies need to be addressed (Malungu, 2020).

2.3.6 Business Performance

Firm performance is related to the firm's market achievement with a distinct result (Jing, 2018). It is described in terms of economic results, which includes measures of economic effects such as return on investment and return on equity, and measures of profit such as sales return and net profit margin, profit, or turnover (Dijkhuizen, Gorgievski, van Veldhoven & Schalk, 2018). Non-financial measures include autonomy, customer satisfaction, development of sales, development of staff, market share, job satisfaction, work and family equilibrium capacity (Jing, 2018).

According to Kadiri and Aliyu (2016), performance in an organization should always consider the inputs, analyze the behaviors, and the outputs, focusing on the results. An organization performs once it covers the competency levels and achievements as well as accomplishes the objectives of the organization's strategy. However, the factors that affect performance, the processes for managing performance, and how performance is measured will vary according to each author and specifically depending on each organization.

Organization performance includes three particular areas. The first is the economic one, which involves earnings, asset returns, and investment returns. The second is the performance of the product industry, which includes revenues and market share. The final region is the return of shareholders, which includes total shareholder return and additional financial value (Kadiri & Aliyu, 2016). The research measured the performance of SMEs in terms of profitability, sales volume and quality of products/services.

Performance is the total number of activities or investments made in an organization over a certain period (Nurmaheasy & Putra, 2020). In addition, the implementation includes the results of the efficiency of the customs process, income from trade facilitation (Polycap, 2017). The practice of reviewing a firm's performance about some predetermined goals and objectives is known as company presentation. It comprises of actual results or results relative to the desired results as depicted in the organizational chart. The main purpose of the company's performance is to increase the efficiency and effectiveness of the organization to improve the organization's ability to provide goods and/or services (Njuguna & Waithaka, 2020).

According to Stanleigh (2015), an organization's effectiveness must be monitored to track its progress and the amount to which it has met its objectives. It entails measuring the results accomplished about the goals stated and claiming that only the proper things should be measured. According to Irungu (2019), performance indicators serve three key goals. First, they serve as financial management tools; second, they serve as the company's principal goal, such as having a 40% ROA, and lastly serving as a motivator and control mechanism in an organization.

Dato-On, Banerjee, and Roy (2018) also show that implementation steps can be non-financial or financial. Both are used in companies that compete in a dynamic business environment. In an organization, financial performance metrics include sales growth, return on sales, return on investment, return on equity, and return on investment. Revenue growth is defined as the amount of revenue generated by a corporation through the sale of items at a given moment in time, calculated before expenses. Customer satisfaction, employee loyalty, and service quality are examples of non-financial indicators of corporate performance.

Chong (2018) found that the measures to represent SMEs include: growth (sales, number of employees), profitability (rate of profits, return on investment), and viability to measure the performance of SMEs. Zhang and Chen (2016) measure the performance of SMEs in terms of the overall level of profit, return on investment, profit margin achieved, and return on investment. Ozigi (2018) shows that measuring the financial performance of SMEs can be difficult and impractical, as SMEs are not legally required to prepare and publish their financial reports because they are not publicly available. Therefore, this study measures the performance of SMEs in terms of profitability, sales volume, and product/service quality.

2.4 Empirical Literature Review

This section provided a review of existing studies that relate to the current study. An empirical literature review is defined as a direct search of published work on journal articles and books. It is a comprehensive survey of previous inquiries related to the research objectives (Carpini, Cook & Jacobs, 2014). Through the review, the researcher was able to bring out knowledge gaps that existing studies failed to address and which formed the basis for carrying out this research. The review was conducted in line with the current study's variables.

2.4.1 Business Owner Leadership Capability and Firm performance

Ahmed (2017) explored the effect of growth on the creation of superior management capacities in Pakistani companies that affect organizational efficiency. The results of

the research stated that companies are investing in innovations that improve their organizational capacity leading to better results. The author noted, however, that tiny companies lack a development structure and learning culture that adversely affect organizational capacity development resulting in bad organizational performance and general company performance and sustainability. Ahmed's research is comparable to this research because it focuses both on managerial/leadership skills and their impact on firm results. The two studies, however, concentrate on distinct country contexts. Therefore, generalizing the results was impractical to suit the current study's context.

Rahim, Zainal Abidin, Mohtar, and Ramli (2015) evaluated the connection between business leadership and organizational performance, focusing on Malaysia's small and medium-sized enterprises. The research implemented quantitative design and business target holders. Research results stated that business leadership has a positive and significant impact on corporate performance. The suggested research will also embrace a quantitative design to evaluate the connection between SMEs in Kenya's management capacity and performance. However, Rahim *et al.*'s research concentrated on Malaysian SMEs and thus there was a contextual gap that was addressed by the current study by concentrating on SMEs in Kenya.

Musambayi (2018) assessed the effect of innovative leadership by the county government on the performance of enterprise firms in Kenya. Using regression analysis, descriptive research was used and the information was analyzed. The results stated that although county governments have programs in their jurisdiction to promote entrepreneurs, the programs have no important impact on the results of the entrepreneurial company. The research found that county governments could play a significant part in altering the performance of entrepreneurial companies through projects such as company incubators; favored policy formulation and regulation.

Greef (2014) performed an exploratory survey on the Dutch corporate social performance impact of entrepreneurial leadership. The results of the research indicated a favorable connection on the human dimension between entrepreneurial leadership and social performance, particularly on absenteeism, retention of employees, and well-being of employees. However, on the planet dimension, the connection of

entrepreneurial leadership continues uncertain as the responses did not match. In addition, it was discovered that autonomy, pro-activity, and property about social performance are comparatively significant elements of entrepreneurial leadership. Greef's research is relevant to the current study since both relate entrepreneurial leadership to firm performance. However, Greef paid attention to the social performance of the firm alone. The current study involved other aspects of firm performance such as profitability.

Kabetu and Iravo (2018) evaluated the impact on UN-Habitat's performance of personnel skills, strong resource ability, leadership support, value orientation, and social responsibility. A descriptive study design was used in the studies. The results indicated that flexibility, strategic direction communication, core competencies, and human capital development have a major impact on UN-Habitat performance in Kenya. It was found that institutional flexibility had the biggest impact on UN-Habitat performance in Kenya, followed by the development of human capital and then the communication of strategic direction, while the implementation of core competencies had the least impact on UN-Habitat performance in Kenya. The research suggested that staff need to be trained and developed through on-the-job training as well as possibilities to seek greater education.

Ngugi (2016) examined the problems that hinder the sustainability of Small and medium-sized family businesses (SMEs) in Kenya after the founders' exit. The author concentrated in specific on organizational abilities, entrepreneurial abilities, abilities in managing human resources, individual behavior, and planning for succession. A blended study design was implemented for an exploratory, descriptive survey, ex-post-facto, and quantitative designs. The results stated that after the founders’ departure, all predictor factors affected the sustainability of SMEs. It was suggested that SMFE rulers and owners require managerial, entrepreneurial, HRM, and succession abilities to attain sustainability. Both the reviewed and present studies focused on SMEs. However, Ngugi’s study focused on the sustainability of enterprises whereas the current study focused on the performance of the firms.

In Nigeria, Daramola and Amos (2016) tried to examine the paradigm shift in the concept and practice of higher education administration by conducting a study on leadership in Nigerian universities. This study identifies several challenges that negatively impact the internationalization of Nigerian universities, such as poor leadership culminating in incompetence and inefficiency at all levels, which is why internationalization initiatives are so important to prepare students for success. However, the study suggested that university administrations should shift to paperless and eventually paperless procedures to minimize administrative burdens. Management should also develop specific strategic plans to clearly define the strategies of various faculties for various higher education activities at home and abroad. The study was conducted in Nigeria, so there is a scope gap. The current study was conducted in Kenya.

Okyere (2017) focuses on the influence of the leadership style of small business owners/managers on company performance. According to the findings of this study, leadership is usually regarded as a crucial leadership function in the achievement of business success goals. Data were obtained from 10 SME owners/managers in Maseru, Lesotho, using the quality approach and an open questionnaire. The study's findings support the contention that there is a favorable relationship between the use of leadership styles and the significant representation of SMEs in Lesotho. This qualitative research approach is significant because it reveals SME owners/managers' leadership styles and their impact on business performance. This research is qualitative, which is a methodological oversight. This research is quantitative.

Saeidi *et al.* (2021) examine how organizational leadership affects company performance through social responsibility initiatives. During the four months June-September 2020, data were collected from 285 Malaysian manufacturing and consumer goods enterprises. The model was analyzed using the AMOS Structural Equation Modeling (AMOS-SEM) approach. Following the approach of Baron and Kenny to testing hypotheses, it was discovered that the relationship between PR and financial performance, as well as PR and non-financial outcomes, is partially mediated by CSR. Furthermore, non-financial performance has been established as a complete

intermediate between intellectual property and financial results. Furthermore, the findings reveal two fully mediated relationships, with non-financial performance serving as the entire mediator variable between CSR and financial performance, and CSR and non-financial performance serving as two more complete mediators between IP and financial performance. This research was conducted in Malaysia, so there is a scope gap. The current study was conducted in Kenya.

Ogechi (2016) explores the impact of strategic leadership on the success of Kenyan small and medium-sized businesses. The survey was designed in the form of a descriptive questionnaire. The target group comprises 3001 Kenyan registered SMEs. Using the stratified selection method, a total of 301 SMEs were chosen as the sample. Respondents are the organization's owners and management. A systematic questionnaire was used to obtain primary data. A Pearson correlation analysis was also performed to establish the level of the link between strategic leadership and the performance of Kenyan SMEs. This study discusses strategic leadership practices which include: a well-defined strategic direction for the company, an effectively managed portfolio of company resources, strong corporate culture, ethical practices, and balanced organizational control. Customer satisfaction, net profit margin, high annual sales, and low annual personnel turnover are all analyzed as company performance indicators. Using correlation analysis, the relationship between the two variables was investigated, and it was proven that strategic leadership had an impact on organizational performance. As a result, this study suggests that strategic leadership improves the performance of SMEs in Kenya. This study focuses on only one entrepreneurial skill, leadership, and thus represents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Hindasah and Nuryakin (2020) investigated the connection between organizational skills, organizational learning, and financial success. This is the primary research undertaken with the assistance of empirical studies. This study employs a pre-selected sample. In Yogyakarta, Indonesia, the respondents were SME entrepreneurs from several economic sectors. According to the findings of this study, organizational

abilities have a favorable and significant impact on financial performance. Furthermore, organizational training has a substantial impact on financial success. The relationship between organizational skills and financial performance is unaffected by organizational age, although it is significant for organizational training. The manager's experience factor slightly reduces the relationship between organizational skills and financial results. However, it is important for organizational training.

Sari *et al.* (2019) focus on improving rural business efficiency: the role of leadership in transformation and organizational skills. This study conducted a study of rural businesses in Siak Regency, Indonesia. A total of 121 surveys were given directly to rural enterprise directors, with 89 complete and actionable responses obtained. Data were analyzed using WarpPLS 5.0 to determine that transformative leadership can improve the financial and social performance of rural-owned businesses both directly and indirectly through organizational skills. According to the findings of this study, transformative leadership has a direct positive impact on organizational productivity. Transformational leadership improves organizational performance by enhancing organizational abilities. According to the findings of this study, organizational skills serve as a partial mediator of the association between transformative leadership and organizational performance. According to the findings of this study, transformational leaders are critical for improving the performance of rural firms. As a result, this study advises that when hiring directors for village-owned firms, village advisory boards should examine aspects of transformative leadership behavior.

Onyando (2018) investigates the dynamic skills, leadership, and performance of a manufacturing firm in Nairobi, Kenya. The Resource-based view theory guided this investigation. An explanatory research approach was used for this cross-sectional investigation. The effect of leadership behavior on the connection between dynamic ability and company success was investigated using moderated multiple regression analysis. The findings revealed that three elements of dynamic abilities, sensory skills, retrieval skills, and reconfiguration skills, have a strong direct influence on company success. It has been proven that transformative leadership behavior has a significant impact on the relationship between firm performance and two dimensions of dynamic

ability, namely sensory ability and retrieval ability. It has also been found that the interaction of transactional leadership behavior with skill acquisition and ability reconfiguration has a significant impact on business performance. The association between sensory skills and business performance is significantly influenced by laissez-faire leadership conduct. The conclusion is that dynamic skills have an effect on company performance, and leadership conduct has a major impact on the relationship between dynamic skills and company performance.

Alhyasat and Sharif (2018) investigated the link between strategic leadership and organizational performance in Jordanian industrial estate companies. The administrative questionnaire served as a quantitative data collection instrument. The sample for this study was a simple random sample of 30 employees from Jordan's Industrial Property Company (JIEC). According to the findings of this study, there is a favorable association between strategic leadership and organizational performance. This study focuses on only one entrepreneurial talent, leadership, resulting in a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

JS and Kang (2016) investigated the impact of CEO leadership style on business performance in times of environmental uncertainty through a study of Korean private companies. He also tries to discover whether the influence of CEO leadership on the company's subjective and objective performance differs significantly. This study investigates the owner manager's leadership style and contrasts the impact of transformational and transactional leadership on the objective and subjective performance of the company. The study's findings support the notion that the transformative leadership style of the CEO who owns and leads the firm has a favorable impact on both the organization's objective and subjective performance. Under adversity, the CEO's transformative leadership style has a bigger impact on firm performance. In contrast, the CEO's transaction management style has no discernible impact on the company's overall success. It has been demonstrated that when there is a large degree of uncertainty, the effect of the CEO's transaction management style on the subjective performance of the firm is greater. This research focuses solely on one

entrepreneurial talent, leadership, and so represents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Strategic leadership and organizational performance: A critical evaluation of the literature, according to Jaleha and Machuki (2018). This article seeks to fill this research gap by critically reviewing the relevant conceptual and empirical literature to highlight the possibility that the external environment and organizational change may influence the relationship between strategic leadership and organizational performance. This research presents growing postulates that support the conclusion that the direct influence of strategic leadership on effectiveness is debatable and hence inconclusive due to potential moderating and mediating effects on the external environment or organizational change.

Hayat *et al.* (2019) empirically examined the impact of entrepreneurial orientation on the performance of small and medium-sized companies through the intermediary role of entrepreneurial management. The target audience is information and communication technology (ICT) owners/managers of SMEs in Punjab, Pakistan. The sample size of this study was 350, but 311 questionnaires were useful for statistical analysis. A cross-sectional study was accepted in this investigation. According to the findings of this study, the entrepreneurial attitude has a direct impact on company performance, which has a constant and indirect impact on company performance with entrepreneurial leadership. Entrepreneurship is critical for achieving improved firm performance and gaining a long-term competitive edge. The three dimensions of entrepreneurship are risk-taking, proactiveness, and autonomy which are used in this study. Opportunity seeking is at the core of entrepreneurial leadership. This study used entrepreneurial leadership as a moderating variable and thus showed a conceptual gap. The current study uses leadership as an independent variable.

Dapper (2019) discusses the influence of leadership style and entrepreneurial orientation. The document evaluates five leadership styles-autocratic, democratic, laissez-faire, transactional, and transformative leadership styles; and their influence on the direction of entrepreneurship. Desktop research methodology is used in this study.

The discourse shows that democratic and transformative leadership styles share qualities and content that promote and support entrepreneurial characteristics such as aggressive competitiveness, innovation, proactiveness, risk-taking, and autonomy. The document concludes that both democratic leadership styles, and transformative leadership styles; seem to support and enhance organizational capability and propensity for entrepreneurship. The dependent variable in this study is entrepreneurship, which has a conceptual gap. The dependent variable in this study is the performance of SMEs.

Singh *et al*. (2019) focus on co-leadership of the top management team, market-oriented culture, innovative capabilities, and corporate performance. This study is shaped by a perspective based on dynamic resources and skills. The cross-sectional design is adopted. This study models the structural similarities from survey data collected from 336 small and medium-sized enterprises in the United Arab Emirates. This study offers companies the ability to innovate to mediate the relationship between shared leadership and market-oriented culture and corporate performance. The results show that shared leadership and market-oriented culture have a positive influence on a company's ability to innovate. In addition, the results show that a market-oriented culture mediates the relationship between TMT co-management and the firm's ability to innovate. Similarly, a company's ability to innovate conveys the impact of a market-driven culture and company performance, as well as the impact of shared leadership and TMT company performance.

Imamoglu *et al.* (2015) focused on the role of leadership style and the ability to learn organizationally about business performance. As a result, the purpose of this research is to investigate the relationship between leadership style, organizational learning ability, and firm performance. The factor analysis method was utilized. According to the findings of a study of 207 Turkish enterprises, leadership style (participation, support, and instruments) affects organizational learning ability, and participatory leadership affects corporate performance. This study uses factor analysis to determine the relationship between variables, thus showing methodological differences. This study used correlation and regression.

Obeidat and Zyod (2015) present a theoretical model of the relationship between transformative leadership, transactional leadership, knowledge sharing, job performance, and business performance. According to the findings of this study, knowledge management activities, particularly knowledge sharing, are regarded as key practices in all public and private enterprises. However, there is a need for methods for such organizations to manage and analyze their richness of knowledge-sharing skills, which influences their performance. As a result, this study provides a theoretical model in which transformative and transactional leadership styles influence information sharing behaviors among employees and their impact on job performance, and thus company performance. This study focuses on only one entrepreneurial skill, leadership, and thus represents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic capabilities.

Muriithi (2017) focuses on the impact of transformative leadership and people management practices on Saccos' financial performance when making deposits in Kenya. The study conducted was a survey with a focus on SACCOS, which was approved in Kenya for the provision of a savings business in 2017. This study relied on both primary and secondary data. A linear regression model was used for data analysis in descriptive data analysis. This research focuses on four independent factors (transformational leadership practices, training and development practices, recruitment strategies, and compensation) and estimates their influence on the dependent variable (return on investment). Data research reveals that transformative leadership, recruitment, and training strategies have a considerable favorable effect on SACCOS' return on assets. While remuneration has a negative impact on SACCO investment returns, research reveals that the variables under consideration are associated with one another. The variable used to moderate this research is human resource management, which reveals conceptual gaps. In this study, information and communication technology was used as a moderating variable.

2.4.2 Innovation Capability and Firm Performance

Rajapathirana and Hui (2018) studied the connection between innovation capability and the various aspects of corporate performance including innovation, market, and

economic performance covering the Sri Lankan insurance subsector. The results showed that the two variables had an important powerful connection. Their research is related to the present study since they both concentrate on the capacity for innovation and firm results. The two studies, however, concentrate on the distinct nation and industry contexts. The research was carried out in Kenya and concentrated on the SMEs sub-sector.

Alam, Arumugam, Nor, Kaliappan, and Fang (2017) assessed current literature on organization innovation capacities and their impact on results as measured by marketing and economic elements. The results suggested that the ability of strong innovation to impact company performance, advertising performance, and eventually impact economic performance. The research used marketing and financial aspects as measures of performance. Similarly, the current study adopted some of the financial aspects such as profitability to measure the performance of SMEs in Kenya.

Dalvand, Moshabaki, and Karampour (2015) evaluated the effect of innovation capability on export firms' performance and used descriptive research. The research concentrated on particular elements of innovation: operational, allocating resources, capacity for organization, culture, and learning. The results stated that export firms' performance in innovation capabilities has a favorable and substantial impact. Their research, however, concentrated on export companies, while the current research concentrated on SMEs.

Karabulut (2015) studied the impact of the strategy for innovation on company results. This research was carried out on Turkish manufacturing companies and gathered information using questionnaires. The results disclosed that more than other dimensions of company performance, the innovation approach explains economic performance. It can be concluded that Turkish production companies' innovation approach causes them to enhance their economic performance. The innovation approach also leads these companies to enhance the performance, efficiency, learning, and growth efficiency of their customers, inner business processes.

Ngumi (2014) identified the impact of bank developments on business banks' economic performance in Kenya. A descriptive study design was used during the collection of primary data using questionnaires. Secondary data has also been used to validate primary data's communicative and pragmatic validity. The results indicated that bank innovations had statistically significant effects on revenue, asset returns, profitability, and client deposits of commercial banks in Kenya, and tests for importance also showed that the impact was statistically important. Ngumi's research, however, concentrated on bank technologies, while the current research concentrated on SME development.

Nyoike (2019) focuses on the creative methods and representation of Kenyan small and medium-sized manufacturing firms. The goal of this study is to discover how innovation, organizational structure, R&D, and commercialization affect the success of SMEs. The association between innovative techniques and SME performance is moderated by entrepreneurship. This research will assist the industry, small and medium-sized business owners and managers, financial institutions, researchers, and governments. A stratified random sample of 254 managers or owners/entrepreneurs from manufacturing enterprises registered with the Kenya Manufacturers Association was used to select the sample. The study discovered that commercialization, organizational structure, R&D, and innovation were all independently significant determinants of SME effectiveness. The findings also reveal that entrepreneurship diminishes the link between innovative practices and SME performance significantly. Overall, this study found a link between creative activities and SME performance.

Asieh (2015) investigated the relationship between organizational structure and workplace innovation in an industrial company's workforce. The goal of this study was to look at the relationship between organizational structure dimensions and innovation. A sample of 313 employees from an Iranian industrial company was chosen. The findings revealed an inverse association between centralization and innovation. High levels of centralization have encouraged protests and destructive approaches, while also stifling the emergence of new ideas. In addition, there is a negative relationship between complexity and innovation. According to the findings of this study, there is a

negative association between recognition and innovation. Another discovery is that organizational structure is a strong predictor of innovation.

Joung, Jin, and Woo (2015) investigated the impact of commercialization capacities on employment in small and medium-sized businesses. The purpose of this study is to investigate the relationship between elements in the commercialization process of transferred technologies and firm financial and innovative outcomes. It investigates the use of acquisition/internalization technologies as well as market exploitation. A sample of 200 Korean firms was used. According to the findings, the acquisition/ internalization had a major impact on the company's financial performance and innovation. Technological exploitation also improves their economical and innovative performance. They also find that market use has a strong impact on financial and innovative performance. The study was conducted in Korea, which shows differences in scope. The current study was conducted in Kenya.

Ljiljana and Durdana (2015) researched prospects for innovative practices and creativity in market-oriented enterprises. The findings demonstrate attitudes and viewpoints of innovation managers that are not necessarily shared by other personnel. Even though the findings are based on successful experiences, they do not imply that market-driven enterprises always succeed in inventing independent of conditions or other variables. Although general concepts can be implemented in the majority of cases, the peculiarities of firms, markets, and innovative techniques are not regarded as crucial in producing creative chances through market orientation. The use of individual informants has great potential to influence the results of cross-functional coordination and should therefore be examined separately. This study focuses on the impact of innovation on creativity and does away with aspect representation, which causes a conceptual gap. This study focuses on the impact of the ability to innovate on productivity.

Yalla (2015) examines the impact of corporate policies and competitive tactics on the relationship between the ability to innovate and the performance of large Kenyan manufacturing enterprises. The study was cross-sectional. It has been established that there is a positive systematic relationship between innovation/company policy/

competitive strategy/outcomes. These findings are consistent with theoretical statements and prior research indicating that the interaction of internal and external resources influences efficiency. The study discovered that R&D intensity, public/government collaborations, and cost-cutting tactics were major mediators of the connection between innovation capacity and productivity. In contrast to predictions, the strength of competitive strategy's influence on the link between innovation and productivity is positive but limited. However, the combined effect of innovation ability and competitive strategy on productivity is slightly bigger than the independent effects of innovation ability. The findings indicate that integrating company policies and competitive tactics for the relationship between innovation and productivity boosts yields. Indeed, the empirical study indicates that significant investment in research and development, as well as the establishment of social/government coalitions, are essential to support real innovation activities. It concludes that companies should effectively integrate company policies with their innovation skills and competitive strategies to maintain better performance. The survey restricted the use of questionnaires to exclusive use, which was sometimes fraught with inaccuracies in reporting.

Kaingu (2016) focuses on the operational innovation and efficiency of courier companies in Kenya. This research is based on the theory of dissemination of innovation and the Technology Adoption Model (TAM). This research is descriptive and was conducted as part of a survey. This research is based on primary data. A semi-structured questionnaire was used to obtain primary data. The data acquired is quantitative, and it has been statistically examined to be analyzed. To achieve the purpose, data were examined using descriptive statistics such as frequency, percent, and tables of standard and standard deviation. In addition, correlation and linear regression were employed. The implementation of a technology innovation strategy has an impact on the functioning of courier companies in Kenya, according to this study. In addition, the study found that courier companies in Kenya are more interested in improving process innovation, reducing costs, and introducing new products. This study finds that the availability of resources and opportunities, environmental analysis and response to change, and value creation through pricing affect productivity and that

market innovation strategies support market segmentation and that the market innovation strategy provides the best service in the market. This study finds that product innovation has a major impact on the way courier companies work. Concerning the process innovation strategy, this study finds that autonomous process innovation is used sparingly and new product introductions are also used. This study focuses on only one entrepreneurial skill, namely the ability to innovate, which represents a conceptual gap. The current study focuses on four electives including leadership, innovation, marketing, and strategic opportunity.

Majimbo and Namusonge (2020) examine the strategic innovation and performance of an oil marketing firm in Nairobi, Kenya. As a result, the goal of this research was to investigate the effect of strategic innovation on the performance of oil marketing enterprises in Nairobi City. The first particular goal is to assess the influence of product innovation on the performance of oil trading firms. The second specific goal is to assess the influence of market innovation on the performance of oil trading firms. The third specific goal is to investigate the impact of process innovation on the operations of oil marketing organizations. The fourth particular goal is to assess the influence of organizational innovation on the operations of oil marketing organizations. This study is based on three theories: knowledge-based theory, innovation-based theory, and resource-based theory. A descriptive research design was adopted in this study. The target audience consists of 94 oil trading enterprises registered in Nairobi. The sample size consists of 35 oil trading companies, with the managing director serving as the respondent. To acquire primary data, a closed questionnaire was used. The study discovered a positive and significant relationship between product innovation and oil marketing company performance, a positive and significant relationship between market innovation and oil marketing company performance, a positive and significant relationship between the innovation process and oil marketing company performance, and a positive and significant relationship between organizational innovation and oil marketing company performance. As a result of this research, we can infer that strategic innovation has a significant and favorable impact on the performance of oil marketing organizations.

Deya and Laban (2019) did a study in Nairobi, Kenya on the strategic innovation and efficacy of communication technology businesses. A descriptive survey design was adopted. The results prove this; Market innovation is the most common and highest predictor of organizational efficiency, followed by product innovation, followed by process innovation, while organizational innovation has the lowest impact because it is used sparingly. The study recommends that ICT companies should invest more in research and development to ensure that new products arrive on time and that ICT companies should continue to invest more in market innovation strategies for higher productivity. This study focuses on only one entrepreneurial skill, namely the ability to innovate, which represents a conceptual gap. The current study focuses on four electives including leadership, innovation, marketing, and strategic opportunity.

Kanyingi (2018) focuses on strategic practices for innovation management and Safaricom Public Company presentations in Kenya. The goal of this study was to see how SIMP affected the performance of Safaricom PLC in Kenya. We employed case design and content analysis. It was determined that the most prevalent strategic innovation management strategies utilized by Safaricom PLC were the allocation of resources, resources, and facilities, the building of a culture of adaptation, recognition, and reward, including lifetime learning and development programs. This creates an atmosphere in which Safaricom PLC may successfully execute strategic innovation management approaches. This study adopted a research design from a case study and thus has methodological gaps. This study has chosen a descriptive cross-sectional research design.

Kalay and Lynn (2015) assess the impact of strategic management innovation on the performance of Asian service firms. This study employs a descriptive design and relies on both primary and secondary data sources. Descriptive statistics were used in the analysis. According to the findings, the innovation strategy, organizational structure, and innovation culture all improved innovation performance. The study was carried out in Asia, indicating a variation in scope. The current study was carried out in Kenya.

Karlsson and Tavassoli (2015) performed research in Europe on the effect of strategic innovation practices on the efficiency of telecommunications firms using a correlation

study methodology on a sample of 15 telecoms organizations. A questionnaire was used to collect data, and secondary data sources were obtained from the company's warehouse. The analysis was carried out with the use of descriptive statistics and content analysis, and the results demonstrated that this study had a favorable impact on the company's performance. This study discovered a link between strategic innovation and productivity. Productivity has increased as a result of new product improvements. This study used a correlation study methodology, revealing methodological flaws. This study has chosen a descriptive cross-sectional research design.

Lilly and Juma (2014) used a descriptive sample design of 30 banks to investigate the effectiveness of strategic innovation on bank performance in Thailand. The data were analyzed using descriptive statistics and correlation analysis, and the results revealed that the bank's strategic innovation actions had a significant impact on the bank's performance. There is a link between cost management and strategic innovation, continual quality improvement, inventive measures, and productivity. The study was carried out in Indonesia, which explains the disparities in scope. The current study was conducted in Kenya.

Nduati (2020) examines the impact of strategic innovation on the performance of Kenyan manufacturing enterprises through a literature study. The stakeholder theory is used in this investigation. This paper employs a literature review methodology to identify major concerns by reviewing the relevant empirical literature. To investigate the influence of strategic innovation on the employment of manufacturing enterprises in Kenya, a critical evaluation of the empirical literature was done. Product innovation strategies, process innovations, market innovations, and technology breakthroughs all have a positive and significant impact on manufacturing company productivity. The study concludes that the company's key performance areas have improved significantly and positively, largely due to the implementation of strategic innovation strategies, including market innovation strategies and product innovation strategies. This study is based on a desktop research design and thus demonstrates methodological omissions. This study has chosen a descriptive cross-sectional research design.

Kombo, K'Obonyo, and Ogutu (2015) investigated the knowledge and innovation strategies of Kenyan manufacturing firms. A cross-sectional research design was used for this investigation. The target group consists of 655 Kenyan industrial enterprises. A stratified sample of 266 enterprises from twelve different manufacturing subsectors was used. Primary data were gathered from businesses through the use of a structured questionnaire distributed to corporate executives. According to the findings, the knowledge approach had a favorable and considerable impact on the company's innovative activities. The conclusion is that a higher level of knowledge will lead to higher organizational innovation. This study focuses on manufacturing firms and thus shows a conceptual gap. The current study focuses on SMEs.

Kiveu (2017) examines the impact of innovation on company competitiveness. The precise aims of this research are as follows: determining the impact of product innovation on company competitiveness; analyzing the impact of process innovation on company competitiveness, and evaluating the impact of marketing innovation on the company's competitiveness. Determine the influence of organizational innovation on the company's competitiveness; study the combined effect of the process, product, marketing, and organizational innovation on firm competitiveness; and finally, investigate the impact of slowing business size on innovation in Nairobi County. The findings revealed that all four categories of innovation, namely products, processes, marketing, and organization, have a favorable impact on competitiveness. Product innovation, on the other hand, has little impact on a company's competitiveness, whereas process innovation, marketing innovation, organizational innovation, and combination innovation all have a big impact. According to the findings of this study, business size has a considerable moderate effect on the association between innovation and competitiveness. The variable being studied is the company's competitiveness, which has conceptual differences. The dependent variable of the current survey is the performance of SMEs.

Aziz and Samad (2016) investigate the impact of innovation on the competitive advantage of Malaysian food industries. The findings reveal that innovation has a considerable positive influence on manufacturing companies' competitive advantage,

with innovation accounting for 73.5 percent of competitive advantage. This study also discovers that company age has a moderate effect on the association between innovation and competitive advantage. The study was conducted in Malaysia, which shows differences in scope. The current study was conducted in Kenya.

Afful and Owusu (2017) tried to identify the types and drivers of innovation, paying particular attention to the manufacturing sector in Kenya. This study uses the Probit regression model from the 2013 Kenya Business Survey and the 2014 Kenya Innovation Survey. The results show that market innovation is the most dominant type of innovation among Kenyan manufacturing firms. It has been found that product innovation and process innovation are guided by internal research and development. It was also found that organizational innovation was positively driven by company age, production staff training, and internally installed Internet. The study also found that female executives, internal research and development, production worker training, and internally installed internet stimulate market innovation. To support innovation, the government should subsidize domestic research and development, and companies should promote continuous training of production staff in manufacturing companies. This study misses the productivity aspect and thus shows a conceptual gap.

Mbogori, Gichohi, and Moguche (2018) evaluated the impact of product innovation on cement company productivity in Kenya. He went with a descriptive research design. The intended audience consists of all department heads from all cement businesses in Kenya. According to the correlation results, there is a considerable positive association between product innovation and the performance of Kenyan cement companies. The regression results reveal a substantial association as well. According to the study's findings, product innovation has a favorable and considerable impact on the performance of cement companies in Kenya. The results have an impact on product technical specifications, product research and development, customer-oriented product properties, and product enhancements in all cement production plants in Kenya. This study focuses on only one entrepreneurial skill, namely the ability to innovate, which represents a conceptual gap. The current study focuses on four electives including leadership, innovation, marketing, and strategic capabilities.

Muniu (2019) examines the effect of innovation opportunities on productivity in Kenya's outdoor advertising industry: The case of Magnate Ventures Limited. The specific objective is to identify the types of innovation opportunities that Magnate Ventures Limited is leveraging. To identify challenges in implementing innovation opportunities at Magnate Ventures Limited and to determine the impact of innovation opportunities on performance at Magnate Ventures Limited. This study adopted a descriptive research design. It was found that innovation skills have increased the competitiveness of enterprises by enhancing human resources, conducting market research, and promoting talent. Further innovation helps shape consumer attitudes towards the company's products and leads to customer satisfaction in the company. The ability to innovate leads to increased market share, profitability, sales, and cost reductions. There is a strong positive correlation between the performance of the Kenyan outdoor advertising company and the three independent variables, and the regression analysis shows that an increase in the three variables will result in a positive increase in the performance of the Kenyan outdoor advertising company. The study concludes that product, process, and market innovation enhance cost savings by incorporating product innovation or as a company's services or goods, delivering unique values and benefits to consumers, gaining market share, and creating a competitive advantage over competitors. This study focuses on only one entrepreneurial skill, namely the ability to innovate, which represents a conceptual gap. The current study focuses on four electives including leadership, innovation, marketing, and strategic capabilities.

Saunila (2020) conducts a thorough review of the literature on the potential of SMEs to innovate. The findings of a comprehensive review of small businesses' inventive capacity are presented in this article. As an essential contribution, this paper presents a holistic approach to the rising research on innovation in small businesses. In this approach, the article presents a picture of the themes discussed in the literature as well as a knowledge of the numerous communities involved in innovation research. There hasn't been a systematic review of the literature on small enterprises' innovative capacity. This systematic evaluation focuses on four significant innovation issues in the context of small businesses. First, empirical evidence indicates that the ability to

innovate, both as a process and as an end, has an impact on corporate performance. Second, in the context of small enterprises, the ability to innovate is frequently viewed as a result. Third, survey projects predominate in this domain, although some studies employ high-quality designs. Fourth, innovation opportunities are often examined in small businesses as a whole or manufacturing. This study misses the implementation aspect and thus shows a conceptual gap.

Muathe and Kavindah (2021) focus on the interactions of entrepreneurial innovation, government regulation, and efficiency: lessons of all kinds for SMEs. This study adopted a desktop researcher design. The specific goal of this research is to address the fundamental principles of entrepreneurial innovation, government regulation, and performance in the context of small and medium-sized businesses. It also seeks to establish theories that relate entrepreneurial innovation with government regulation, as well as to recommend conceptual and methodological frameworks to guide future research on recognized knowledge gaps. This research is based on the resource-based perspective theory, which is backed by dynamic capacity theory and Schumpeter's theory of innovation. This study discovers a direct relationship between entrepreneurial innovation and productivity, as well as that entrepreneurial innovation, affects the performance of small and medium-sized businesses, implying that small and medium-sized businesses must focus more on innovation to improve their performance and remain competitive. This study is based on a desktop research design and thus demonstrates methodological omissions. A methodological error was made in this study.

Bukhamsin (2015) investigated the link between organizational innovation capability and business performance in Irish SMEs. This empirical study was carried out on small and medium-sized enterprises (SMEs) in Ireland; data were collected from managers and employees via a web-based questionnaire. The study enlisted the participation of about 650 managers and employees from Irish SMEs employing between 10 and 249 people and earning between EUR 2 and 50 million; a total of 107 replies were collected for this study. This study took a quantitative approach, with data examined using linear regression analysis and SPSS software. According to the findings, two critical parts of

innovation, the innovation process, and leadership management are directly and favorably related to the company's total financial and operational performance. This study focuses on only one entrepreneurial skill, namely the ability to innovate, which represents a conceptual gap. The current study focuses on four electives including leadership, innovation, marketing, and strategic opportunity.

Kittikunchotiwut (2020) investigates the impact of entrepreneurial innovation and organizational learning capacities in the relationship between entrepreneurial orientation and business success. To acquire data, a questionnaire collection approach was employed, with key informants being managers or executives from Thailand's gemstone and jewelry, textile and apparel, leather and accessories, and fashion industries. The results show that organizational training capacity and entrepreneurial innovation can be complimentary about the placement effect to increase entrepreneurial orientation. The results show that entrepreneurial orientation enhances firm innovation and thus firm performance. Corporate innovation acts as a mediator variable between the direction of the company and its performance. This study focuses on only one entrepreneurial skill, namely the ability to innovate, which represents a conceptual gap. The current study focuses on four electives including leadership, innovation, marketing, and strategic opportunity.

Kariuki (2019) focuses on the innovative strategy and performance of cement companies in the Athi River region. The theories that make up this research are organizational control theory, destructive innovation theory, technology acceptance model, diffusion innovation theory, and resource-based view theory. This study uses a descriptive research design, with a unit analysis of 5 companies that produce cement in the Athi River area. The results of the regression coefficients indicate that the strategy and the effectiveness of technological innovation are positively and significantly related. The results also show that the strategy and the effectiveness of product innovation are positively and significantly related. Finally, the results show that the strategy and effectiveness of service innovation are positive but can be ignored. The purpose of this research is to look into the impact of strategic innovation on the performance of cement enterprises in the Athi River area. According to the survey,

strategic innovation is critical for cement producers. This is because, in cement firms, there is a positive and significant interaction between technological innovation strategy, process innovation strategy, product innovation strategy, and service innovation strategy. This study focuses on only one entrepreneurial skill, namely the ability to innovate, which represents a conceptual gap. The current study focuses on four electives including leadership, innovation, marketing, and strategic opportunity.

2.4.3 Marketing Capability and Firm Performance

The connection between marketing capabilities and the performance of microfinance companies in Ghana was explored by Agyapong (2015). An explanatory design for studies has been adopted. A version of structural equation modeling was evaluated using partial minimum squares. The results stated that performance was influenced positively and significantly by innovation/product skills, market sensing capabilities, and CRM capabilities. Suggestions were that microfinance firms should place more emphasis on improving their customer relationship management strategies since it was the most significant in improving performance.

An empirical study by Qureshi, Aziz, and Mian (2017) evaluated the different backgrounds and results of marketing skills in entrepreneurial new technology-based companies in the setting of a developing country. The sample of the research consisted of 253 SMEs working in METU Technopark, Turkey. The modeling method for a structural equation using Partial Least Squares was used to evaluate the hypotheses of the study. Results showed that the company's early growth of marketing skills had a major impact on efficiency. The research was performed in Turkey, while the current research was performed in Kenya.

Kaleka and Morgan (2017) examined the position of marketing capabilities as well as present market results as potential influencers of two main elements of the planned future competitive strategy of companies operating on global markets: effectiveness and differentiation in marketing. They concentrated on producers of British exports. The results support a more prominent position of marketing capacities on future strategic intentions in export markets over the latest market performance. Their

research, however, concentrated on British businesses while the current research concentrated on Kenya firms.

Karanja, Muathe, and Thuo (2014) identified the impact of marketing capabilities on intermediary organizations ' performance of mobile service providers (MSP). An explanatory research design was used in this study. It showed that marketing capacities made a significant contribution to the results of MSP Intermediary organizations. The study suggested that MSP Intermediary organizations management enhance their marketing capacities by training in marketing research, efficient pricing, fresh product, and range expansion, channel relationship management, and promotions to increase the efficiency of MSP Intermediary organizations. The suggested research will also examine the impact of marketing capacities on corporate performance, but focus on Kenya's SMEs. In line with this, some elements of marketing capacities will be borrowed from the reviewed research by the suggested research. These are training in marketing research, efficient pricing, expansion of fresh products and range, management of relationship channels, and promotions.

The impact of strategic marketing capabilities on the performance of manufacturing companies in Kenya was determined by Okwemba, Senaji, and Odhiambo (2018). The primary data gathered through questionnaires were analyzed using a descriptive survey layout. The results disclosed a beneficial and substantial impact on the performance of strategic marketing capacities. Companies should continually conduct market studies to determine customer requirements and adopt marketing data that allows the company to retain customer relationships and, in turn, allows them to effectively release fresh goods on the market using market data. The research evaluated supports the role of marketing skills in boosting company efficiency but focused only on manufacturing companies.

Kogo and Kimenku (2018) analyzed the impact of organizational capability on insurance companies' performance in Kenya. Marketing, product, human resource skills, and insurance companies' technological capacities and performance were the particular elements. A descriptive research design has been embraced by the study. The methods of quantitative and qualitative analysis of information were implemented.

The results of the research showed that organizational capacities had a beneficial and substantial impact on insurance firms' performance. The current research integrated both quantitative and qualitative elements of the study just like the reviewed study.

Udoyi (2016) investigates the association between market orientation and commercial bank performance in Kenya. The descriptive research design was used in this study. All commercial banks in Kenya were included in the study's population. This study incorporated a census survey in data collecting since the study population was manageable, and it covered all 43 commercial banks in Kenya. To obtain data, a structured and self-administered questionnaire was used. The study's findings revealed a substantial positive association between bank performance and cross-functional collaboration. This study focuses on commercial banks and thus demonstrates contextual differences. The current study focuses on SMEs.

Onyango (2016) investigates the impact of digital marketing methods on the success of Kenyan cut flower exporters. Semi-structured interviews with 30 enterprises exporting cut flowers from Kenya were used for the qualitative and quantitative analyses. The findings indicate that digital marketing has a significant impact on all aspects of business performance. It should be highlighted that digital marketing has grown sales, market share, and profitability dramatically. Companies that use digital marketing outperform their competitors who use traditional marketing tactics. Its key advantage is its extraordinary capacity to give information in a tailored and interactive manner while limiting space and time constraints. Digital marketing is an effective marketing communication technique. Companies who have engaged in using the power of digital marketing are seeing higher returns, more customers, and increased sales. The most popular digital techniques utilized in the Kenyan flower export sector are email marketing, digital display, website, and online advertising. Cut flower companies must use digital marketing tactics to remain competitive and maintain their market position. The study's findings concluded that there is a strong relationship between digital marketing and flower company performance, and thus recommends that cut flower companies that have not used digital marketing adopt the majority of digital marketing to compete and improve organizational skills. This study focuses on

only one entrepreneurial skill, marketing skill, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Mbonoka (2015) discusses the marketing approach and business development of a Kenyan mobile communications company. The goal of this research was to investigate the impact of marketing orientation on the business development of Kenyan cellular communication providers. This poll relies on primary data gathered via self-administered questionnaires. The acquired data were analyzed and displayed in tables and graphs using statistical software for the social sciences. To evaluate the association between marketing orientation and performance, regression analysis was used. This study found that customer focus has enabled companies to ensure their customer satisfaction, increase customer value, understand customer needs, and monitor and evaluate the company's commitment to customer service. Customer orientation allows sales staff to regularly exchange information about competitors' strategies within the organization, to target customers when the company has the opportunity to discuss competitors' strengths and weaknesses, and to react quickly to competitive actions. This study focuses on mobile companies, which shows contextual differences. The current study focuses on SMEs.

Ndegwa (2021) focuses on marketing mix strategy, company characteristics, competitive landscape, and performance of travel companies in Kenya. This research is guided by several theories, including service marketing theory, marketing mix strategy theory, resource-based view, and competitive landscape theory. The positivist philosophy and descriptive research design are used in this work. The survey population included 234 travel companies registered with the Kenya Tour Operators Association (KATO), and it was conducted utilizing a semi-structured questionnaire and crucial information from these companies. Researchers analyzed the acquired data using descriptive and inferential statistics, as well as a series of regression analyses and Pearson product time correlations for hypotheses and other statistical tests. According to the findings of this study, there is a positive and statistically significant association between marketing mix strategy and organizational effectiveness. It was

also shown that the characteristics of the firm and the competitive landscape had a statistically favorable impact on the relationship between marketing mix strategy and business performance. Finally, the combined influence of marketing mix strategy, company characteristics, and the competitive landscape were discovered to have a considerable impact on efficiency. This study focuses on only one entrepreneurial skill, marketing skill, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Ali and Kaldeen (2017) investigated the impact of marketing mix techniques on the performance of tourist hotels in Sri Lanka's eastern province. There was only one study used. Marketing mix variables such as product, price, location, advertisement, people, process, and physical evidence have a positive impact on the marketing results of tourist hotels in the Eastern Province, with offer price being the most important marketing mix element: hotel efficiency ranks last on the list of marketing mix elements affecting the marketing performance of tourist hotels in the Eastern Province. The study revealed that marketing mix components such as product, pricing, people, promotion, location, physical evidence, and process all had a major impact on the marketing efficacy of tourist hotels. The study was conducted in Sri Lanka, which shows differences in scope. The current study was conducted in Kenya.

Ng'ang'a (2018) examines the relationship between marketing strategy and sales effectiveness of multinational Fast Moving Consumer Goods Manufacturers (FMCG) in Kenya. This research is based on marketing mix theory. A cross-sectional descriptive census research design was used in this study. The survey population includes all marketing managers or their equivalent from 20 Kenyan multinational FMCG producers. A systematic questionnaire was used to collect data, which was sent electronically to respondents via email and Google forms. According to the findings of this study, there is a considerable association between marketing strategy and sales effectiveness. Moreover, the study confirms that most multinational FMCG producers use advertising, location, and product strategies that have a significant impact on sales. The pricing strategy was also found to be the least effective in increasing the sales volume of multinational FMCG manufacturers. This study focuses on only one

entrepreneurial skill, namely marketing skills, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Gituma (2017) examines the relationship between sales effectiveness and marketing mix at Unga Feeds Company in Kenya. The objectives of this study are as follows: To assess the relationship between product efficiency and sales in Unga Group, to assess the relationship between price and sales efficiency in Unga Group Ltd, to assess the relationship between location and sales efficiency in Unga Group Ltd, and to assess the relationship between promotion and effectiveness. Unga Group Ltd.'s sales. In research, descriptive research is employed. According to the findings, the majority of respondents believe that advertising serves to convey items and ideas, that sales promotion influences sales volume, that e-labeling improves productivity, and that direct marketing boosts profits. Respondents further disagree that Unga Ltd does not utilize sales or personal advertising to sell products or offer discounts and coupons. The study showed that product quality has a favorable effect on sales effectiveness, brand awareness affects corporate productivity, the packaging is used to describe products, brand image and loyalty affect company profitability, and pricing methods drive sales. Furthermore, store design and the usage of appealing incentives like music have a favorable effect on customer buying and selling, and geographic location has a huge impact on profitability, advertising, direct marketing, and higher sales. This study focuses on the Unga Feeds Company and thus shows a contextual gap. The current study focuses on SMEs.

Na, Kang, and Jeong (2019) researched market innovation, competitive advantage, and productivity. This research looks at the connection between a company's market orientation and the sharing economy, marketing innovation, sustainable competitive advantage (SCA), and productivity. As a result, the following is the outcome. First, the functional coordination of market orientation, economic business culture, and consumer orientation has a considerable effect on product innovation, whereas competitive orientation has little effect on product innovation. The effects of competitive orientation and functional coordination on communication innovation are

significant, whereas the effect of user orientation on communication innovation is not. Second, while the development of market information and the reaction of market information on the behavior of the sharing economy business market orientation has a major effect on product innovation, the effect of market information interchange on product innovation is insignificant. Although market information interchange and reaction to market information have a considerable effect on communication innovation, market information generation has no major effect on communication innovation. Third, in a marketing innovation company with a sharing economy, both product innovation and communication have a big impact on SCA. Fourth, the SCA of the joint economy business has a major impact on market dominance. This study focuses on only one entrepreneurial skill, marketing skill, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Ungerman, Dedkova, and Gurinova (2018) investigated the link between market innovation and company performance. The results of the study indicate that there are differences in the perception of impact by SMEs and large companies. The impact is considered the most important by companies in the automotive industry with European corporate culture. The study empirically confirms that companies believe that the greatest effect of innovative marketing in an industry context is to increase the competitiveness of companies, which is the highest-ranked effect of this study. This document highlights our current understanding of innovation as a competitive factor. According to the report, marketing innovation tactics used in manufacturing organizations boost competitiveness and profitability. This study focuses on only one entrepreneurial skill, marketing skill, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Yu and Ramanathan (2016) concentrated on environmental management techniques and indicators, namely the role of operations and marketing potential. The primary goal of this research is to give a preliminary examination of the role of functional skills in the application of environmental management practices (EMP), as well as to

improve environmental performance in terms of organizational skills. The purpose of this research is to investigate the relationship between functionality (marketing and operations), EMP, and environmental performance. The findings indicate that marketing and operational opportunities have a considerable impact on EMP, resulting in enhanced environmental performance. This study discovers, in particular, that EMP fully mediates the relationship between marketing capacity and environmental performance. This study focuses on only one entrepreneurial skill, marketing skill, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

The research of Cavazos-Arroyo and Puente-Diaz (2019) focuses on the impact of marketing opportunities on Mexican social entrepreneurs. The hypotheses were tested using an explanatory and transversal design. The findings corroborate our hypothesis that marketing opportunities have encouraged social innovation, which has a beneficial impact on social value creation but not on commercial value creation. There were also indirect effects of marketing opportunities on social value discovered. This study validates the appropriateness of the definition and incorporation of marketing possibilities in social innovation strategies, as well as their impact on the social value of social enterprises. This study employed an explanatory and cross-sectional research design, revealing methodological flaws. This study has chosen a descriptive cross-sectional research design.

Salisu, Abu-Bakr, and Rani (2017) examine the effect of marketing opportunities on firm performance: Empirical evidence from Nigeria. By incorporating a descriptive research design and gathering overarching research objectives, data can be achieved. Descriptive and statistical inference tools were used to analyze the data using mean, frequency, percentage, standard deviation, and multiple linear regressions. Significantly positive effects of marketing opportunities on firm performance in Nigeria have been reported. The choice of Structural Equation Modeling (SEM) is appropriate, although the researcher must report the results of the general method of variance in addition to displaying a path diagram. In addition, the results for the measurement model should be reported. This study focuses on only one

entrepreneurial skill, marketing skill, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Kyengo, Muathe, and Kinyua (2019) focus on Marketing Capacity and Business Performance: Empirical Analysis of Food Processing Companies in Nairobi County, Kenya. This study used an explanatory and descriptive research design, a specific cross-sectional study. The study is founded on dynamic skills theory and a resource-based perspective, and it employs a positivist study philosophy as well as explanatory and descriptive research projects. A semi-structured questionnaire was utilized to obtain primary data, and start and upload approaches were used to deliver the questionnaire. For quantitative data analysis, descriptive and inferential statistics were utilized, and content analysis was used for qualitative data analysis. According to the findings of the study, marketing opportunities have a favorable impact on productivity. According to the findings of this study, the management of food processing enterprises should guarantee that appropriate resources are collected and made accessible for promotional activities. Appropriate policies should be adopted to support advertising investment decisions and practices.

Odhiambo, Kibera, and Musyoka (2015) investigated the impact of organizational culture and marketing opportunities on the functioning of Kenyan microfinance banks. The data for this study is gathered from members of Kenya's Association of Microfinance Institutions using a descriptive cross-sectional survey methodology. According to the study's findings, corporate culture has a favorable and significant impact on performance. According to the results, marketing opportunity is highly and positively associated with efficacy. According to the findings, product capabilities appear to dominate other aspects of marketing possibilities that affect productivity. This study concludes that corporate culture and product capabilities greatly affect the performance of microfinance institutions in Kenya. This study focuses on microfinance institutions that have contextual gaps. The current study focuses on SMEs.

Nyumba (2018) focuses on marketing opportunities and involvement of bakery suppliers in supermarkets: the case of Metropolitan Nairobi. The marketing opportunities that will be investigated in this research are customer relationship management, packaging and market supervision, and networking. Using a mixed-methods approach, this study examines the role of marketing ability to access supermarkets from suppliers in the metropolitan city of Nairobi, with a particular focus on bread suppliers. The study found that marketing opportunities play an important role in suppliers' access to supermarkets, suppliers' superior marketing opportunities; the easier it is for suppliers to access supermarkets. CRM as a marketing function not only helps suppliers with access to supermarkets but also ensures that they continue to supply supermarkets and on-the-shelf payments by suppliers. The study shows that the most important criteria supermarkets use when selecting suppliers are product quality, right of return, product reliability, and legal certification. The study continues to find that supermarkets view supplier reliability and product promotion as criteria for selecting cake suppliers. This study chose a mixed study design that demonstrated methodological scrutiny. This study has chosen a descriptive research design.

Sapuro (2016) investigated the effect of marketing tactics on the performance of small and medium-sized businesses in Kitengela, Cajiado Regency. A descriptive research design was used in this study, with a target audience of 62 SMEs in Kitengela. A sampling approach with a sample size of 186 individuals was employed to choose SMEs. The results are summarized with statistical measures of variance, while the data are presented in tables, graphs, and frequencies. According to the findings of this study, on-site marketing tactics, promotional marketing strategies, and product marketing strategies all have a favorable and significant impact on business performance. Furthermore, it was discovered that the pricing marketing approach has a good but not statistically significant association with SME business development. This study focuses on only one entrepreneurial skill, marketing skill, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

O'Cass, Ngo, and Siahtiri (2015) focus on equipping the company's marketing resources and skills in B2B companies. A self-administered questionnaire was used to collect data from 251 companies picked from a database of 1000 B2B companies. Marketing resources and marketing opportunities work together to improve corporate and customer performance. Furthermore, they play a role in mediating the interaction between the Ministry of Defense and enterprise and customer performance. Only marketing resources offer the entire picture of the interaction between the Department of Defense and enterprise-level performance. This study focuses on only one entrepreneurial skill, marketing skill, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Olavarrieta and Friedmann (2018) researched market orientation, knowledge-related resources, and firm performance. An integrative conceptual model is presented based on a new perspective to explain superior business performance, which links these various explanations of superior performance and emphasizes the role of knowledge-related resources as an important precursor to the creation of a sustainable competitive advantage. The findings revealed no link between market intervention and the company's actual market share. This study uses resources related to knowledge as a moderating variable. This study uses information and communication technology as a moderating variable.

Yalo, Enimola, and Nafiu (2019) investigate the effect of marketing techniques on the performance of Kogi SMEs. This research is based on the marketing mix theory as well as the push and download hypothesis. A descriptive study is employed in this study to investigate the impact of marketing strategy on the sales effectiveness of Kenyan small and medium firms. According to the study, a substantial number of SMEs in Nairobi County have adopted a product development strategy, and the implementation of a product development strategy has a favorable impact on the sales results of Kenyan small and medium companies. Product development strategies assist SMEs in accomplishing business objectives such as: B. accessing new markets, selling to existing clients, or obtaining orders from competitors. Pricing strategies have a

favorable impact on the sales outcomes of Kenyan small and medium-sized businesses. Pricing things too low or too high, on the other hand, can have unforeseen repercussions for sales. Pricing strategies enable SMEs to set prices to attract new customers or to keep prices to increase profit margins. Advertising techniques have a favorable impact on Kenyan small and medium-sized firms' sales. In addition, this study concluded that the use of advertising strategies helps customers to know about the company's offerings, advertising strategies inform customers about prices, where products are available, and their prices. The location strategy has a favorable impact on the sales outcomes of Kenyan small and medium-sized businesses. One of the most effective ways to convert foot and web visitors into new consumers is through location-based marketing. Location-based marketing aids in the removal of sales barriers. This study focuses on only one entrepreneurial skill, namely marketing skills, and thus presents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

2.4.4 Strategic Capability and Firm Performance

Ong, Ismail, and Goh (2017) looked at the effect of entrepreneurship and luck on Malaysian SMEs ' competitive benefits. The findings showed that both entrepreneurship and luck play an important role in affecting SMEs' competitive benefit. The results contribute significantly to the formulation of a competitive advantage model among SMEs. From the results of this research, policymakers are recommended to consider incorporating the growth of entrepreneurial traits in the curriculum to inculcate these traits among our potential company leaders. However, the reviewed research targeted Malaysia's SMEs while the current research concentrated on Kenya's SMEs.

Sar (2017) analyzed the impact of competitive advantage on profitability. Financial data for ten years was taken for analysis of competitive advantage and return on equity. To derive the profitability determinants, a panel regression analysis was done. Among cost advantage and differentiation advantage, the latter was found to be a greater driver of performance. The level of risk, measured by leverage has no significant contribution

to firm performance. The reviewed and current studies relate since they both focus on the effect of competitive advantage on profitability.

Acquaah and Agyapong (2015) explored the role of managerial and marketing capabilities in moderating the connection between competitive strategy and micro and tiny business (MSB) company results in Ghana. Using a hierarchical multiple regression study, the results stated that while the differentiation approach is performance-related, cost leadership strategy after controlling for various company-specific variables does not affect performance. The results further demonstrate that the connection between competitive strategy (price management and differentiation) and performance for MSBs in Ghana is moderated by both organizational capacity and marketing capacity. Management capacity, however, strengthens the influence on the performance of cost leadership strategy while weakening the effect of differentiation on performance. In addition, marketing capacity increases the effect of differentiation on performance, while diminishing the effect on the performance of cost leadership. However, no linear connection between competitive advantage and performance was tested by the research reviewed. The current study examined the linear link between strategic capability and firm performance.

Rabah (2015) examined how to effectively develop and implement competitive policies in Kabarak University's Higher Education Institutions. The author concentrated specifically on how HEIs formulate their competitive policies by taking into consideration the external environment's impact, building and exploiting their inner assets, capacities and routines to place their company in the higher education sector. Descriptive and explanatory study designs were used in the studies. Structured questionnaires and unstructured questionnaires were used to collect data. The results indicated that the implementation of competitive policies is crucial to the achievement of institutions of higher education. The research reviewed focused on HEI, however, while the current research concentrated on Kenya's SMEs.

King'oo, Kimencu, and Kinyua (2020) focused on the role of strategic capacity in organizational effectiveness. The theory of resource-based view, organizational learning theory, intellectual capital theory, human capital theory, balanced scorecard

model, and institutional theory are all used in this study. Furthermore, this study is based on the concept of positivism and employs a descriptive research design. A semi-structured questionnaire was used to obtain primary data. Quantitative data were examined and presented using figures and tables, as well as descriptive and inferential statistics. Qualitative data gathered through open-ended questions were evaluated and presented in the form of a tale. The coefficient of determination and F-statistics were calculated at the 95 percent confidence level when assessing the model's significance, and the hypothesis was tested with a p-value at the 5% significance level. According to the report, information and communication technology capacity, human resource capacity, network capability, intellectual aptitude, and competitive advantage are all moderate. However, the emphasis is primarily on organizational culture. According to the study, information and communication technology capability, human capital, networking, and intellectual talents have a considerable favorable impact on the performance of Kenyan private universities. This study focuses on only one entrepreneurial skill, strategic skill, and thus represents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Wanjiku (2016) investigated the strategic potential for long-term competitive advantage for Kenyan insurance businesses. The purpose of this study was to establish the strategic performance of Kenya's insurance business and the extent to which it has gained a sustained competitive advantage. The survey was carried out by interviewing 49 insurance businesses in Kenya, and data was gathered using a questionnaire issued to all insurance companies. According to the findings, the most significant strategic abilities for insurance businesses in Kenya that ensure a competitive edge are current technology, effective marketing skills, high-quality customer service, efficiency in claim settlement, and a diverse product offering. According to the findings of this study, the survival and development of insurance firms are strongly dependent on the abilities and strategic performance of each individual. He also concludes that most insurers are more concerned about the value and scarcity of their strategic skills than about how easy they are to copy or replace. This study focuses on only one entrepreneurial skill, strategic skill, and thus represents a conceptual gap. The current

study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Wangechi (2016) investigated the impact of strategic skills on telecommunications company employment in Nairobi County, Kenya. This study specifically assessed the effects of global, senior management, products/services, marketing and technology, and strategic skills on the performance of telecommunication companies in Nairobi County. The research population consists of the top three telecommunications businesses in Nairobi County's operations, junior managers, middle management, and senior management. The stratified sample is used to categorize organizations in the telecommunications industry into three groups: high-income organizations, middle-income organizations, and low-income organizations. Secondary and primary data were gathered. Secondary data was gathered through past similar studies, yearly reports, and library sources, while primary data was gathered through the use of a semi-structured questionnaire. To examine the link between the independent and dependent variables, the Pearson correlation coefficient was used. The study shows that the capacities of Nairobi County telecommunications firms influence their performance. These firms' specialized competencies have been recognized as global talents, senior management, product/service, marketing, and strategic technology. This study focuses on telecommunications companies, while the current study focuses on SMEs.

Masero (2016) focuses on the strategic capacity and effectiveness of NGOs in Nairobi County, Kenya. Primary and secondary data were collected through questionnaires and Focus Group Discussions (FGD). Researchers used simple correlation analysis. Content analysis was used to analyze respondents' views on what they see as key elements of strategic capacity in their organizations. It was pointed out that apart from the financial sustainability that seems to be the hallmark of NGOs in the County of Nairobi, there are other options that NGOs wishing to be successful should consider. These elements include information and communication technology, fundraising capabilities, intellectual capital, human resources, property, intangible resources, core competencies, research and development, strategic planning, and more. As the findings indicate, this study shows that there is a favorable relationship between strategic skills

and NGO performance in Nairobi County. All organizations, regardless of their position or size, want to be effective in their operations and reach a level of sustainability, including non-governmental organizations (NGOs) not only in Nairobi County but globally. This study focuses on only one entrepreneurial skill, strategic skill, and thus represents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Wamugi (2019) examines the impact of strategic capacity on Kenyan electoral technology management. This study is descriptive. The target group comprises 290 election coordinators from Kenya's 290 constituencies. The survey included 73 election organizers. A questionnaire was used to collect data. The data in this study were analyzed using descriptive statistics and linear regression. The findings indicate that strategic capacity has little influence on the administration of electoral technology at the IEBC. The regression analysis results suggest that the coefficient of management ability and competence is not significant, as is the coefficient of logistical competence and the coefficient of strategic capability. This study focuses on the impact of strategic capacity on electoral technology management, omitting the performance aspect.

Seyhan, Ayas, Sonmez, and Ugurlu (2017) investigate how strategic skills influence competitive performance and how internal collaboration influences the relationship. You performed a poll among Turkish carpet machine makers. This is an exploratory study using an applied research method. A systematic questionnaire was used to collect data. The data used in the analysis came from 203 questionnaires distributed to senior and middle management in the organization. The study found that marketing opportunities, market connectivity, IT skills, and leadership skills are positive effects on the company's competitive performance. The moderating variable of this research is internal cooperation, while this research uses information and communication technology as a moderating variable.

According to a study conducted by Gitau research (2016), the goal is to determine the strategic capabilities of Kenya's insurance business and examine the extent to which strategic capabilities have contributed to sustainable competitive advantage. This is an exploratory study that employs research methodology. The study population

comprised 49 Kenyan insurance companies. The data was gathered using a standardized questionnaire. According to the report, the most essential strategic options for insurance businesses to maintain their competitive advantage are current technology, excellent marketing abilities, high-quality customer service, efficient claim settlement, and product diversification. These strategic capabilities greatly contribute to a company's competitive advantage and show that competitive advantage is caused by strategic skills. Although this study focuses on the influence of strategic skills on competitive advantage, it ignores the productivity aspect.

Kaur and Mehta (2017) investigate how dynamic opportunities shape multinational corporations' (MNCs') competitive advantage in India. They contrasted Indian TNCs to foreign TNCs doing business in India. This study focuses on dynamic capabilities, country of origin consistency, and dynamic skill employment level. The research was carried out on four key TNCs in the Indian IT industry. Two of them are from India, while the other two are from other countries. Data was collected from 260 employees of various grades in global corporations using the survey approach. Employees are chosen using a stratified random sample, and data is collected using a standardized questionnaire. The results of the study show that dynamic capacity, despite differences in the country of origin, makes a significant contribution to the competitiveness of TNCs, although the strength of the contribution is higher for foreign TNCs.

Hareebin, Aujirapongpan, and Siengthai (2018) investigated how successful entrepreneurs have built the strategic capacity of their firms to attain long-term strategic competitiveness in their dynamic business environment. This is a qualitative study that employs research methods. In Thailand, the survey included 15 export company entrepreneurs, hotels, contractors, shops, hospitals, and information and communication technology (IT). In-depth interviews were used to acquire data. The results of the study indicate that the strategic capabilities of the organization lead to a competitive advantage. Its main competencies are resource-based capabilities, knowledge-based capabilities, and networking capabilities. Studies show that strategic skills significantly contribute to competitive advantage. This research is qualitative while the research conducted is quantitative.

Nyongesa (2018) investigates the impact of a company's strategic competencies on the systematic performance of supplier-operated medium and big retail supermarkets in Kenya's Nairobi County. The concrete goals are as follows: determining the impact of strategic innovation ability on the success of trading enterprises managed by suppliers; determining the amount to which strategic technical experience contributes to the performance of a supplier-led retail business; Examining the extent to which strategic quality service capabilities contribute to retailer-run retail business performance, and determining the extent to which the capacity to establish a strategic learning culture contributes to supplier-managed retail company performance. The research was carried out descriptively to attain this purpose. Secondary data is gathered from a variety of sources, including firm records, reports, journals, magazines, and books. A closed questionnaire was used to acquire primary data from the sample. Descriptive statistics such as frequency, percentage, mean, and standard deviation were used to examine the acquired data. The four independent variables were discovered to be significant and to have a favorable influence on the performance of supplier-led retailers. This study focuses on only one entrepreneurial skill, strategic skill, and thus represents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Joyce, Michael, and White (2015) investigated strategic skills as a predictor of company performance in Nairobi, Kenya-based women-owned entrepreneurial companies. The conceptual model is based on resource-based performance theory, a dynamic likelihood framework, and social role theory. According to this study, strategic skills are operationalized; marketing possibilities, market connectivity opportunities, technological opportunities, IT abilities, and management skills are all favorably associated with productivity. An explanatory research design is used in this study. According to the findings of this study, strategic skills have a substantial impact on overall performance. IT skills and other technological skills have a good and significant impact on productivity. This study focuses on only one entrepreneurial skill, strategic skill, and thus represents a conceptual gap. The current study focuses on four options, including leadership, innovation, marketing, and strategic opportunity.

Mwangi (2018) focuses on the role of strategic skills in operating a savings and loan cooperative in the City of Nairobi. The specific objectives of the disintegration of this research are to assess the impact of marketing opportunities on SACCO performance in Nairobi City, determine the impact of implementing SACCO management skills in Nairobi City, determine the impact of the presentation of information and communication technology skills by SACCO in Nairobi City and approximately assess the impact of SACCO knowledge capacity presentation in Nairobi. Descriptive research design is used in this study because it is more biased than quantitative data. Based on the results of the study, it can be concluded that strategic capabilities make a significant contribution to the performance of SACCO in the City of Nairobi. This study focuses on SACCO, while the current study focuses on SMEs.

Kogo and Kimenku (2018) investigate the impact of organizational skills on the performance of insurance firms in Nairobi. By incorporating a descriptive research design and gathering overarching research objectives, data can be achieved. Quantitative data were analyzed through descriptive and inferential statistics. This study found a positive and significant relationship between organizational skills, which include product skills, marketing skills, information skills, human capital, and business performance. It is recommended to perform classical regression diagnostic tests before installing the regression model. This study focuses on insurance companies, while the current study focuses on SMEs.

Oswago (2018) examines the impact of strategic management skills on the performance of Kenyan commercial banks. The precise aims of this research are as follows: Identify the influence of the proposed strategic management skills on the functioning of Kenyan commercial banks; to investigate the impact of strategic management's ability to formulate strategies on the performance of Kenyan commercial banks. Assess the impact of strategic management capability to monitor commercial bank performance in Kenya, and estimate the influence of strategic management's ability to review commercial bank performance in Kenya using a cross-sectional descriptive design. According to the findings of this study, the appropriate implementation of each of the four strategic management functions has a good and

significant impact on the performance of Kenyan commercial banks. It was discovered that the strategic management skills to be tested had a strong positive link with the performance of commercial banks. The study's findings indicate that the appraisal process is critical to the bank's operations. It is also clear that different banks employ different ways to measure the amount of target achievement. Furthermore, it is becoming obvious that performance appraisal aids in the attainment of established goals, with most banks reporting that their banks typically conduct evaluation studies to determine the achievement of set goals. According to the findings of this study, management's capacity to present itself as a strategy allows for a critical appraisal of strategic planning. According to the findings of the survey, most commercial banks have a supervisory strategy that allows them to capitalize on strategic initiatives while maintaining a competitive advantage in the market. The study finds that excellent strategic management skills have a direct impact on commercial bank performance. This study focuses on only one entrepreneurial skill, which is a strategic skill and thus represents a conceptual gap. The current study focuses on four electives including leadership, innovation, marketing, and strategic opportunity.

Onamusi (2020) focuses on Strategic Responsiveness and Business Competitiveness: How Omoluabi's Leadership Makes a Difference. This study assesses the impact of strategic responsiveness on the competitiveness of selected paint-producing companies in Lagos, Nigeria, and concludes that Omoluabi's leadership role has a moderate impact on the interaction between strategic responsiveness and company competitiveness. This study included a cross-sectional design and a sample of 343 employees from eighteen selected paint manufacturers in Lagos, Nigeria. To test the tripartite interaction hypothesis, hierarchical regression analysis was used. The findings indicate that the ability to respond strategically has a favorable and significant impact on the company's competitiveness. Further analysis shows that the interaction term between strategic responsiveness and Omoluabi leadership explains the increase in company competitiveness with the introduction of Omoluabi leadership as moderator. The study found that its ability to respond strategically enhances the company's competitiveness by placing Omoluabi at the forefront. Therefore, this study recommends that companies strengthen their ability to respond strategically and

encourage executives to adopt the Omoluabi leadership philosophy as such leadership traits can enhance the competitiveness of companies.

Oluoch (2020) focuses on Strategic Intervention and Performance of Small and Medium Enterprises in Nairobi County, Kenya: The Case of Centonomy Limited. This study employs a descriptive research design. The descriptive research design is used to determine the characteristics of different demographic groupings. According to the findings of the survey, the majority of the organization's members are working and progressing toward a mutually agreed-upon future. Training programs assist businesses in anticipating environmental and market changes. This study also demonstrates that the corporation has a broad mental model of the future scenario that serves as the foundation for its operations. The company is always willing to call into question its current beliefs and activities. According to the report, the training technique has improved the company's ability to innovate. The company's performance has improved as a result of organizational knowledge transfer. Companies tend to create and apply knowledge in organizations. This study also shows that companies have information (information about strengths, weaknesses, and opportunities) for their competitors. Market orientation is an important part of the corporate culture. The company's market orientation is formalized in the company's laws and regulations. Market orientation has enhanced the company's market share and profitability. Customer satisfaction and loyalty to the company have risen as a result of market orientation. By thoroughly knowing its consumers' demands, the organization adds value to their lives. The customer focus has assisted the organization in developing the correct service plan that satisfies the demands and requirements of the customers. The study concluded that company's revenue growth has been influenced by financial institutions' availability of long-term loans at low-interest rates. The company's revenue development has been hampered by the high cost of borrowing from financial institutions. My company's asset appreciation has been hampered by a lack of credit history for long-term financial institution loans. Risky positions such as interest rates hit foreign investors more than domestic investors. This study focuses on only one entrepreneurial skill, which is a strategic skill and thus represents a conceptual gap.

The current study focuses on four electives including leadership, innovation, marketing, and strategic opportunity.

2.4.5 Information and Communication Technology, Entrepreneurial Capabilities, and Firm performance

Gaviria-Marin, Matute-Vallejo, and Baier-Fuentes (2021) investigated the effects of ICT and high-level skills on the productivity of Ibero-American SMEs. Information and communication technology (ICT) can create value by enabling other business opportunities. Based on ICT-based skills, this study examines the direct and indirect effects of low- and high-level skills, such as ICT, knowledge management skills, and flexibility in product innovation, on ibero performance. In this paper, a second-order structural equation model is used to test the research hypothesis on a sample of 130 Ibero-American SMEs. The results show the positive impact of ICT on high-end skills, such as manageability and flexibility in product innovation, which create value and improve company performance. However, the study focused on US-based SMEs operating in a different environment than Kenyan SMEs.

Ringim, Razalli, and Hasnan (2016) examined the moderating effect of IT capacity on the relationship between business process redesign factors and the organizational performance of Nigerian banks. Field studies are conducted in nature research. Samples were obtained from commercial banks, microfinance banks, and major mortgage financial institutions in Nigeria. The results showed that information and communication technology capabilities moderated the relationship between factors for redesigning business processes such as change management, customer orientation, management commitment, and overall bank organizational performance. The results also show that information and communication technology skills moderate the relationship between information and communication technology investment, management involvement, and the effectiveness of bank customer service management. The study presented a conceptual gap since it focused on business process reengineering factors as the explanatory variable, whereas the current study focused on entrepreneurial capabilities.

Ghezali and Boudi (2020) examined the relationship between marketing mix, IT skills, and entrepreneurship. In addition, the study assesses the moderating influence of IT skills on the marketing mix and entrepreneurship of firms. The results show that bank information and communication technology and its interaction with the marketing mix, through the moderating effect of IT skills on the relationship between marketing mix and corporate entrepreneurship, have made a positive contribution to promoting entrepreneurship for companies. However, this study used corporate entrepreneurship as the dependent variable and not company performance.

Awiti, Imbambi, Mande, and Machuki (2020) investigated the moderating effect of technology on the relationship between change management and performance of NSE-listed firms in Kenya. A cross-sectional design was used for the 64 companies listed on the NSE. The sample size is 38 companies (2013-2017) as of June 30, 2017. The survey uses a five-point Likert scale. Secondary data were obtained from published sources and primary data from semi-structured questionnaires. The analysis carried out includes descriptive statistics, Pearson correlation, hypothesis testing, and regression analysis using ANOVA. The composite mean = 3.83 means that technology plays an important role in the relationship between change management and productivity. Nonetheless, the study targeted companies listed at NSE and not SMEs in Kenya. Additionally, the study adopted change management as the explanatory variable and not entrepreneurial capabilities.

Rehmann *et al.* (2018) focused on the effect of IT skills on business productivity: Understanding the intermediary function of enterprise entrepreneurship in SMEs. The questionnaire assesses IT capabilities (IT infrastructure flexibility and IT integration), corporate entrepreneurship (innovation, business ventures, and strategic updates), and firm performance. Except for the association between strategic renewal and corporate performance, the data indicated that all hypotheses were meaningful. Furthermore, strategic updates do not demonstrate the link between IT capabilities and business performance. The practical implications include that CEOs should build a flexible IT infrastructure and combine their IT resources to improve CEOs activities that are beneficial to enhancing SME manufacturing productivity. This study is based on a

desktop research design and thus demonstrates methodological omissions. The current study was conducted in Kenya.

Nazri (2019) focuses on Information and communication technology Skills and SME Productivity: Understanding the Multimedia Model for the Manufacturing Sector. This paper bridges the gap by discussing the roles of absorption and entrepreneurship. This study also investigates the impact of the aspects of IT capacity (IT integration and IT alignment) on the performance of SMEs via a consistent acceptance and entrepreneurship process. The theoretical model based on Dynamic Ability View (DCV) was empirically tested with a sample of 489 manufacturing SMEs in Pakistan using the Partial Least Square (PLS) technique. For data gathering, a survey based on a cluster sampling approach was used. This study adds to the IT literature by categorizing IT talents into two dimensions: IT integration and IT alignment, allowing us to differentiate between different sources of IT skills. Furthermore, our findings provide theoretical and empirical support for the dynamic skills approach by demonstrating how firm acceptance and entrepreneurship regularly affect firm success. This study focuses on information and communication technology skills and the productivity of SMEs but ignores aspects of entrepreneurial skills.

Chege, Wang, and Suntu (2020) investigated the impact of information and communication technology innovation on Kenyan business performance. The purpose of this study is to investigate the relationship between technological innovation and business performance in Kenya, as well as the impact of corporate innovation on the relationship. In the analysis, a sample of 240 enterprises and structural equation modeling were used. The results show that technological innovation has a positive effect on company performance. This study recommends entrepreneurs develop innovative strategies to update company performance. Government policies should aim to improve ICT infrastructure; promote the effects of external technology from small and medium enterprises (SMEs) in the industry and establish an ICT resource center to support the performance of SMEs. This study focuses on information and communication technology skills and business performance but ignores aspects of entrepreneurial skills.

Mukami (2021) did research on the resource management and performance of Kenyan Tyre companies. A descriptive research design was adopted in this study. In addition, the study population consisted of 170 finance, human resources, sales and marketing managers, warehouses, IT, and audits from 29 Kenyan Tyre companies. The Krejcie and Morgan sample size formulas were used to determine the sample size. In addition, a total of 118 people from the study population were selected from a stratified random sample. Primary data collected through questionnaires were used during the study. This study finds that technology resource management has a positive and significant impact on the performance of Tyre companies in Kenya. This study focuses on Tyre companies, while the current study focuses on SMEs.

Malongo (2019) focuses on information and communication technology integration and efficiency of selected public hospitals in Kenya. This research uses organizational environment theory (TOE). This study was based on an explanatory and cross-sectional research design. Kenya's 98 public hospitals are the intended audience. A sample size of 294 respondents was chosen using a multi-level sampling procedure. A semi-structured questionnaire was used to obtain primary data. The data were analyzed using descriptive statistics and multiple regression analysis. According to the findings, organizational features in Kenya affect the association between information and communication technology integration and general hospital operation. As a result, the study concludes that organizational factors have an important influence in the introduction and utilization of information and communication technology integration by firms. This research is based on an explanatory and cross-sectional study design, which exhibits methodological flaws. This research focuses on descriptive research design.

Murigi (2017) examines information security practices and the representation of small and medium-sized businesses in Nairobi County, Kenya. A descriptive research design was adopted in this study. Thematic content analysis was utilized to evaluate qualitative data collected by open-ended questions, whereas quantitative data including derived and descriptive statistics was analyzed using the statistical package for the social sciences (SPSS version 22). The link between the independent and

dependent variables was determined using descriptive statistics and multiple regression analysis. The study discovered that data security and confidentiality requirements, archiving guidelines, and data sharing, storage, and transfer guidelines all had an impact on the performance of SMEs in Kenya. Furthermore, communication channels, safety training, and education, as well as training frequency, all have an impact on the success of Kenyan SMEs. According to the report, the most generally utilized access control measure to improve information security is passwords, followed by smart cards and biometric access control. This research focuses on information and communication technology security practices and business performance while ignoring aspects of business skills.

Ongeri, Magutu, and Litondo (2020) investigated the role of IT infrastructure in regulating the relationship between business process reform techniques and the performance of Kenyan food enterprises. Data collection and analysis were carried out using a descriptive cross-sectional approach. A systematic questionnaire was used to collect primary data from respondents. It was discovered that the variance in BPR strategy, IT infrastructure, and product factors between BPR strategy and IT infrastructure accounted for the majority of the variance in total business performance. In conclusion, the study discovers that IT infrastructure reduces the association between BPR and food industry performance in Kenya in a favorable and significant way. This study only focuses on one aspect of information and communication technology, namely IT infrastructure, and omitted IT knowledge and IT experience.

Nyambura (2018) investigates the role of information and communication technology in moderating supply chain risk and firm performance across Kenyan manufacturing enterprises. The research design for this study was a cross-sectional design that employs both qualitative and quantitative methodologies. The intended audience consists of the 94 Kiambu County enterprises who are members or prospective members of the Kenya Producers Association (KAM). This study used a stratified random sample of 76 manufacturing enterprises, which represent 12 industrial sectors in manufacturing companies. A questionnaire was used to collect data. Linear regression was utilized to conclude statistics, and correlation analysis was employed

to examine the association between research variables. It was discovered that there is no statistically significant association between information flow risk and manufacturing business efficiency in Kenya. The use of information and communication technology (ICT) to control the relationship between financial flow risk and performance in Kenyan manufacturing enterprises is similarly insignificant. Financial flow risk does not significantly predict the success of Kenyan manufacturing firms. In addition, the use of ICT has not been the primary facilitator of the relationship between financial flow risk and the performance of Kenyan manufacturing enterprises.

Material flow risk has no major impact on the performance of Kenyan manufacturing firms. In addition, the usage of ICT is not a significant mediator of the relationship between material flow risk and the performance of Kenyan manufacturing enterprises. In terms of organizational risk, it has a substantial impact on the performance of Kenyan manufacturing enterprises. Although the moderation was not statistically significant, the use of ICTs reduced the association between inherent risk in the organization. This study examines the effects of information and communication technologies on supply chain risk and firm performance among Kenyan manufacturing enterprises, whereas the current study examines the effects of information and communication technologies on entrepreneurial skills and productivity.

Malungu (2020) investigates the effect of information and communication technologies on educational achievement in Kenya's Kakamega County. In this investigation, a mixed study design was adopted. Questionnaires and checklists were used to collect data. The target group consisted of 324 participants, 72 school administrators, 120 computer science teachers, and 132 employees from Kakamega's 12 sub-County. According to Pearson correlation research, there is a favorable association between information and communication technology and educational efficacy in Kakamega. Regression analysis also revealed a strong and favorable association between information and communication technologies and educational efficacy. It has been determined that information and communication technology have an impact on educational performance.

Njuguna (2018) examines the elements that influence the Information and Technology Authority of Kenya's implementation of technology and innovation programs. This research is based on a specific objective which aims to examine the effect of employee character on technology perception, innovation programs in ICT authority, the influence of technology features and innovation programs on ICT authority acceptance, and to find out the role of Management in technology introduction, innovation program in ICT committee. A case study design was used in this study. Studies show that employees must be developed as IT users in an organization to contribute to business success. Therefore, ICT Authority staff are not lacking in IT training and skills as this makes full use of the IT resources within the organization. Employees' willingness to test new information and communication technology systems is important in determining their acceptance and use of technology, and people with higher computer self-efficacy have positive perceptions of information and communication technology systems. Studies show that the characteristics of technology and innovation programs in organizations affect their acceptance by employees, as the degree to which an innovation is perceived as better than the idea it replaces is positively correlated with its acceptance by employees in the organization's organization. The organization recognizes that the introduction of innovation provides solutions to existing problems and provides the organization with new product opportunities and that its innovation conforms to the social norms of the company and the ideas introduced earlier. Studies show that management has a direct influence on the perception of information systems and technology in organizations because their properties and characteristics are important behavioral principles when using information systems and technology in organizations. Management's positive attitude towards information systems and technology leads to their successful implementation in organizations and when they realize that the benefits of information and communication technology systems outweigh the risks, this is quickly accepted. A case study design was used in this study which demonstrated methodological omissions.

Diing (2016) explores the elements that influence information and communication technology perception and its impact on South Sudanese SMEs. A descriptive research design is used in this study. These studies have largely proven that the implementation of information and communication technology in SMEs is critical to the business's profitability and growth. The survey reveals that the owner/manager of ITA's statement is the most essential aspect for SMEs. According to studies, competitive factors are a significant element driving IT adoption in SMEs. Market competition has proven to be a major factor as industry competition determines the level of ITA. According to the report, the availability of resources for businesses is an essential component in the perception of information and communication technology. SMEs with limited resources can use IT as a platform to boost business benefits. The findings indicate that the company's conduct or features are crucial in the introduction of information and communication technology by SMEs. Features such as industry type and company size contribute to the adoption of information and communication technology. This study found that the use of IT increases accountability in SMEs. It has been proven that the merchandise management system and the use of the barcode system play a larger role under the corporate responsibility aspect. Studies show that information and communication technology lowers business costs. However, the results of the study show the opposite result, that internet access has a negative impact on company performance. Despite these hurdles, research indicates that attitudes about IT use and a lack of commitment on the part of owners/managers to IT use are the biggest impediments to SME IT adoption. Strict government restrictions and regulations are among the problems cited. According to the findings of this study, political instability is one of the barriers to SMEs' use of information and communication technology. Political unrest has had an impact on the economy, with high inflation and a lack of hard currency discouraging importers, who are the sole suppliers of IT equipment.

Ejiaku (2018) examines the impact of technology adoption: challenges and opportunities in information and communication technology adoption in emerging markets. The desktop researcher design was used in this study. This paper looks at some of the issues that developing countries and donor countries encounter when it

comes to transferring and deploying IT in developing countries. Some of these issues include government legislation, infrastructure, education, and the recipient country's culture. The study also suggests several solutions to this challenge and calls for the full participation of governments and communities of recipient countries and the international community. This study concludes that most developing countries do not have a dynamic IT curriculum to keep up to date with new developments in hardware, software, and communications. This study is based on a desktop research design and thus demonstrates methodological omissions.

Mwaura and Musikoyo (2015) focused on the use of information and communication technology in farmers: a case study from rural Kenya. This study uses a descriptive research design. The results of this study indicate that the majority of farmers in rural Kenya work relatively little with computers. Many farmers use ICT for communication and entertainment. The results also show that farmers with most computers still have low incomes. In addition, this study found that most farmers use mobile phones to communicate and collect information. However, most farmers are ready to use ICT in agriculture, especially for keeping records, market prices, and other relevant information. According to this survey, the primary challenges that farmers encounter when embracing ICT are budgetary restrictions, a lack of technological infrastructure, a lack of ICT skills/training, and a lack of participation forums. This study focuses on farmers in rural Kenya, while the current study focuses on SMEs in Kenya.

Chae, Koh, and Park (2018) focused on information and communication technology capacity and business performance: The role of industry. This study examines how industry affects the relationship between IT skills and business efficiency. The study employed a desktop research design. The study found that the control group performed better than IT leaders in an industry "transformed" by IT's a strategic role. In addition, IT executives in the "automated" IT strategy industry are no better than control companies. A desktop research design was used showing methodological omissions. This study has chosen a descriptive cross-sectional research design.

Choi and George (2016) examined mixed results on enterprise IT skills and performance and their impact. Because of mixed results, empirical tests for the positive relationship between information and communication technology (IT) capacity and business performance are a well-known debate in IP research; Bharadwaj (2010) and Santhanam and Hartono (2013) confirm the positive impact of IT skills on business performance, but Chae *et al.* (2018) show that there is no relationship between IT skills and productivity. Understanding what caused the contradictory results is a topical and vital topic, given most IP research business values include IT skills as a fundamental element. The link was explored in this study by establishing multiple comparison groups during the same period. As a result, contrary to the findings of Chae *et al.* (2018), this study demonstrates that IT skills have a major influence on the financial performance of the organization. According to the results of this study, IT capacity will play an important role in developing the company's competitive advantage, which will be maintained for many years to come. A desktop research design was used showing methodological omissions. This study has chosen a descriptive cross-sectional research design.

Karanja (2017) examines the impact of information and communication technology (ICT) on the performance of small and medium-sized firms (SMEs) in African cities, focusing on Nairobi County. A descriptive survey design was utilized, with 69 SMEs chosen at random from a total of 464 registered SMEs in Nairobi County. A semi-structured questionnaire was used to obtain primary data. The results show that e-commerce tools are widely accepted by SMEs, with mobile payment systems being the most widely used, online shopping, and online catalogs of products and services. Introducing e-commerce tools related to SME growth. The CRM system finds a high acceptance rate among SMEs and is quite positively correlated with their growth. According to the findings, high-growth SMEs are primarily related to the usage of social media and communication technology.

Ndungu *et al.* (2017) investigated the function of entrepreneurial orientation as a moderator in the link between IT competence and business performance in Kenya. This study used a mixed-methods approach with a cross-sectional study design.

Quantitative and qualitative methodologies were employed to examine the acquired data using analysis tools such as SPSS, MS-Excel, AMOS, SmartPLS, STATA, R-GUI, and ATLAS.ti. The study was carried out in two stages, using CFA and SEM models. According to the findings of this study, ITC has a positive association with FP. The findings also reveal that EO has no substantial impact on the ITC-FP link in Kenya. When applied to the interaction terms, however, technical (ITC and ISRA) * EO was statistically significant at the 10% level. This study looks at the role of business orientation in moderating the link between IT literacy and business performance in Kenya, while this study looks at the function of information and communication technology in moderating the association between entrepreneurship and business performance in Kenya.

Tseng and Liao (2015) concentrate on container firms' supply chain integration, information and communication technology, market orientation, and company representation. This research is based on the theory of the resource-based perspective. Data was gathered from 124 Taiwanese container businesses. This article employs exploratory factor analysis, confirmatory factor analysis, and structural equation modeling. The findings revealed that IT implementation and market orientation had a favorable impact on supply chain integration. He emphasized that IT-based and market-oriented businesses may more readily combine market data on partners, departments, and customers. Furthermore, supply chain integration and market focus improve corporate performance. This study focuses on shipping companies, while the current study focuses on SMEs.

Maemunah and Cuaca (2021) focus on the impact of the COVID-19 epidemic on business strategy, information and communication technology, and supply chain flexibility for corporate representation in the medical device industry. A structural equation model (REM) with the AMOS program was used for analysis. 171 respondents took part in the survey. According to the findings of this research, corporate strategy, information and communication technology, and supply chain flexibility all have a positive and significant impact on company performance during

the COVID-19 pandemic. The current study focuses on SMEs, whereas the previous study focuses on the medical device business.

2.4.6 Business Performance

Ismail and Atheru (2017) investigated the impact of microfinance institutions on the financial performance of small and medium-sized businesses in Kilifi, Kenya. The research is based on the theory of resources and the theory of the company's dynamic capabilities. The research design is used to achieve the research objectives. The data are presented in tabular form and interpreted according to the research objectives. It turns out that there are a large number of small and medium-sized enterprises Kilifi. Small and medium enterprises are very familiar with the services of microfinance institutions. The study concludes that microfinance institutions have not done much to ensure their services reach and are valued by small and medium-sized enterprises in cities. Credit and financial literacy facilities have been significantly expanded for small and medium enterprises through microfinance institutions, but management skills development and market facilitation have not been achieved as expected. The study has been narrowed down to SMEs in Kilifi, while the current study focuses on all SMEs in Kenya.

Kivuitu and Karugu's (2020) research focuses on the entrepreneurship and performance of small and medium-sized businesses in Kenya's Nairobi City County. A descriptive research design was adopted in this study. The study concluded that entrepreneurial orientation is useful as a predictor of the effectiveness of SMEs based on the study's findings. All aspects of entrepreneurial orientation, including creativity, proactiveness, and risk-taking, have a major beneficial impact on the performance of SMEs. This suggests that, when viewed as a whole, innovative, proactive, and risk-taking behaviors can help Kenyan SMEs flourish. Furthermore, the findings suggest that EO-focused actions in an organization not only improve performance but also assist SME owners in making better judgments about the strategic resources gathered.

Okoli, Nwosu, and Okechukwu (2021) investigated the entrepreneurial orientation and performance of a sample of SMEs in southeastern Nigeria. This study employed research methods and relied on secondary and primary data. According to the findings of this study, there is a substantial positive association between proactiveness, innovation, and risk-taking with the success of SMEs in southeastern Nigeria. According to studies, entrepreneurial enterprises tend to innovate the industry by doing better things to keep customers satisfied and by providing firms with more leverage. The study recommends that SME owners and managers embrace radical processes and innovations in their transactions to grow and expand their customer base. This study focuses on business skills and productivity but misses the presentation aspect.

Benson (2018) examines entrepreneurial factors that affect the performance of small and medium enterprises in Kajiado County, Kenya. The research design strategy employed in the study involved categorizing SMEs into primary and secondary clusters, followed by multi-level sampling. As a study tool, a closed questionnaire was utilized, the validity and reliability of which were determined during the pilot stage. The obtained data is reviewed for errors, filled up, and coded. The SPSS software was used to analyze the data, interpret it, and create statistical information such as mean, standard deviation, and confidence intervals. As a function of the independent variable, a connection with SME performance was created. Correlation analysis is used to investigate the link between SMEs' performance and independent variables. According to the findings, entrepreneurship and innovation have a considerable and favorable impact on the performance of SMEs. In conclusion, involvement and creativity have a substantial impact on SMEs' performance, whereas independence has a major impact on SMEs' performance. The study has been narrowed down to SMEs in Ongata Rongai, while the current study focuses on all SMEs in Kenya.

Mundia (2020) performed a survey in Kenya on gender, finance availability, and the performance of small and medium-sized businesses. Using data from the 2018 World Bank Enterprise Survey, this survey seeks to shed light on the impact of gender and loan availability on the performance of Kenya's small and medium-sized businesses. This study is descriptive and employs multiple regression with the simple least-squares

method. The survey results show that access to credit has increased the performance of SMEs by 141.33% all other things being equal. The participation of women does not have a material impact on the company's performance. This study ignores aspects of information and communication technology and entrepreneurship.

Kamutu (2018) researched the influence of mergers and acquisitions on the financial performance of Kenyan small and medium-sized businesses. The study used a descriptive research design, with the target group consisting of 9 Kenyan small and medium firms. This study gathers secondary data on return on investment and returns on investment from 2008 to 2017. The t-test is used in this study to analyze and investigate the association between mergers and acquisitions and the performance of Kenyan SMEs. According to the findings of this study, mergers and acquisitions have an impact on the financial performance of SMEs. Higher returns on investment and equity have emerged from mergers and acquisitions. The study recommends that the merger and acquisition process be guided by clear policy guidelines agreed upon by all parties involved and that SMEs interested in participating in mergers and acquisitions should invest in research aimed at identifying the best opportunities and identifying mergers for Kenya mergers and acquisitions should develop national guidelines for mergers and acquisitions by SMEs through the Ministry of Trade and Industrialization and further explore key factors for the success of mergers and acquisitions involving SMEs. This study ignores aspects of information and communication technology and entrepreneurship.

Chumba (2016) examines the impact of information and communication technology on the productivity of small and medium-sized businesses in the Kibra constituency of Nairobi County, Kenya. This study was carried out using a descriptive survey design. The descriptive correlational research technique was utilized to design this research, with a sample of 310 respondents. Questionnaires and business records from SMEs were used to collect data. SPSS and the content method were used to examine the data numerically and qualitatively. According to the study, ICT has an impact on the performance of small and medium-sized businesses, with the cost of ICT being the most important factor of SME performance, followed by organizational leadership in

ICT. ICT use and ICT awareness are closely related in terms of their impact on the work of SMEs. This study ignores the entrepreneurial orientation aspect.

Munene (2017) conducted a study on cloud computing adoption and organizational effectiveness among Nairobi County small and medium enterprises (SMEs). This study uses descriptive research. The survey included 35 SMEs in Nairobi, with the respondents being SME managers. According to research, the most popular cloud computing services are a software as a service (SaaS), hardware as a service (HaaS), and interfaces as a service (IaaS) (Iaas). The study also demonstrates that the benefits of implementing cloud computing outweigh the expenses, with the primary reasons for adopting cloud computing being the requirement for user-friendly data archiving and cloud computing. According to the survey, the constraints of cloud computing include access speed, connectivity loss, and service delivery efficiency. The study suggests that there is a link between improved organizational performance, notably in terms of data processing accuracy and timely reporting, and improved overall organizational performance. The study was conducted in Nairobi County, but the current research is focused on Kenya.

Tonui (2017) investigates the factors that influence the effectiveness of small and medium-sized chicken farms in Kenya's Bomet County. The objectives of this study were to assess the impact of training on the effectiveness of poultry farming, to achieve the impact of corporate culture on the efficiency of poultry farms, and to gain access to the impact of funding availability on poultry productivity. This survey is critical for farmers to understand the relationship between business growth and education/finance, corporate culture, and markets on the one hand, and markets on the other. This has aided in a better understanding of the growth constraints in chicken rising.

Oruko (2016) focuses on e-government and the representation of small and medium enterprises in Kisumu County, Kenya. This study is a cross-sectional descriptive study with a target population of 332 registered and active businesses operating in the CBD of Kisumu County. SMEs are stratified according to the type of company and then a specific number of companies representing each strata are selected. A sample size of 77 SMEs was selected, and the researcher received 53 responses from respondents

who were given a questionnaire. SPSS was used to analyze primary data acquired via surveys, and descriptive statistics and correlation analysis were utilized to describe the results. The results suggest a relatively low degree of acceptance and moderate use of e-government platforms, with iTax being the most widely used and accepted, and e-procurement being the least accepted and used. According to the findings, the e-government platform has an impact on the representation of SMEs in Kisumu County's CBD. The study was concerned with e-government and the efficiency of small and medium-sized businesses, whereas this study was concerned with entrepreneurial capabilities and the performance of SMEs.

Haggai (2017) discusses the strategic flexibility and efficiency of small and medium-sized companies in the central business County of Nairobi, Kenya. This research is based on contingency theory, dynamic skills theory, and resource theory. This study uses a descriptive research design. The researcher uses a targeted sample to achieve a high response rate and increase the representativeness of the population sample. This study found that human capital has the greatest impact on the performance of small and medium enterprises in Kenya; followed by management commitment and support, innovation and organizational structure were discontinued to reduce impact. This study concludes that organizational structure affects the performance of small and medium enterprises in Kenya mainly through business areas, inter-departmental coordination, hierarchical arrangement of power lines, and functional coordination. The study also suggests that discontinued innovations, such as experimenting with new ideas and exploring new paradigms, have an impact on the success of Kenya's small and medium-sized businesses.

Isichei, Agbaeze, and Odiba (2020) investigated the impact of structural infrastructure capacity in mediating entrepreneurial orientation and performance in SMEs. This study used a research design with a sample of 377 SMEs from Nigeria's six geopolitical zones. Questionnaires were utilized to collect data, and data analysis was carried out using SmartPLSv3 and Partial Least Squares Structural Equation Modeling (PLS-SEM). According to the findings of this study, the OD aspects of creativity and proactiveness have a substantial impact on the success of SMEs. However, willingness

to take risks has no discernible effect on performance. According to the findings of this study, structural infrastructure capacity has a significant influence in supporting the interaction between EO and production. The capacity of structural infrastructure is used as an intermediary variable in this study, but not as a moderating variable.

Hailekiros and Renyong (2016) investigated the impact of organizational learning abilities on corporate success, specifically the ability to innovate. According to the findings of this study, technical innovation and organizational training capability are critical to establishing a lasting competitive edge and boosting corporate performance in a fast-paced business environment. This study draws on data from a survey of 243 Ethiopian small and medium-sized manufacturing firms. To test the association, SEM and PCA techniques were used. According to the findings, the ability to innovate in technology acts as a bridge between the ability to improve organizational abilities and firm performance. Furthermore, it has a direct favorable impact on firm success. He also demonstrates that the ability to structure organizational training has a significant favorable impact on both the ability to innovate and the performance of the company. The study was conducted in Ethiopia whereas the current study was conducted in Kenya.

Kariuki (2018) focuses on the factors that influence the effectiveness of micro and small businesses in Kenya. As a result, the goal of this research is to identify the impact of access to finance on efficiency, the impact of management skills on performance, the impact of business information access on outcomes, and the impact of company regulations on the performance of micro and small firms. Credit allocation theory, resource-based business theory, and opportunity-based business theory are all used in this study. To accomplish the purpose, this study used a descriptive research design. According to the study's findings, access to company information has a favorable and significant impact on the performance of SMEs. Access to capital was found to have a favorable and significant impact on the performance of SMEs, however, management skills and business regulations did not have a significant impact.

Sitharam and Hoque (2016) investigated the factors impacting the performance of small and medium-sized businesses in KwaZulu-Natal, South Africa. According to the findings of this survey, a lack of management skills and competencies negatively impacts the performance of SMEs. Managers with less business expertise are running a firm, and for a business to be successful, they must understand financial files as well as common phrases used in financial statements. Sitharam and Hoque (2016) also recommend that SMEs outsource the accounting function since they lack the necessary skills and knowledge to address the underlying accounting issues within the organization. The previous study was carried out in South Africa, but the present study was carried out in Kenya.

Cui *et al.* (2018) focus on clarifying the relationship between entrepreneurial orientation and firm performance. This study examines the mechanism of how entrepreneurship (EO) affects company performance in the context of an emerging market. The study claims that EO encourages companies to develop Dynamic Absorbent Capacity (ACAP) and Coverage (BS), and these skills increase company productivity. Furthermore, the success of these knowledge-based and network-based dynamic capacities in linking EC and efficiency is dependent on the company's institutional settings. We validated our hypothesis using data from a variety of sources about Chinese high-tech enterprises in the business-to-business (B2B) market. The findings reveal that ACAP and BS mediate the favorable effect of EO on firm performance and that as market support institutions emerge, ACAP's mediating influence grows larger while BS's lessens. The research focuses on entrepreneurial orientation and company performance but ignores information and communication technology aspects.

According to Mutunga (2017), it focuses on the impact of micro variables on the financial performance of Kenyan manufacturing firms. His research objectives are as follows: examine the relationship between production capacity and company financial performance; determine the relationship between management practices and company financial performance; determine the effect of operating practices on company financial performance; and determine the moderating effect of company size on micro

factors on company financial performance. The findings revealed a positive and statistically significant direct association between micro factors and the financial success of the organization. The results showed that the relationship between macro factors and firm financial results was moderated by firm size. This study focuses on manufacturing companies, while the current study focuses on SMEs.

Raza *et al.* (2018) focus on entrepreneurial networks to represent small businesses through dynamic opportunities: an empirical perspective. This study uses the Resource-Based View (RBV), which states that a company's strategic resources (entrepreneur networks) and valuable skills (dynamic skills) are important for the company's success. The study results show that entrepreneurial networks and dynamic opportunities improve small business performance, while the RBV shows that businesses are making progress based on resources and skills. This study is based on a desktop research design and thus demonstrates methodological omissions. This study has chosen a descriptive cross-sectional research design.

Ferreira, Coelho, and Moutinho (2020) examine the influence of dynamic skills, creativity, and innovation on competitive advantage and business performance: the moderating function of entrepreneurial orientation. According to an empirical study of 387 enterprises in Portugal, DC, creativity, and IC all had a significant beneficial effect on productivity, whereas entrepreneurial orientation (hereafter EO) was muted. This study is based on a desktop research design and thus demonstrates methodological omissions. This study has chosen a descriptive research design.

2.5 Critique of Reviewed Literature

Numerous researches reviewed were carried out in different economic environments such as Pakistani (Ahmed, 2017); Malaysia (Rahim *et al.*, 2015); Netherlands (Greef, 2014); Sri Lanka (Rajapathirana & Hui, 2018); Turkey (Karabulut, 2015) among others. This made it difficult or impractical to relate their findings to the local environment. Most of these countries are more developed than Kenya and therefore have better environments for SMEs to thrive. Thus, there was a need to conduct a local study to understand the underlying situation better.

The reviewed studies also failed to focus on key concepts as used in the current study. Ringim, Razalli, and Hasnan (2016) focused on business process reengineering factors as the explanatory variable and not entrepreneurial capabilities. Ghezali and Boudi (2020) used corporate entrepreneurship as the dependent variable and not firm performance. Awiti, Imbambi, Mande, and Machuki (2020) adopted change management as the explanatory variable and not entrepreneurial capabilities.

Moreover, reviewing current literature disclosed scant data, especially in the local context, on the research subject. The knowledge base was not adequate to explain the impact of entrepreneurial capability on SME performance in Kenya. Therefore, the current research assisted to address the weaknesses of existing literature.

2.6 Research Gaps

Several study gaps have been recognized based on the literature review. Firstly, there was the conceptual gap where existing studies did not focus on the present study's concepts (JS & Kang, 2016; Ogechi, 2016; Alhyasat & Sharif, 2018). That is entrepreneurial capabilities and firm performance. The present research sought to address the research gap by focusing on the entrepreneurial capabilities and performance of SMEs in Kenya.

Secondly, there was the methodological gap where distinct research methods had been implemented by available studies (Imamoglu *et al.*, 2015; Okyere, 2017; Kanyingi, 2018). For instance, some of the studies had adopted either quantitative or qualitative approaches. On the other hand, other studies had used either primary or secondary data. By adopting a blended technique (quantitative and qualitative) this study tackled the research gap and used both secondary and primary data.

Thirdly, there was the contextual gap in which current research was either carried out in other nations or focused on other economic industries (Mbonoka, 2015; Rahim *et al.*, 2015; Udoyi, 2016). Some of the countries where other studies have been carried out include the Netherlands, Turkey, Malaysia, Ghana, and Sri Lanka among others. On the other hand, some of the other sectors included commercial banks, the

telecommunication sector, and insurance. The current study focused on SMEs in Kenya to solve the research gap.

2.7 Summary of Literature Reviewed

The research addressed the theoretical and empirical literature concerning the objectives of the research. Several theories on which the current research was anchored have been discussed in the literature review above. These are capacity-based theory, resource-based theory, market-based perspective and competitiveness theory of porter, diffusion of innovation theory, and the theory of stakeholders. In terms of what they studied, research methodology, conclusions, and suggestions, existing studies appropriate to the study goals were also evaluated. Also provided in this section was the conceptual framework outlining the research variables. The section also showed the research variables description. Finally, from available literature, the study critiqued and also pointed out research gaps.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section describes the methodology used in information collection, data analysis, and outcomes reporting. The methodology can be defined as the framework connected with a specific set of paradigmatic hypotheses that can be used for studies (Kumar, 2019). It introduces the philosophy of research, research design, study population, method of sampling and sampling tool and method of data collection, pilot testing, data analysis, and presentation.

3.2 Research Philosophy

A positivistic epistemology guided the study. Positivism is an epistemological position that studies social truth and beyond using natural science techniques, according to Bryman and Bell (2007). Hypotheses are established on the grounds of the current appropriate theories under the positivistic philosophical strategy. The hypotheses are then tested and verified or disproved using quantitative and statistical methods to fulfill the study goals and the study purposes. Saunders, Lewis, and Thornhill (2009) asserted that through the positivist strategy, the outcome of such studies could be relevant.

Positivism principles include; it is preferable to study an observable social reality and only observable phenomena generate reliable information (Saunders *et al.*, 2009). The theory aims to produce hypotheses that can be tested, the function of studies is to evaluate theories and provide information for law growth research should be performed in a manner that is a free-in and objective value (Saunders *et al.*, 2009). The investigator is autonomous and should not influence or be influenced by the research subject, the end product of the study is intended to be law, such as generalizations comparable to those generated by natural scientists, and positivism emphasizes quantifiable observations used for statistical assessment (Bryman & Bell, 2007).

This research adopted the positivism paradigm because by using natural science methods it includes studying social reality and beyond. Similarly, this research aimed to explore a true scenario and to discover alternatives using scientific techniques. In addition, the paradigm involves hypothesis formulation based on appropriate theories. In this research, this was the case. These hypotheses were then tested and verified or disproved using quantitative and statistical methods to meet the study objectives and achieve the study goals.

3.3 Research Design

Research design is described as the general plan to get responses to the issues being studied and to handle some of the problems experienced during the study phase (Singh & Walwyn, 2017). This study adopted a descriptive cross-sectional research design which was a survey in nature. This design aimed to demonstrate the current state of affairs. The design is appropriate in a study where a problem and potentially related factors are measured at a specific point in time for a defined population. Descriptive research is a method of information collection to answer questions about the current status of the study topics (Cooper & Schindler, 2014). The descriptive cross-sectional research design was suitable for the current study since the researcher's objective was to establish the nature of the participants, the nature of the outcomes, and findings in a way that responds to the research issues at a specific point in time. This allowed the measurement of the meaning of the results to be studied on the overall population, as well as changes in the views, attitudes, and behaviors of the respondent over time. This study sought to establish the connection between entrepreneurial capabilities and the performance of SMEs in Kenya.

3.4 Target Population

A population is described as a group of people, objects, or items from which samples are taken for measurement or a whole group of people or items having at least one thing in common (Sekaran & Bougie, 2013). Mugenda and Mugenda (2011) also describe the population as the complete entities or components from which an investigator wants to draw a sample for the research. This study covered licensed small

and medium enterprises in Kariobangi light industrial area in Nairobi, Thika town light industrial area, and Kitui Central in Kitui County, Kenya. The choice of these locations was because there are people living in both rural and urban areas, and people from different cultural backgrounds run the enterprises. In particular, Kariobangi represented urban population, Thika town represented semi-urban population, while Kitui town represented rural population. The study was interested in the entrepreneurs in the three clusters (manufacturing, trade, and services) that are present in these locations. Given the limitations of this study, the regions were manageable geographically. The study findings can therefore, be generalized to other regions locally and globally. In particular, the target population was 2400 licensed SMEs (KNBS, 2020). This comprised of 783 SMEs in manufacturing, 901 SMEs in trade and 716 SMEs in service. The target respondents were owners of the enterprises. Table 3.1 illustrates the study target population.

Table 3.1: Target Population

	Manufacturing	Trade	Service	**Total**
Kariobangi light industrial area	392	451	358	1201
Thika town light industrial area	274	315	251	840
Kitui Central	117	135	107	359
Total	783	901	716	**2400**

Source; KNBS (2020)

3.5 Sample and Sampling Technique

A sample refers to the element of a study representing the actual population or the elements to be examined in a study that inferred the entire population (Babbie, 2010). A scientist's method of selecting a sample size from the whole population is defined as a technique for sampling (Cooper & Schindler, 2014). In this study, Fisher (2003) formula was used to calculate the sample size.

$$n = \frac{z^2 p(1-p)}{d^2}$$

Where;

n= sample size

z= the standard normal deviate value for the level of confidence, for instance, 95% level of confidence =1.96.

d= margin of error or level of precision at 0.05 for CI at 95%

p= proportion to be estimated, Israel (2009) recommends that if one doesn't know the value of p then you should assume p=0.5

Therefore, the sample size is arrived at as follows:

$$n = \frac{(1.96^2)(0.5)(1-0.5)}{(0.05)^2}$$

$$n = 384$$

Since the population is less 10,000, the sample size is further adjusted as follows:

$n_0 = n/ (1+ ((n -1)/ N))$

n_0=384/ (1+ ((384-1)/2400))

n_0=331.15

The sample size was therefore 331 SMEs. A stratified random sampling technique was used in selecting the SMEs. The technique was suitable since the target population was classified into three strata (groups), which included manufacturing, trade, and service. The target respondents were owners of these businesses. The choice of the SME owners was justified since they are actively involved in running the businesses and are also the decision-makers. Table 3.2 shows the sample size distribution.

Table 3.2: Sample size

	Target Population	Sample Size
Kariobangi light industrial area	1201	166
Thika town light industrial area	840	115
Kitui Central	359	50
Total	**2400**	**331**

3.6 Data Collection Instruments

Copper and Schindler (2012) describe techniques of information collection as processes employed by a scientist to collect information from study participants to answer research questions. To collect primary data, this research used semi-structured questionnaires. To collect both quantitative and qualitative information, this sort of questionnaire is used (Cox & Hassard, 2010). Closed-ended questions are used to acquire quantitative information while open-ended questions are used to acquire qualitative information. The tool was divided into two components. Part one asked questions about the respondents' population data, while part two asked questions about the factors of the research. A five-scale Likert was used, varying from highly disagreeable, disagreeable, neutral, agreeable, and highly agreed. In addition, for five years, the researcher collected secondary data on the dependent variable (performance). The data was acquired from the SMEs' annual accounts.

3.7 Data Collection Procedures

Research procedures are the step-by-step processes that guide a scientist on how to conduct the survey or how to gather information for the study (Cox & Hassard, 2010). A letter of introduction authorizing the collection of information was acquired from the college before information collection. In addition, before beginning the data collection exercise, the investigator applied for the National Commission for Science, Technology, and Innovation (NACOSTI) research permit. Questionnaires were regarded appropriate as they enable participants to provide their answers in a free

setting to the best of their understanding. The questionnaire was self-administered to all the respondents.

3.8 Pilot Testing

The tool should be piloted before using it to retrieve information (Silverman, 2015). The aim is to refine the questionnaire so that the answer to the issues will not have any issues. Furthermore, questionnaire piloting allows the investigator to achieve some evaluation of the validity of the question and the probable reliability of the collected information. The questionnaire was administered randomly in this research to 10% of the sample size that was not included in the final research. The pilot study was conducted on 33 SMEs within Ruiru Town. According to William, Gunasekaran, and Mcgaughy (2011), 5-10% of the population sample is sufficient to pilot the study tools.

3.8.1 Validity Test of Research Instrument

Riff, Lacy, and Fico (2014) observed that validity is the accuracy and meaning of inferences depending on the outcomes of the studies. Validity relates to the extent to which a device measures what should be measured (Remenyi, 2015). Both content and construct validity were tested in this study. Content validity involved reviewing the research instrument based on expert opinion. Furthermore, construct validity was tested using factor analysis.

3.8.2 Reliability Test of Research Instrument

The consistency of a set of measuring objects is reliability (Cronbach, 1951). Reliability is the degree to which a tool operates the same way with the same topics whenever it is used under the same situation. If the rating of a person on the same test provided twice is comparable, a measure is regarded as reliable. Thirty-three questionnaires were tested by issuing them to owners of small and medium-sized enterprises and those who were not included in the final research.

The questionnaires were then coded and answers entered into the Statistical Package for Social Sciences (SPSS), which was used to generate the coefficient of reliability.

The investigator used the most common measure of internal consistency known as the Alpha (α) of Cronbach. It shows how far a set of sample items can be handled as a single latent variable (Cronbach, 1951). For this research, the suggested value of 0.7 was used as a reliability cut-off.

3.9 Data Analysis and Presentation

Data was edited, categorized, coded, and stored for assessment in the computer. SPSS version 21.0 was used to process and analyze the gathered data. Both quantitative and qualitative data were collected. Quantitative data were evaluated using descriptive statistics, that is, means standard deviations, frequencies, and percentages, as well as Pearson correlation and regression analysis. Variance analysis (ANOVA) was verified to show the significance of the general model. The individual regression coefficients were verified to see if the dependent variable (performance) is influenced by independent variables (entrepreneurial capabilities). In addition, the values of t-statistics, F-statistics, and P were used to verify the statistical importance of the outcomes at a significant rate of 5 percent. Further, thematic analysis was used to analyze qualitative data. The assessment included classifying different responses into themes, driven by the objectives of the research.

3.9.1 Model Specification

The connection between the independent variables and the dependent variable was shown using both simple and multiple regression models.

Simple Regression Model

$$Y = \beta_o + \beta_i X_i + \varepsilon \quad (1)$$

Where;

Y=Performance of SMEs

X_i =individual independent variables

Equation (1) indicates the link between individual independent variables (entrepreneurial capabilities) and dependent variables (Performance of SMEs).

Multiple Regression Model:

$$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \quad (2)$$

Where;

Y = Performance of SMEs

X_1 = Leadership Capability

X_2 = Innovation Capability

X_3 = Entrepreneurial Marketing Capability

X_4 = Strategic capability

Equation (2) indicates the link between joint independent variables (entrepreneurial capabilities) and dependent variables (Performance of SMEs).

Moderation Model

$$Y = \beta_o + Z(\beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4) \quad (3)$$

Where:

Z= Information and communication technology

Equation (3) demonstrates the moderating effect of information and communication technology on the relationship between each of the independent variables and the performance of SMEs.

3.9.2 Data Presentation

Results from quantitative data were presented using tables. This was done to ensure easy reading and interpretation. On the other hand, results from qualitative data were presented in narrative form, where key themes were explained.

3.9.3 Variable Operationalization Framework

Definition and measurement of variables is summarized in Table 3.3.

Table 3.3: Definition and measurement of variables

Variable	Nature	Indicators	Data collection method	Type of scale	Type of analysis
Performance of SMEs	Dependent variable	Profitability	Questionnaire:	Ordinal	Means, standard deviations, percentages, correlation, regression, thematic
		Sales volume.	Quantitative and qualitative	Ratios	Means, min, max, trends
		Quality products and services.	Secondary data		
Leadership Capability	Independent variable	Risk Taking. Proactiveness. Autonomy.	Questionnaire: Quantitative and qualitative	Ordinal	Means, standard deviations, percentages, correlation, regression, thematic
Innovation Capability	Independent variable	Resource Allocation. Learning capability. Organizational capability.	Questionnaire: Quantitative and qualitative	Ordinal	Means, standard deviations, percentages, correlation, regression, thematic
Entrepreneurial Marketing Capability	Independent variable	Market sensing. Partner linking. Branding.	Questionnaire: Quantitative and qualitative	Ordinal	Means, standard deviations, percentages, correlation, regression, thematic
Strategic capability	Independent variable	Cost leadership. Differentiation strategy. Customer focus	Questionnaire: Quantitative and qualitative	Ordinal	Means, standard deviations, percentages correlation, regression, thematic
Information and communication technology	Moderating variable	IT infrastructure IT skills IT experience	Questionnaire: Quantitative and qualitative	Ordinal	Means, standard deviations, percentages, correlation, regression, thematic

3.9.4 Diagnostic Tests

Before trying to predict a regression equation, it is vital to guarantee non-violation of the Classical Linear Regression Model (CLRM) assumptions. Estimating these equations when linear regression assumptions are breached runs the danger of acquiring parameter estimates that are biased, inefficient, and inconsistent (Zeng, 2016). Normality, multicollinearity, heteroscedasticity, and autocorrelation tests were therefore performed to guarantee adequate equation specification.

a) Normality Test

To conduct single or joint hypothesis tests on model parameters, the normality assumption (ut~N (0, π2)) is required (Zeng, 2016). To verify whether the information is normally distributed, a normality test was conducted using the Shapiro-Wilk test. The researcher tested the null hypothesis that data is normally distributed. A P value greater than 0.05 led to the acceptance of the null hypothesis of normal distribution and vice versa.

b) Multicollinearity Test

Multicollinearity was assessed in this study using the Variance Inflation Factors (VIF). According to Field (2009), VIF values below 10 are an indication of absence of multicollinearity. Similarly, tolerance value more than 0.1 implied lack of multicollinearity.

c) Heteroscedasticity Test

Running a regression model without heteroscedasticity would result in unbiased estimates of parameters. Levene's test of equality of error variances was used to check for heteroskedasticity. The null hypothesis of constant error term variance is accepted if the P-value is greater than 0.05 and vice versa.

d) Autocorrelation Test

An autocorrelation test was conducted to establish whether or not the residuals were serially correlated, Durbin-Watson test for autocorrelation was used. The Durbin Watson test reports a test statistic, with a value from 0 to 4, where: 2 denotes no autocorrelation; 0 to 2<2 denotes a positive autocorrelation; while >2 denotes a negative autocorrelation. The decision rule is that test statistic values in the range of 1.5 to 2.5 are relatively normal. Values outside this range could be cause for concern.

3.9.5 Test of Hypotheses

This research used the outcomes of regression to evaluate hypotheses. The acceptance/rejection requirement was that the null hypothesis was accepted if the p-value was less than the standard p-value (0.05), but if it exceeds 0.05, the null hypothesis was dismissed. A total of five hypotheses were tested in this research.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

In this chapter, findings are presented as per the study objectives. The outcomes are also interpreted and discussed concerning reviewed empirical literature in chapter two. The research aimed to investigate the role of entrepreneurial capabilities on the performance of small and medium enterprises in Kenya. The specific objectives of the study were: to analyze the relationship between business owner leadership capability, innovation capability, entrepreneurial marketing capability, strategic capability and performance of small and medium enterprises in Kenya, and to assess how information and communication technology moderates the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya. The chapter starts by providing results on response rate and data reliability. Further, results on the demographic characteristics of the respondents are provided. Descriptive statistic results on each variable are then provided followed by diagnostic tests, correlation results, and finally, regression results are presented.

4.2 Response Rate

A total of 331 questionnaires were administered to the sampled respondents. These were owners of SMEs operating in the industrial area of Thika town. Out of the 331 questionnaires, 285 were properly filled and returned. This represented 86% response rate. The high return rate could be attributed to the proximity of the businesses to each other, which allowed the researcher to access as many as possible. According to Saunders, Lewis, and Thornhill (2009), a return rate above 50% was adequate for analysis. Table 4.1 shows the response rate results.

Table 4.1: Response Rate

Response	Frequency	Percent (%)
Returned	285	86%
Unreturned	46	14%
Total	**331**	**100**

4.3 Pilot Study Results

The pilot study was conducted within Ruiru Town where research questionnaire was randomly administered to 10% of the sample size (33 SMEs' owners). The respondents who participated in the pilot were excluded from the main research. According to William *et al*. (2011), 10% of the population sample is sufficient to pilot the study tools. Data obtained was input into SPSS software and used to conduct reliability test. The Cronbach alpha was calculated in a bid to measure the reliability of the questionnaire. The findings in Table 4.2 indicate that business performance had a coefficient of 0.839, business owner leadership capability had a coefficient of 0.798, innovation capability had a coefficient of 0.850, entrepreneurial marketing capability had a coefficient of 0.841, strategic capability had a coefficient of 0.792 and information and communication technology had a coefficient of 0.759. The overall reliability score was 0.813 indicating that all the variables had Cronbach's Alpha values above 0.7. The study, therefore, concluded that the instrument items were reliable and were adopted in the subsequent analyses.

Table 4.2: Reliability Results

Variable	No of Items	Respondents	$\alpha \geq 0.7$	Comment
Business Performance	6	33	0.839	Reliable
Business owner leadership capability	6	33	0.798	Reliable
Innovation capability	5	33	0.850	Reliable
Entrepreneurial marketing capability	5	33	0.841	Reliable
Strategic capability	5	33	0.792	Reliable
Information and communication technology	6	33	0.759	Reliable
Overall Reliability			**0.813**	

Further, construct validity was tested using factor analysis. To determine whether the items used to measure the study variables were valid, KMO and Bartlett's Test were generated as shown in Table 4.3. The findings show that the KMO value was 0.897, which was above the recommended minimum threshold of 0.5. At the same time, Bartlett's Test of Sphericity had significance value of 0.000, which was less than 0.05. The results denoted that the study instrument was valid and therefore appropriate for data collection.

Table 4.3: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		**0.897**
Bartlett's Test of Sphericity	Approx. Chi-Square	1147.481
	Df	10
	Sig.	.000

4.4 Demographic Characteristics of the Respondents

Background information relating to the respondents is provided in this section. The categories include gender, age, level of education, duration of operation, and sector.

The findings in Table 4.4 reveal that there were more male (147, 51.6%) business owners than female (138, 48.4%) owners who took part in this survey. However, the gender composition met the constitutional requirement of at least a third representation from each gender. The results also indicate that majority (59.3%) of the SME owners were aged between 31 and 50 years. A good number of them were also aged less than 30 years (23.9%), with less than 20% of the business owners being above 50 years old. The age distribution is critical in determining the capability of business owners, with younger ones expected to be more creative and innovative, while the older ones are expected to provide good business leadership.

Further, the findings show that (147, 51.6%) of the respondents had obtained college/university education, 34.7% had secondary education, 8.1% had postgraduate education, while 5.6% of the business owners had only attained primary level education. The level of education is paramount in determining and enhancing the entrepreneurial capability of individuals. It is expected that individuals with a higher level of education are better placed to utilize their capabilities leading to improve business performance.

In addition, the findings reveal that most of the SMEs have been in operation for more than ten years. The duration of time a business has been operating is essential in influencing the ability of the owner to enhance his entrepreneurial capability for better business performance. In this study, the SME owners who have been in business for a long we're expected to have harnessed their entrepreneurial capabilities resulting in improved business performance.

Finally, the results indicate that the SMEs owners were distributed in various sectors including trade (37.5%), manufacturing (32.6%), and service (29.8%). This was important to capture the views of players in different sectors regarding the role of entrepreneurial capabilities on the performance of small and medium enterprises in Kenya.

Table 4.4: Demographic Characteristics of the Respondents

		Frequency (N)	Percent (%)
Gender	Male	147	51.6
	Female	138	48.4
	Total	**285**	**100**
Age	Less than 30 years	68	23.9
	31-40years	79	27.7
	41-50 years	90	31.6
	Above 50 years	48	16.8
	Total	**285**	**100**
Level of education	Primary	16	5.6
	Secondary	99	34.7
	College/University	147	51.6
	Postgraduate	23	8.1
	Total	**285**	**100**
Duration of operation	5 to 10 year	102	35.8
	11 to 15 years	122	42.8
	Over 15 years	61	21.4
	Total	**285**	**100**
Sector	Manufacturing	93	32.6
	Trade	107	37.5
	Service	85	29.8
	Total	**285**	**100**

4.5 Descriptive Statistics Results

This section provides descriptive statistic results for the study variables. The purpose of descriptive statistics is to enable the researcher, to meaningfully describe a distribution of scores or measurements using indices or statistics. The type of statistics or indices used depends on the types of variables in the study and the scale of measurements. The study used means, percentages, and standard deviations to present the descriptive findings. The research analyzed descriptive statistics for the following variables: leadership capability, innovation capability, entrepreneurial marketing capability, strategic capability, information and communication technology, and business performance.

4.5.1 Descriptive Statistics on Leadership Capability

The first objective of the study was to analyze the relationship between business owner leadership capability and performance of small and medium enterprises in Kenya. The respondents were requested to rate their agreement or otherwise against each statement posed to them, using a 5-level Likert scale (strongly disagree meant a one, disagree was a two, neutral was a three, agree was a four and strongly agree was a five). The statements posed to respondents sought to ascertain their views regarding leadership capability.

The findings in Table 4.5 reveal that majority of the respondents with an aggregate mean score of 4.0 and a standard deviation of 0.8 agreed with statements on leadership capability. The participants agreed with the statements that they can take risks as long as the expected returns are desirable (mean=4.3), they are proactive when it comes to making decisions relating to my business (mean=4.4), they can make independent choices regarding my business without interference from other quotas (mean=4.3), they encourage employees to look for business opportunities (mean=4.4) and they encourage employees to be creative, come up with new business ideas to keep innovating (mean=4.3). However, the majority of the respondents disagreed with the statement that they allow their employees to make decisions and to take risks (mean=2.4).

This concurred with Kabetu and Iravo (2018) findings that managerial competencies significantly influenced the performance of organizations. Similarly, Ngugi (2016) asserted that managerial capacity was essential for organizational sustainability. The findings imply that the respondents demonstrated leadership capabilities in running their businesses. In particular, several key aspects of leadership capability were evident. These are; taking calculated risks, pro-activeness in decision making, and supporting employees' creativity. This is expected to contribute towards improvement in business performance.

Table 4.5: Descriptive Statistics on Leadership Capability

Statement (N=285)	SD	D	N	A	SA	M	S.DEV
I can take risks as long as the expected returns are desirable.	0.4%	5.3%	2.8%	46.7%	44.9%	4.3	0.8
I am proactive when it comes to making decisions relating to my business.	0.0%	0.0%	5.3%	49.5%	45.3%	4.4	0.6
I can make independent choices regarding my business without interference from other quotas.	0.4%	2.8%	4.2%	49.5%	43.2%	4.3	0.7
I allow my employees to make decisions and to take risks.	31.6%	25.3%	17.9%	22.5%	2.8%	2.4	1.2
I encourage my employees to look for business opportunities.	0.7%	2.1%	3.9%	47.7%	45.6%	4.4	0.7
I encourage my employees to be creative, come up with new business ideas to keep innovating.	0.0%	3.5%	8.1%	38.9%	49.5%	4.3	0.8
Aggregate mean						**4.0**	**0.8**

4.5.2 Descriptive Statistics on Innovation Capability

The second objective of the study was to determine the relationship between innovation capability and performance of small and medium enterprises in Kenya. The respondents were requested to rate their agreement or otherwise against each statement posed to them, using a 5-level Likert scale (strongly disagree meant a one, disagree was a two, neutral was a three, agree was a four and strongly agree was a five). The statements posed to respondents sought to ascertain their view regarding innovation capability.

The findings in Table 4.6 reveal that majority of the respondents with an aggregate mean score of 4.3 and a standard deviation of 0.7 agreed with statements on innovation capability. The participants agreed with the statements that they are capable of making proper allocation of business resources to enhance performance (mean=4.3), they have inculcated a learning culture among their staff and this leads to creativeness and enhanced productivity (mean=4.2), their business can meet the needs of the customers and this builds on customer loyalty(mean=4.4), their business can manage the

expectations of the employees and this enhances performance (mean=4.3) and they always look for new opportunities or create new opportunities every day (mean=4.4).

The findings were consistent with Rajapathirana and Hui (2018) assertion that innovation capability was significantly connected with firm performance. The findings imply that the respondents demonstrated innovation capabilities in their businesses. In particular, several key aspects of innovation capability emerged. These are; appropriate allocation of resources, learning culture, managing employees' expectations, and creation of new opportunities. These aspects are likely to boost the performance of SMEs.

Table 4.6: Descriptive Statistics on Innovation Capability

Statement(N=285)	SD	D	N	A	SA	M	S.DEV
I am capable of making proper allocation of business resources to enhance performance.	0.4 %	4.9%	3.2 %	50.9%	40.7%	4.3	0.8
I have inculcated a learning culture among my staff and this leads to creativeness and enhanced productivity	0.0 %	7.4%	8.1 %	43.9%	40.7%	4.2	0.9
My business can meet the needs of the customers and this builds on customer loyalty.	0.0 %	1.1%	7.0 %	46.3%	45.6%	4.4	0.7
My business can manage the expectations of the employees and this enhances performance.	0.0 %	2.5%	7.0 %	50.5%	40.0%	4.3	0.7
I always look for new opportunities or create new opportunities every day.	0.0 %	2.5%	5.6 %	44.6%	47.4%	4.4	0.7
Aggregate mean						**4.3**	**0.7**

4.5.3 Descriptive Statistics on Entrepreneurial Marketing Capability

The third objective of the study was to establish the relationship between entrepreneurial marketing capability and performance of small and medium enterprises in Kenya. The respondents were requested to rate their agreement or otherwise against each statement posed to them, using a 5-level Likert scale (strongly disagree meant a one, disagree was a two, neutral was a three, agree was a four and strongly agree was a five). The statements posed to respondents sought to ascertain their view regarding entrepreneurial marketing capability.

The findings in Table 4.7 reveal that majority of the respondents with an aggregate mean score of 4.4 and a standard deviation of 0.7 agreed with statements on entrepreneurial marketing capability. The respondents agreed with the statements that they conduct market sensing to have a better understanding of the external market (mean=4.4), they have adopted partner linking as a strategy of accessing a wider market (mean=4.4), they have adopted a customer-focus strategy as a way of expanding my business customer bases (mean=4.4), they carry out regular branding of their products/services to attract potential customers (mean=4.4) and they organize discounted sales from to time to attract more customers (mean=4.4).

The findings concurred with Kaleka and Morgan (2017) assertion that marketing capacities contribute significantly towards business performance. The findings imply that the respondents demonstrated entrepreneurial marketing capabilities in running their businesses. In particular, several key aspects of entrepreneurial marketing capability emerged. These are; market sensing, partner linking, regular branding, and discounted sales. The utilization of these marketing capabilities is expected to enhance the performance of small and medium enterprises.

Table 4.7: Descriptive Statistics on Entrepreneurial Marketing Capability

Statement(N=285)	SD	D	N	A	SA	M	S.DEV
I conduct market sensing to have a better understanding of the external market.	0.4%	2.1%	3.9%	49.8%	43.9%	4.4	0.7
I have adopted partner linking as a strategy for accessing a wider market.	1.1%	1.1%	4.9%	46.7%	46.3%	4.4	0.7
I have adopted a customer-focus strategy as a way of expanding my business customer base.	0.0%	3.2%	6.7%	41.1%	49.1%	4.4	0.7
I carry out regular branding of my products/services to attract potential customers.	0.0%	1.4%	4.2%	48.1%	46.3%	4.4	0.6
I organize discounted sales from to time to attract more customers.	0.4%	1.1%	4.6%	50.2%	43.9%	4.4	0.7
Aggregate mean						**4.4**	**0.7**

4.5.4 Descriptive Statistics on Strategic Capability

The fourth objective of the study was to examine the relationship between strategic capability and performance of small and medium enterprises in Kenya. The respondents were requested to rate their agreement or otherwise against each statement posed to them, using a 5-level Likert scale (strongly disagree meant a one, disagree was a two, neutral was a three, agree was a four and strongly agree was a five). The statements posed to respondents sought to ascertain their opinion regarding strategic capability.

The findings in Table 4.8 reveal that majority of the respondents with an aggregate mean score of 4.3 and a standard deviation of 0.8 agreed with statements on strategic capability. The respondents agreed with the statements that their business offers differentiated products/services from rivals and this makes it stand out in the market (mean=4.2), the costs of their products/services are relatively lower compared to what other similar businesses offer and this increases the customer flow (mean=4.2), they know their business segment and therefore have products/services to competitively satisfy its needs (mean=4.2), they have invested in providing quality products/services

to their customers (mean=4.4) and they can conveniently provide products/services to their customers and this places their business on top (mean=4.4).

The findings supported King'oo *et al.* (2020) observation that strategic capability has a considerable favorable impact on firm performance. Similarly, Wanjiku (2016) noted that the survival and development of firms are strongly dependent on the strategic abilities. The findings imply that the respondents demonstrated strategic capabilities in operating their businesses. In particular, several key aspects of strategic capability were identified. These include product/services differentiation, competitive prices, business segment awareness, and quality products/services. The application of these competitive advantage capability aspects is expected to enhance the performance of small and medium enterprises.

Table 4.8: Descriptive Statistics on Strategic Capability

Statement(N=285)	**SD**	**D**	**N**	**A**	**SA**	**M**	**S.DEV**
My business offers differentiated products/services from my rivals and this makes it stand out in the market.	1.4%	4.2 %	6.3 %	47.7 %	40.4%	4.2	0.8
The costs of my products/services are relatively lower compared to what other similar businesses offer and this increases the customer flow.	2.5%	6.0 %	4.9 %	40.4 %	46.3%	4.2	1.0
I know my business segment and therefore have products/services to competitively satisfy its needs.	0.0%	5.6 %	7.7 %	43.5 %	43.2%	4.2	0.8
I have invested in providing quality products/services to my customers.	0.0%	1.8 %	7.4 %	40.4 %	50.5%	4.4	0.7
I can conveniently provide products/services to my customers and this places my business on top.	0.0%	1.4 %	5.6 %	46.0 %	47.0%	4.4	0.7
Aggregate mean						**4.3**	**0.8**

4.5.5 Descriptive Statistics on Information and Communication Technology

The fifth objective of the study was to assess how information and communication technology moderates the relationship between entrepreneurial capabilities and the performance of small and medium enterprises in Kenya. The respondents were requested to rate their agreement or otherwise against each statement posed to them, using a 5-level Likert scale (strongly disagree meant a one, disagree was a two, neutral was a three, agree was a four and strongly agree was a five). The statements posed to respondents sought to ascertain their opinion regarding information and communication technology.

The findings in Table 4.9 reveal that majority of the respondents with an aggregate mean score of 2.9 and a standard deviation of 1.3 disagreed with most statements on information and communication technology. In particular, the respondents disagreed with the statement that business has a well-established information and communication technology infrastructure (Mean=2.7), the business employees have adequate information and communication technology skills and knowledge (Mean=2.5), the business employees have a high level of information and communication technology experience (Mean=2.7), and they organize regular information and communication technology training for my employees (Mean=2.9). Further, most of the respondents neither agreed nor disagreed with the statements that there is the utilization of information and communication technology in the business (Mean=3.3) and they are always on the lookout for new business technology in the market (Mean=3.4). The findings implied that most of the entrepreneurs had not fully embraced information and communication technology in running the business. According to Gaviria-Marin *et al.* (2021), results showed a positive impact of ICT on high-end skills, such as manageability and flexibility in product innovation, which create value and improve company performance. Similarly, Ringim *et al.* (2016) observed that information and communication technology capabilities moderated the relationship between factors for redesigning business processes such as change management, customer orientation, management commitment, and organizational performance.

Table 4.9: Descriptive Statistics on Information and communication technology

Statement(N=285)	SD	D	N	A	SA	M	S.DEV
There is utilization of information and communication technology in the business	15.4%	15.8%	19.6%	27.0%	22.1%	3.3	1.4
My business has a well-established information and communication technology infrastructure	22.8%	22.8%	23.9%	26.0%	4.6%	2.7	1.2
My business employees have adequate information and communication technology skills and knowledge	28.4%	21.1%	25.6%	21.8%	3.2%	2.5	1.2
My business employees have high level of information and communication technology experience	21.4%	22.5%	24.6%	23.9%	7.7%	2.7	1.3
I organize regular information and communication technology training for my employees.	18.9%	21.1%	21.1%	27.7%	11.2%	2.9	1.3
I am always on the lookout for new business technology in the market.	14.7%	14.7%	16.8%	27.7%	26.0%	3.4	1.4
Aggregate mean						**2.9**	**1.3**

4.5.6 Descriptive Statistics on Business Performance

The dependent variable in this study was the performance of small and medium enterprises in Kenya. The respondents were requested to rate their agreement or otherwise against each statement posed to them, using a 5-level Likert scale (strongly disagree meant a one, disagree was a two, neutral was a three, agree was a four and

strongly agree was a five). The statements posed to respondents sought to find out their views regarding business performance.

The findings in Table 4.10 reveal that majority of the respondents with an aggregate mean score of 3.6 and a standard deviation of 1.1 agreed with statements on business performance. The respondents agreed with the statements that they have increased the number of products/services since the start of the business (mean=3.5), their sales volumes have increased since the start of the business (mean=3.6), their business profits have increased since the start of the business (mean=3.8), the number of their customers has increased since the start of the business (mean=3.5), their market presence has expanded since the start of the business (mean=3.5), and the quality of products/ and services has improved since the start of the business (mean=3.7).

The findings imply that the respondents illustrated that their business performance had experienced an improvement in several ways. The particular ways in which the business performance had increased include an increase in several products/services, sales volumes, increase in profits, increase in the number of customers, market share growth and increase in returns from investment. The study, therefore, aimed to establish whether the improvement in business performance was associated with entrepreneurial capability aspects.

The findings supported a study by Benson (2018) that established that entrepreneurship and innovation had a considerable and favorable impact on firm performance. Similarly, the findings concurred with Raza *et al.* (2018) assertion that entrepreneurial networks and dynamic opportunities improve business performance.

`Table 4.10: Descriptive Statistics on Business Performance

Statement(N=285)	SD	D	N	A	SA	M	S.DEV
I have increased the number of products/services since the start of the business.	1.8%	22.1%	24.2 %	29.8%	22.1 %	3.5	1.1
My sales volumes have increased since the start of the business.	0.4%	20.7%	22.1 %	33.0%	23.9 %	3.6	1.1
My business profits have increased since the start of the business.	0.0%	16.5%	13.3 %	41.4%	28.8 %	3.8	1.0
The number of my customers has increased since the start of the business.	0.7%	22.5%	25.3 %	27.4%	24.2 %	3.5	1.1
My market presence has expanded since the start of the business.	1.8%	20.4%	24.9 %	31.6%	21.4 %	3.5	1.1
The quality of products/ and services has improved	0.0%	19.3%	24.6 %	28.4%	27.7 %	3.7	1.1
Aggregate mean						**3.6**	**1.1**

Figure 4.1 shows annual average profits in Kenya shillings for SMEs during the study period. According to the findings, SMEs reported highest profit of 2.9 million in 2017, and lowest profit of 0.6 million in 2020. The diagram illustrates general decline in profits during the measurement period (2016-2020).

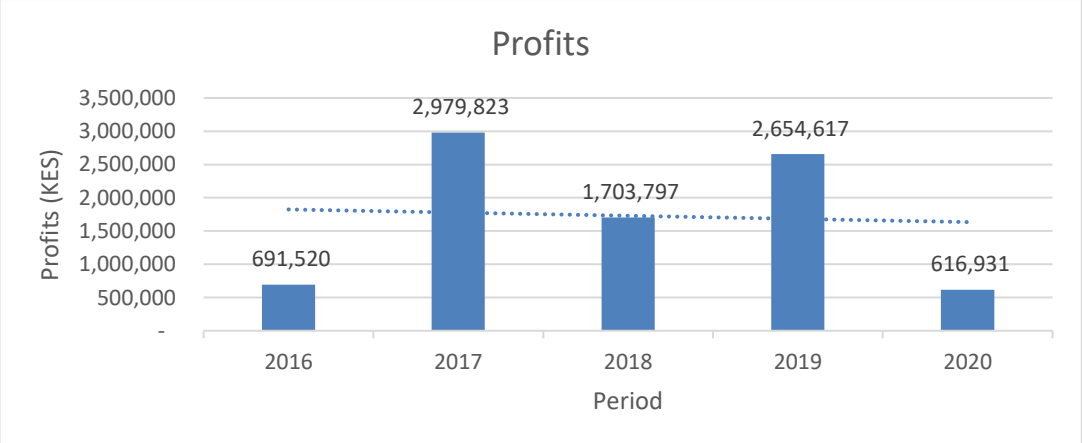

Figure 4.1: Average Profits in Kenya Shillings (2016-2020)

Figure 4.2 shows annual average number of customers for SMEs during the study period. According to the findings, SMEs reported highest customer number of 43,956 in 2017 and lowest customer number of 7920 in 2020. The diagram illustrates general decline in number of customers during the measurement period (2016-2020).

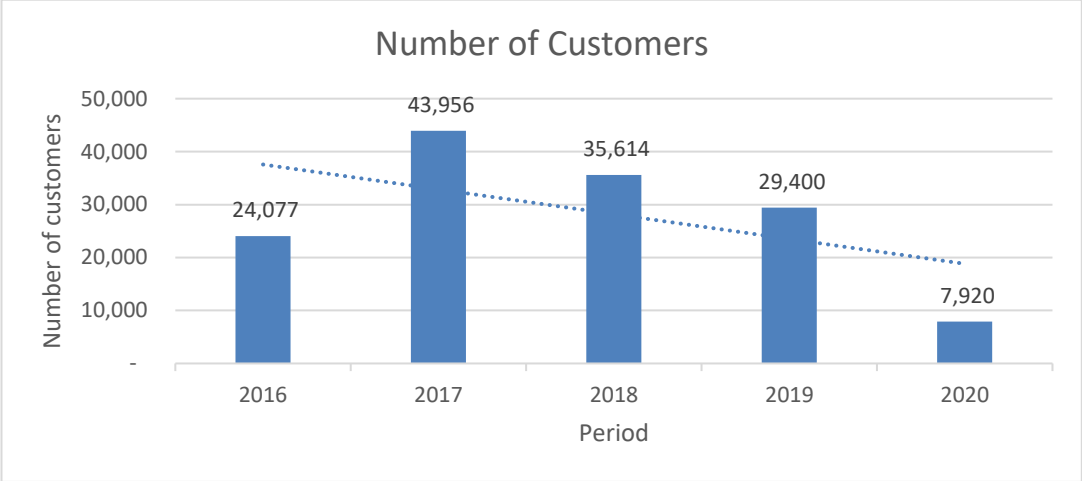

Figure 4.2: Average Number of Customers (2016-2020)

Figure 4.3 shows annual average sales in Kenya shillings for SMEs during the study period. According to the findings, SMEs reported highest sales of 7.8 million in 2017 and lowest sales of 5.6 million in 2018. The diagram illustrates fluctuations in sales during the measurement period (2016-2020).

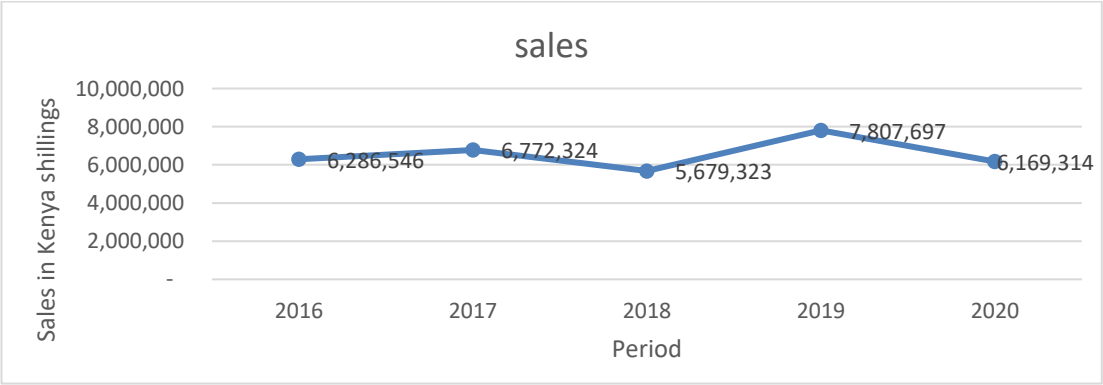

Figure 4.3: Average Sales in Kenya Shillings (2016-2020)

4.6 Qualitative Analysis

The business owners/ managers were asked to state other ways in which leadership capability in business can be demonstrated. The respondents noted that leadership capability can be illustrated in the following ways: having a clear vision, creativity, and innovation, collaboration with other stakeholders, motivating and inspiring as well empowering others. According to the respondents, the mentioned aspects of leadership capability could greatly influence the performance of small and medium enterprises.

The business owners/ managers were asked to state other ways in which innovation capability in business can be demonstrated. The respondents highlighted several key aspects of innovation capabilities that entrepreneurs should look out for. These included: creativity, initiation, teamwork, networking, collaboration, visioning, enterprising and intelligent risk-taking. The adoption and implementation of these innovation capability aspects are likely to enhance the performance of small and medium enterprises.

The business owners/ managers were asked to state other ways in which entrepreneurial marketing capability in a business can be demonstrated. The respondents noted several ways in which entrepreneurs can demonstrate marketing capabilities in their businesses. This involves the use of social media marketing, search engine optimization, pay-per-click marketing, email marketing, and content marketing. The application of these marketing aspects is likely to enhance business performance.

The business owners/ managers were asked to state other ways in which strategic capability in a business can be demonstrated. The respondents mentioned several ways in which entrepreneurs can illustrate their strategic capability. These included cost leadership, differentiation leadership, cost focus, and differentiation focus. The application of these strategic capability aspects was expected to boost business performance.

4.7 Correlation Analysis Results

This section provides findings on the correlation between leadership capability (X1), innovation capability (X2), entrepreneurial marketing capability (X3), strategic capability (X4), and business performance (Y). The correlation analysis was used to show the relationship between variables in terms of strength and direction.

The findings in Table 4.11 indicate that business owner leadership capability, X1 (r =.751**, P = .000), had a strong positive and significant correlation with the performance of small and medium enterprises (Y). The r value shows that the relationship between the independent and dependent variables is very strong. This implies that improvement in business owner leadership capability is significantly correlated with an increase in business performance. This concurred with Kabetu and Iravo (2018) findings that managerial competencies significantly influenced the performance of organizations. Similarly, Ngugi (2016) asserted that managerial capacity was essential for organizational sustainability.

The results also indicate that innovation capability, X2 (r =.749**, P = .000), had a strong positive and significant correlation with the performance of small and medium enterprises (Y). The r value shows that the relationship between the independent and dependent variables is very strong. This implies that an increase in innovation capability is significantly correlated with an increase in business performance. The results were similar to those of Alam *et al.* (2017) who established that a strong connection existed between innovation capability and company performance. Dalvand *et al.* (2015) also found that the relationship between innovation capabilities and firm performance was positive and significant.

The results further reveal that entrepreneurial marketing capability, X3 (r =.760**, P = .000), had a strong positive and significant correlation with the performance of small and medium enterprises (Y). The r value shows that the relationship between the independent and dependent variables is very strong. This implies that an increase in entrepreneurial marketing capability is significantly correlated with an increase in business performance. The study concurred with Agyapong (2015) findings that

performance was influenced positively and significantly by market sensing capabilities. Qureshi *et al.* (2017) also found that the company's early growth of marketing skills had a major impact on efficiency.

In addition, the findings indicate that strategic capability, X4 (r =.697**, P = .001), had a strong positive and significant correlation with the performance of small and medium enterprises (Y). The r value shows that the relationship between the independent and dependent variables is very strong. This implies that an increase in strategic capability is significantly correlated with an increase in business performance. The findings agreed with Sar (2017) observation that competitive advantage influences profitability. Rabah (2015) further indicated that the implementation of competitive policies is crucial to the performance of institutions.

Table 4.11: Correlation Results; Entrepreneurial Capabilities and Performance

		Y	X1	X2	X3	X4
Y	Pearson Correlation	1.000				
	Sig. (2-tailed)					
X1	Pearson Correlation	.751**	1.000			
	Sig. (2-tailed)	.000				
X2	Pearson Correlation	.749**	.787**	1.000		
	Sig. (2-tailed)	.000	.000			
X3	Pearson Correlation	.760**	.797**	.700**	1.000	
	Sig. (2-tailed)	.000	.000	.000		
X4	Pearson Correlation	.697**	.663**	.663**	.630**	1.000
	Sig. (2-tailed)	.001	.000	.000	.000	
	N	285	285	285	285	285

** Correlation is significant at the 0.01 level (2-tailed).

4.8 Diagnostic Tests Results

Before inferential analyses, data were first subjected to several diagnostic tests. This included normality, heteroscedasticity, auto-correlation, and multicollinearity tests. The purpose of running these tests was to ensure that the data series was not biased, which would result in wrong estimations.

4.8.1 Normality Test

Normality testing in this research was done using the Shapiro-Wilk test. The null hypothesis assumes that the data is normally distributed, which is accepted when the Asymp. Sig. (2-tailed) is greater than 0.05. The findings in Table 4.12 indicate that all the variables' data had significant (Sig) values greater than 0.05, which led to the acceptance of the null hypothesis. This denoted that the study data was normally distributed.

Table 4.12: Shapiro-Wilk Test of Normality

Variables	Statistic	df	Sig.
Business performance	.981	285	.071
Leadership Capability	.988	285	.521
Innovation Capability	.949	285	.333
Marketing Capability	.951	285	.069
Strategic Capability	.913	285	.211
Information and communication technology	.985	285	.075

4.8.2 Heteroskedasticity Test

The heteroskedasticity test was carried out by use of Levene's test of equality of error variances. The results in Table 4.13 show a P-value greater than 0.05 implying that the null hypothesis of constant variance of error terms was accepted. Therefore, the variance of the residuals was homoscedastic.

Table 4.13: Levene's Test of Equality of Error Variances

Dependent Variable: Y			
F	df1	df2	Sig.
1.971	86	198	0.136

Tests the null hypothesis that the error variance of the dependent variable is equal across groups

4.8.3 Auto-correlation Test

The test of the auto-correlation test was done using Durbin-Watson. The Durbin Watson test reports a test statistic, with a value from 0 to 4, where: 2 denotes no autocorrelation; 0 to 2<2 denotes a positive autocorrelation; while >2 denotes a negative autocorrelation. The decision rule is that test statistic values in the range of 1.5 to 2.5 are relatively normal. Values outside this range could be cause for concern (Field, 2009). Results in Table 4.14 reveal a Durbin-Watson value of 1.828 implying that the null hypothesis of no autocorrelation was accepted and thus residuals were not auto-correlated.

Table 4.14: Durbin-Watson Test of Auto-Correlation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.831 a	0.691	0.687	0.25528	1.828

a Predictors: (Constant), X4, X3, X1, X2
b Dependent Variable:
Y

4.8.4 Multicollinearity Tests

The research also tested for multicollinearity between independent variables using collinearity statistics. The findings in Table 4.15 indicate VIF values less than 10 for all variables implying that there was no multicollinearity among the independent variables.

Table 4.15: Multicollinearity Tests

Variables	**Tolerance**	**VIF**
Leadership Capability	0.286	3.497
Innovation Capability	0.283	3.54
Marketing Capability	0.284	3.526
Strategic Capability	0.504	1.985

4.9 Simple Linear Regression

This section provides findings on the influence of leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability on the performance of small and medium enterprises in Kenya.

4.9.1 Influence of Leadership Capability on Business Performance

The study sought to analyze the relationship between business owner leadership capability and performance of small and medium enterprises in Kenya. The independent variable (business owner leadership capability) was regressed on the dependent variable (business performance). Tables 4.16, 4.17, and 4.18 provide a model summary, ANOVA, and coefficient results respectively.

Results in Table 4.16 indicate that separately, business owner leadership capability explains 56.4% (R^2= .564) of the total variations in the performance of small and medium enterprises. These results confirm the output of the correlation in Table 4.15 that a positive and significant relationship exists between business owner leadership capability and business performance.

Table 4.16: Model Summary; Leadership Capability and Business Performance

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.751a	0.564	0.563	0.30151

a Predictors: (Constant), X1

The regression ANOVA model in Table 4.17 reveals an F statistic of 366.391 and a reported P value of 0.000. The *P* value is less than the alpha value ($P < .05$), the proposed model is therefore statistically significant (good fit) in predicting the dependent variable.

Table 4.17: ANOVA; Leadership Capability and Business Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.309	1	33.309	366.391	.000b
	Residual	25.728	283	0.091		
	Total	59.036	284			

a Dependent Variable: Y
b Predictors: (Constant), X1

Since all the factors of business owner leadership capability, predictor (X1) have identical (Likert) scales and since the constant value is significant, the study preferred interpreting the B-coefficients rather than the beta coefficients. Consequently, the value of regression weights shown in Table 4.18 indicates that business owner leadership capability had a significantly positive influence on the performance of small and medium enterprises ($\beta 1=0.696$ $P < .000$). The results imply that a unit increase in business owner leadership would results to increase in performance of SMEs by 0.696 units.

The study supported Ahmed (2017) findings that management capacity significantly influences organizational efficiency. Rahim *et al.* (2015) also found that there was a significant connection between leadership and organizational performance of small and medium enterprises. Additionally, Greef (2014) established that entrepreneurial leadership had a positive and significant influence on organizational performance.

The estimated model becomes:

$Y = 1.086 + 0.696\ X_1$

Where;

Y=Performance of SMEs

X_1= business owner leadership capability

Table 4.18: Coefficients; Leadership Capability and Business Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.086	0.132		8.204	0.000
	X1	0.696	0.036	0.751	19.141	0.000

a Dependent Variable: Y

4.9.2 Influence of Innovation Capability on Business Performance

The study sought to determine the relationship between innovation capability and performance of small and medium enterprises in Kenya. The independent variable (innovation capability) was regressed on the dependent variable (business performance). Tables 4.19, 4.20, and 4.21 provide a model summary, ANOVA, and coefficient results respectively.

Results in Table 4.19 indicate that separately, innovation capability explains 56.2% (R^2= .562) of the total variations in the performance of small and medium enterprises. These results confirm the output of the correlation in Table 4.15 that a positive and significant relationship exists between innovation capability and business performance.

Table 4.19: Model Summary; Innovation Capability and Business Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.749a	0.562	0.56	0.30238

a Predictors: (Constant), X2

The regression ANOVA model in Table 4.20 reveals an F statistic of 362.695 and a reported P value of 0.000. The *P* value is less than the alpha value ($P < .05$), the proposed model is therefore statistically significant (good fit) in predicting the dependent variable.

Table 4.20: ANOVA; Innovation Capability and Business Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.162	1	33.162	362.695	.000b
	Residual	25.875	283	0.091		
	Total	59.036	284			

a Dependent Variable: Y
b Predictors: (Constant), X2

Since all the factors of innovation capability, predictor (X2) have identical (Likert) scales and since the constant value is significant, the study preferred interpreting the B-coefficients rather than the beta coefficients. Consequently, the value of regression weights shown in Table 4.21 indicates that innovation capability had a significantly positive influence on the performance of small and medium enterprises (β2=0.984 *P* < .000). The results imply that a unit increase in innovation capability would results to increase in performance of SMEs by 0.984 units.

The study agreed with Karabulut (2015) findings that innovation contributes towards organizational performance. Ngumi (2014) also established that innovation enhances firm performance. He particularly found that innovations had statistically significant effects on revenue, asset returns, and profitability of banking institutions.

The estimated model becomes:

$$Y = -0.625 + 0.984\ X_2$$

Where;

Y=Performance of SMEs

X_2= Innovation capability

Table 4.21: Coefficients; Innovation Capability and Business Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-0.625	0.222		-2.812	0.005
	X2	0.984	0.052	0.749	19.045	0.000

a Dependent Variable: Y

4.9.3 Influence of Entrepreneurial Marketing Capability on Business Performance

The study sought to establish the relationship between entrepreneurial marketing capability and performance of small and medium enterprises in Kenya. The independent variable (entrepreneurial marketing capability) was regressed on the dependent variable (business performance). Tables 4.22, 4.23, and 4.24 provide a model summary, ANOVA, and coefficient results respectively.

Results in Table 4.22 indicate that separately, entrepreneurial marketing capability explains 57.7% (R^2= .577) of the total variations in the performance of small and medium enterprises. These results confirm the output of the correlation in Table 4.15 that a positive and significant relationship exists between entrepreneurial marketing capability and business performance.

Table 4.22: Model Summary; Marketing Capability and Business Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.760a	0.577	0.576	0.29697

a Predictors: (Constant), X3

The regression ANOVA model in Table 4.23 shows an F statistic of 386.418 and a reported P value of 0.000. The *P* value is less than the alpha value ($P < .05$), the proposed model is therefore statistically significant (good fit) in predicting the dependent variable.

Table 4.23: ANOVA; Marketing Capability and Business Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.079	1	34.079	386.418	.000b
	Residual	24.958	283	0.088		
	Total	59.036	284			

a Dependent Variable: Y
b Predictors: (Constant), X3

Since all the factors of entrepreneurial marketing capability, predictor (X3) have identical (Likert) scales and since the constant value is significant, the study preferred interpreting the B-coefficients rather than the beta coefficients. Consequently, the value of regression weights shown in Table 4.24 indicates that entrepreneurial marketing capability had a significantly positive influence on the performance of small and medium enterprises ($\beta 3=1.153$ $P < .000$). The results imply that a unit increase in entrepreneurial marketing capability would results to increase in performance of SMEs by 1.153 units.

The study supported Agyapong (2015) findings that performance was influenced positively and significantly by market sensing capabilities. Qureshi *et al.* (2017) also found that the company's early growth of marketing skills had a major impact on efficiency.

The estimated model becomes:

$Y = -1.435 + 1.153X_3$

Where;

Y=Performance of SMEs

X_3= Entrepreneurial Marketing Capability

Table 4.24: Coefficients; Marketing Capability and Business Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1.435	0.257		-5.593	0.000
	X3	1.153	0.059	0.76	19.658	0.000

a Dependent Variable: Y

4.9.4 Influence of Strategic Capability on Business Performance

The study sought to examine the relationship between strategic capability and performance of small and medium enterprises in Kenya. The independent variable (strategic capability) was regressed on the dependent variable (business performance). Tables 4.25, 4.26, and 4.27 provide a model summary, ANOVA, and coefficient results respectively.

Results in Table 4.25 indicate that separately, strategic capability explains 48.4% (Adjusted R^2= .484) of the total variations in the performance of small and medium enterprises. The adjusted R-square was preferred because the constant value in Table 4.27 is insignificant. These results confirm the output of the correlation in Table 4.15 that a positive and significant relationship exists between strategic capability and business performance.

Table 4.25: Model Summary; Strategic Capability and Business Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.697a	0.486	0.484	0.32747

a Predictors: (Constant), X4

The regression ANOVA model in Table 4.26 shows an F statistic of 267.518 and a reported P value of 0.000. The *P* value is less than the alpha value ($P < .05$), the proposed model is therefore statistically significant (good fit) in predicting the dependent variable.

Table 4.26: ANOVA; Strategic Capability and Business Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.688	1	28.688	267.518	.000b
	Residual	30.348	283	0.107		
	Total	59.036	284			

a Dependent Variable: Y
b Predictors: (Constant), X4

Since all the factors of strategic capability, predictor (X3) have identical (Likert) scales, however, the constant value in the model is insignificant, hence the use of standardized coefficients beta scores as opposed to unstandardized B-coefficients. Consequently, the value of regression weights shown in Table 4.27 indicates that strategic capability had a significantly positive influence on the performance of small and medium enterprises ($\beta 4=0.697$ $P < .000$). The results imply that a unit increase in strategic capability would results to increase in performance of SMEs by 0.697 units.

The findings agreed with Sar (2017) observation that competitive advantage influences profitability. Rabah (2015) further indicated that the implementation of competitive policies is crucial to the performance of institutions.

The estimated model becomes:

$Y = 0.697\ X_4$

Where;

Y=Performance of SMEs

X_4= Strategic capability

Table 4.27: Coefficients; Strategic Capability and Business Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.196	0.209		0.939	0.348
	X4	0.795	0.049	0.697	16.356	0.000

a Dependent Variable: Y

4.10 Multiple Regression without Moderation Results

The main aim of this research was to investigate the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya. Having separately established the existence of a positive and significant relationship of each of the four predictors (leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability) with business performance, it was essential to establish how a combination of the four variables jointly influences the performance of small and medium enterprises. A multiple linear regression analysis was therefore carried out to test the relationship between variables. The independent variables were regressed on the dependent variable. Tables 4.28, 4.29, and 4.30 provide a model summary, ANOVA, and coefficient results respectively.

Results in Table 4.28 indicate that all the four predictor variables in this study jointly explain 69.1% (R^2= .691) of the total variations in the performance of small and medium enterprises. These results confirm the output of the correlation in Table 4.15 that a positive and significant relationship exists between all predator variables and the dependent variable.

Table 4.28: Model Summary; Entrepreneurial Capability and Business Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.831a	0.691	0.687	0.25528

a Predictors: (Constant), X4, X3, X1, X2

The regression ANOVA model in Table 4.29 reveals an F statistic of 156.483 and a reported P value of 0.000. The *P* value is less than the alpha value ($P < .05$), the proposed model is therefore statistically significant (good fit) in predicting the dependent variable.

Table 4.29: ANOVA; Entrepreneurial Capability and Business Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.79	4	10.197	156.483	.000b
	Residual	18.247	280	0.065		
	Total	59.036	284			

a Dependent Variable: Y

b Predictors: (Constant), X4, X3, X1, X2

All the predictor factors of leadership capability (X1), innovation capability (X2), entrepreneurial marketing capability (X3), and strategic capability (X4) have identical (Likert) scales and since the constant value is significant, the study preferred interpreting the B-coefficients rather than the beta coefficients. The multiple regressions result in Table 4.30 indicate that leadership capability (β1 = 0.191, P = .001); innovation capability, (β2= 0.255, P =.002); entrepreneurial marketing capability, (β3= 0.422, P =.000); and strategic capability, (β4= 0.292, P =.000); are significant and positively related to the performance of small and medium enterprises.

Thus, the hypothesized model: $Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$, now becomes:

Y=-1.282+0.191X1+0.255X2+0.422X3+0.292X4

Where;

Y = Performance of SMEs

X_1 = Leadership Capability

X_2 = Innovation Capability

X_3 = Entrepreneurial Marketing Capability

X_4 = Strategic capability

The model implies that the performance of small and medium enterprises could be explained by entrepreneurial capabilities (leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability).

From regression weights in Table 4.30, it is very clear that all the independent variables (leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability) are significantly influencing the dependent variable in varying degrees. When all of them are combined in one model, the most significant predictor of firm performance is entrepreneurial marketing capability (β3= 0.422, P =.000) followed by strategic capability (β4= 0.292, P = .000), then innovation capability (β2= 0.255, P = .002), and lastly leadership capability (β1= 0.191, P =.001).

According to the results a unit increase in entrepreneurial marketing capability would results to increase in performance of SMEs by 0.422 units holding all other variables at zero. This imply that entrepreneurial marketing capability contributes significantly towards the performance of small and medium enterprises. This corroborates with Karanja *et al*. (2014) establishment that marketing capacities made a significant contribution to the results of organizations. Okwemba *et al.* (2018) also found a beneficial and substantial impact on the performance of strategic marketing capacities. Further, Kogo and Kimenku (2018) concluded that organizational capacities had a beneficial and substantial impact on insurance firms' performance.

As indicated by the findings, a unit increase in strategic capability would results to increase in performance of SMEs by 0.292 units holding all other variables at zero. This imply that strategic capability contributes significantly towards the performance of small and medium enterprises. The findings agreed with Sar (2017) assertions that competitive advantage influences profitability. Rabah (2015) further indicated that the implementation of competitive policies is crucial to the performance of institutions.

As shown by the findings, a unit increase in innovation capability would results to increase in performance of SMEs by 0.255 units holding all other variables at zero. The results imply that innovation capability contributes significantly towards the performance of small and medium enterprises. The findings are consistent with

Karabulut (2015) conclusion that innovation contributes to organizational performance. Ngumi (2014) also established that innovation enhances firm performance. He particularly found that innovations had statistically significant effects on revenue, asset returns, and profitability of banking institutions.

As per the findings, a unit increase in business owner leadership capability would results to increase in performance of SMEs by 0.191units holding all other variables at zero. This implies that business owner leadership capability contributes significantly towards the performance of small and medium enterprises. This supported Ahmed (2017) findings that management capacity significantly influences organizational efficiency. Rahim *et al*. (2015) also found that there was a significant connection between leadership and organizational performance of small and medium enterprises. Additionally, Greef (2014) established that entrepreneurial leadership had a positive and significant influence on organizational performance.

Table 4.30: Coefficients; Entrepreneurial Capability and Business Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1.282	0.261		-4.92	0.000
	X1	0.191	0.058	0.207	3.324	0.001
	X2	0.255	0.082	0.195	3.114	0.002
	X3	0.422	0.095	0.278	4.46	0.000
	X4	0.292	0.053	0.256	5.472	0.000

a Dependent Variable: Y

4.11 Multiple Regression with Moderation Results

The fifth objective of this study aimed to assess how information and communication technology moderates the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya. Results in Table 4.31 indicate that all the four predictor variables when interacted with information and communication technology (moderator) explain 77.3% (R^2= .773) of the total variations in the performance of small and medium enterprises. A comparison between the R squared without moderation and R squared with moderation reveals that the R

squared increased from 69.1% to 77.3%, implying that information and communication technology had a significantly positive moderating influence on the relationship between entrepreneurial capabilities and performance of small and medium enterprises.

Results also reveal that interaction term (X3.M) has a positive and significant relationship with performance of SMEs (β4= 0.084, P = .000). This means that a unit increase in the interaction term (X3.M) will increase performance of SMEs by 0.084. Consequently, ICT significantly and positively moderates the relationship between entrepreneurial marketing capability and performance of SMEs.

Results further reveal that interaction term (X4.M) has a positive and significant relationship with performance of SMEs (β4= 0.038, P = .002). This means that a unit increase in the interaction term (X4.M) will increase performance of SMEs by 0.038. Consequently, ICT significantly and positively moderates the relationship between strategic capability and performance of SMEs.

In addition, results indicate that interaction terms (X1.M; X2.M)) have no significant relationship with performance of SMEs (P values >0.05). This means that ICT does not significantly moderate the relationship between innovation capability, leadership capability, and performance of SMEs.

The study findings concurred with those of Ringim *et al.* (2016) who found out that information and communication technology capabilities moderated the relationship between factors for redesigning business processes such as change management, customer orientation, management commitment, and overall bank organizational performance. Similarly, the findings mirrored those of Awiti *et al*. (2020) who established that technology plays an important role in the relationship between change management and productivity.

Table 4.31: Regression Model with Moderation

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.015	.112		9.100	.000
X1.M	-.002	.014	-.014	-.141	.888
X2.M	.027	.019	.169	1.448	.149
X3.M	.084	.020	.493	4.104	.000
X4.M	.038	.012	.248	3.065	.002
R Squared	0.773				
Adj. R Squared	0.770				
F statistics	238.336				
P value	**0.000**				

4.12 Hypotheses Testing Results

Test for hypotheses was conducted using regression coefficient results. The acceptance/rejection criterion was based on the t statistic and P value. The null hypothesis is rejected when reported t>1.96, and P <0.05 and vice versa.

H_0: Business owner leadership capability does not have a significant influence on the performance of small and medium enterprises in Kenya.

The first null hypothesis was that business owner leadership capability does not have a significant relationship with performance of small and medium enterprises in Kenya. The regression coefficients result in Table 4.30 revealed that the reported t statistic was 3.324>1.96, therefore, the null hypothesis was rejected implying that business owner leadership capability had a significant relationship with performance of small and medium enterprises in Kenya.

H_0: Innovation capability does not have a significant influence on the performance of small and medium enterprises in Kenya.

The second null hypothesis was that innovation capability does not have a significant relationship with performance of small and medium enterprises in Kenya. The regression coefficients result in Table 4.30 revealed that the reported t statistic was 3.114>1.96, therefore, the null hypothesis was rejected implying that innovation capability had a significant relationship with performance of small and medium enterprises in Kenya.

H_0: Entrepreneurial marketing capability does not have a significant influence on the performance of small and medium enterprises in Kenya.

The third null hypothesis was that entrepreneurial marketing capability does not have a significant relationship with performance of small and medium enterprises in Kenya. The regression coefficients result in Table 4.30 revealed that the reported t statistic was 4.46>1.96, therefore, the null hypothesis was rejected implying that entrepreneurial marketing capability had a significant relationship with performance of small and medium enterprises in Kenya.

H_0: Strategic capability does not have a significant influence on the performance of small and medium enterprises in Kenya.

The fourth null hypothesis was that strategic capability does not have a significant relationship with performance of small and medium enterprises in Kenya. The regression coefficients result in Table 4.30 revealed that the reported t statistic was 5.472>1.96, therefore, the null hypothesis was rejected implying that strategic capability had a significant relationship with performance of small and medium enterprises in Kenya.

H_0: Information and communication technology does not have a significant moderating influence on the relationship between entrepreneurial capabilities and the performance of small and medium enterprises in Kenya.

The fifth null hypothesis was that information and communication technology does not significantly moderate the relationship between entrepreneurial capabilities and the performance of small and medium enterprises in Kenya. The regression coefficients result in Table 4.31 revealed that the P value was 0.000<0.05, therefore, the null hypothesis was rejected implying that information and communication technology significantly moderate the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya.

4.13 Optimal Model

Following the regression results in Table 4.30, the most significant predictor of firm performance is entrepreneurial marketing capability (β3= 0.422) followed by strategic capability (β4= 0.292), followed by innovation capability (β2= 0.255), and lastly leadership capability (β1= 0.191). Consequently, the optimal model is derived as follows:

$$Y=-1.282+0.422X3+0.292X4+0.255X2+0.191X1$$

Where;

Y = Performance of SMEs

X_3 = Entrepreneurial Marketing Capability

X_4 = Strategic capability

X_2 = Innovation Capability

X_1 = Leadership Capability

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary, conclusion, and recommendations of the study. The presentation is done in line with the objectives of the study. Areas of further research are also suggested. The purpose of the study was to investigate the role of entrepreneurial capabilities on the performance of small and medium enterprises in Kenya. A review of empirical literature was done based on research objectives; relating the past studies to this study and concerning the performance of small and medium enterprises. The reviewed studies indicated that there existed knowledge gaps. The study was informed by capability-based theory, resource-based theory, market-based view, porter's theory of competitiveness, theory of innovation diffusion, and stakeholders' theory.

A descriptive cross-sectional research design was adopted in guiding the investigation process. The total target population was 2400 licensed SMEs majorly in manufacturing, trade, and service segments. A sample of 331 SMEs was selected using a stratified random sampling technique. The target respondents were owners of the businesses. Semi-structured questionnaires were used to collect data from the respondents. Content and construct validity helped to ensure data quality, while Cronbach's alpha value was used to assess the reliability of the tools used in the research. Descriptive and inferential statistics were employed in the analysis of the research data.

5.2 Summary

The main findings of this study were identified and summarized under each thematic area of each research objective. The findings revealed that sales volumes, profits, number of customers, market share growth and, quality of products and services were key indicators of firm performance. Other major findings regarding each objective are highlighted below.

5.2.1 Business Owner Leadership Capability

The first objective of the study was to analyze the relationship between business owner leadership capability and performance of small and medium enterprises in Kenya. From descriptive results, several key aspects related to business owner leadership capability were identified. These were; taking calculated risks, pro-activeness in decision making, and supporting employees' creativity.

The correlation analysis results showed that there is a significantly positive association between business owner leadership capability and the performance of small and medium enterprises. Further, regression analysis results revealed that separately and when combined with other variables, business owner leadership capability has a positive and statistically significant influence on the performance of small and medium enterprises. In addition, the null hypothesis that business owner leadership capability does not have a significant influence on the performance of small and medium enterprises in Kenya was rejected in favor of the alternative. This means that business owner leadership capability significantly influences the performance of small and medium enterprises in Kenya.

5.2.2 Innovation Capability

The second objective of the study was to determine the relationship between innovation capability and performance of small and medium enterprises in Kenya. From descriptive results, several key aspects of innovation capability emerged. These are; appropriate allocation of resources, learning culture, managing employees' expectations, and creation of new opportunities.

The correlation analysis results showed that there is a significantly positive association between innovation capability and the performance of small and medium enterprises. Further, regression analysis results revealed that separately and when combined with other variables, innovation capability has a positive and statistically significant influence on the performance of small and medium enterprises. In addition, the null hypothesis that innovation capability does not have a significant influence on the

performance of small and medium enterprises in Kenya was rejected in favor of the alternative. This means that innovation capability significantly influences the performance of small and medium enterprises in Kenya.

5.2.3 Entrepreneurial Marketing Capability

The third objective of the study was to establish the relationship between entrepreneurial marketing capability and performance of small and medium enterprises in Kenya. From descriptive results, several key aspects of entrepreneurial marketing capability were noted. These are; market sensing, partner linking, regular branding, and discounted sales.

The correlation analysis results showed that there is a significantly positive association between entrepreneurial marketing capability and the performance of small and medium enterprises. Further, regression analysis results revealed that separately and when combined with other variables, entrepreneurial marketing capability has a positive and statistically significant influence on the performance of small and medium enterprises. In addition, the null hypothesis that entrepreneurial marketing capability does not have a significant influence on the performance of small and medium enterprises in Kenya was rejected in favor of the alternative. This means that entrepreneurial marketing capability significantly influences the performance of small and medium enterprises in Kenya.

5.2.4 Strategic capability

The fourth objective of the study was to examine the relationship between strategic capability and performance of small and medium enterprises in Kenya. From descriptive results, several key aspects of strategic capability were identified. These include product/services differentiation, competitive prices, business segment awareness, and quality products/services.

The correlation analysis results showed that there is a significantly positive association between strategic capability and performance of small and medium enterprises. Further, regression analysis results revealed that separately and when combined with

other variables, strategic capability has a positive and statistically significant influence on the performance of small and medium enterprises. In addition, the null hypothesis that strategic capability does not have a significant influence on the performance of small and medium enterprises in Kenya was rejected in favor of the alternative. This means that strategic capability significantly influences the performance of small and medium enterprises in Kenya.

5.2.5 Information and Communication Technology

The fifth objective of the study was to assess how information and communication technology moderates the relationship between entrepreneurial capabilities and the performance of small and medium enterprises in Kenya. The regression findings indicated that information and communication technology has a significantly positive moderating influence on the relationship between entrepreneurial capabilities and the performance of small and medium enterprises. The null hypothesis that information and communication technology does not have a significant moderating influence on the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya was rejected in favor of the alternative. This means that information and communication technology has a significant moderating influence on the relationship between entrepreneurial capabilities and the performance of small and medium enterprises in Kenya.

5.2.6 Role of Entrepreneurial Capabilities on Performance of Small and Medium Enterprises

The main objective of the study was to investigate the relationship between entrepreneurial capabilities and performance of small and medium enterprises in Kenya. From the multiple regression results in chapter four, it was evident that all the independent variables (business owner leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability) significantly and positively influence the dependent variable (performance of small and medium enterprises). The most significant predictor of firm performance was entrepreneurial

marketing capability, followed by strategic capability, followed by innovation capability, and lastly business owner leadership capability.

5.3 Conclusion

Based on the findings for objective one, the study concluded that business owner leadership capability has a positive and statistically significant influence on the performance of small and medium enterprises. From the results, it is clear that business owner leadership capability is imperative in driving the performance of SMEs. Taking calculated risks, pro-activeness in decision making, and supporting employees' creativity were found to be vital aspects of leadership capability that SMEs owners and managers can utilize for enhanced performance.

According to the findings for objective two, the study also concluded that innovation capability has a positive and statistically significant influence on the performance of small and medium enterprises. The implication is that innovation capability is critical in determining the performance of SMEs. Several innovation capability key aspects include appropriate allocation of resources, learning culture, managing employees' expectations, and creation of new opportunities.

From the findings for objective three, the study further concluded that entrepreneurial marketing capability has a positive and statistically significant influence on the performance of small and medium enterprises. The implication is that entrepreneurial marketing capability is paramount in driving the performance of SMEs. Market sensing, partner linking, regular branding, and discounted sales were identified as essential aspects of entrepreneurial marketing capability that can boost firm performance.

In addition, based on findings for objective four, the study concluded that strategic capability has a positive and statistically significant influence on the performance of small and medium enterprises. The implication is that strategic capability is paramount in determining the performance of SMEs. Products/services differentiation,

competitive prices, business segment awareness, and quality products/services were found to be key aspects of strategic capability that enhance firm performance.

Finally, the study concluded that information and communication technology has a significantly positive moderating influence on the relationship between entrepreneurial capabilities and the performance of small and medium enterprises. The implication is that information and communication technology is essential in determining the relationship between entrepreneurial capabilities and firm performance.

From the multiple regression results, the study concluded that when combined, business owner leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability positively and significantly influence the performance of small and medium enterprises. In particular, the most significant predictor of firm performance was entrepreneurial marketing capability, followed by strategic capability, then innovation capability, and lastly business owner leadership capability.

5.4 Recommendations

The recommendations are in line with the objectives and major findings of the study.

5.4.1 Business Owner Leadership Capability

Based on the findings, business owner leadership capability had a positive and significant influence on the performance of small and medium enterprises. This study, therefore, recommends that business owners should strengthen their leadership capabilities for effective performance. The entrepreneurs should particularly focus on the following aspects: taking calculated risks, pro-activeness in decision making, and supporting employees' creativity. Improvement of the mentioned aspects will result in enhanced business performance.

5.4.2 Innovation Capability

Based on the findings, innovation capability had a positive and significant influence on the performance of small and medium enterprises. This study, therefore, recommends that SMEs owners should strengthen their innovation capabilities. They should specifically focus on the following aspects: appropriate allocation of resources, learning culture, managing employees' expectations, and creation of new opportunities. Improving these aspects will result in enhanced business performance.

5.4.3 Entrepreneurial Marketing Capability

From the findings, entrepreneurial marketing capability had a positive and significant influence on the performance of small and medium enterprises. This study, therefore, recommends that SMEs owners should strengthen their marketing capabilities. In particular, they should focus on the following aspects: Market sensing, partner linking, regular branding, and discounted sales. Improving these aspects will result in enhanced business performance.

5.4.4 Strategic Capability

From the findings, strategic capability had a positive and significant influence on the performance of small and medium enterprises. This study, therefore, recommends that SMEs owners should strengthen their competitive advantage capabilities. They should particularly focus on product/services differentiation, competitive prices, business segment awareness, and quality products/services. Improving these aspects will lead to an increase in firm performance.

5.4.5 Information and Communication Technology

From the findings, information and communication technology had a significantly positive moderating influence on the relationship between entrepreneurial capabilities and the performance of small and medium enterprises. This study, therefore, recommends that SMEs owners should embrace the use of information and communication technology in running the business. The entrepreneurs should

strengthen aspects relating to information and communication technology such as infrastructure, skills, and experience.

5.5 Limitations of the study

The study used primary data that was collected from business owners using a questionnaire. The researcher had no way to ascertain the honesty of responses given by the respondents. To mitigate this challenge, the researcher requested the respondents to respond to the questions with honesty and assured them that the data provided would be handled confidentially and that the data was meant for academic purpose only. Further, accessing some of the respondents was difficult due to their busy schedule. However, the researcher made prior appointment with the business owners and this ensured that the respondents were available to give the needed information.

Some cases of incomplete or missing data in the questionnaires were encountered. To counter this limitation, the researcher performed data cleaning before the final analysis to ensure completeness of the information availed through the questionnaires. This research was also limited in terms of content since it only focused on four entrepreneurial capabilities, while there could be other capabilities that are essential to firms' performance. However, the exclusion of other capabilities creates an opportunity for other researchers to extend a similar study.

5.6 Areas for Further Research

The study investigated the role of entrepreneurial capabilities on the performance of small and medium enterprises in Kenya. The focus was on four dimensions of entrepreneurial capabilities (business owner leadership capability, innovation capability, entrepreneurial marketing capability, and strategic capability), which accounted for sixty-nine percent of variations in the dependent variable. Future studies could consider other aspects that can explain the remaining thirty-one percent. These could include financial capability, problem solving capability, and networking capability. Moreover, future researchers could consider introducing other variables such as government regulations and organization culture as moderating variables.

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APPENDICES

Appendix I: Introduction Letter

Dear Sir/ Madam,

RE: REQUEST FOR DATA COLLECTION

I am currently a PhD student at Jomo Kenyatta University of Agriculture and technology undertaking a degree in Entrepreneurship. I intend to research the topic "**Role of Entrepreneurial Capabilities on Performance of Small and Medium Enterprises in Kenya."** and I have chosen your firm as one of my target respondents.

Find attached questionnaire which is meant to collect information for this research. All information gathered will be safely preserved and will be only be used for academics. You are politely required to be honest as you respond to the questions on the questionnaire. Please, do not indicate your name or identification entity on the questionnaire. Your kind reply will be of much value.

I appreciate you beforehand for cooperating.

Yours sincerely,

PAUL MURUGA WACHIRA

Appendix II: Questionnaire

Kindly answer the following questions as honestly and accurately as possible. The information given will be treated with a lot of confidentiality. Please do not write your name anywhere on this questionnaire. You are encouraged to give your honest opinion.

SECTION A: Demographic Characteristics

1.Kindly indicate your gender

a) Female ☐
b) Male ☐

2. Please indicate your age bracket

a) Less than 30 years ☐
b) 31-40years ☐
c) 41-50 years ☐
d) Above 50 years ☐

3. Level of education

a) Primary ☐
b) Secondary ☐
c) College/University ☐
d) Postgraduate ☐

4. How long have you been operating your business?

a) Less than 5 years ☐
b) 5 to 10 years ☐

c) 11 to 15 years ☐

d) Over 15 years ☐

5. Which sector is your business?

a) Manufacturing ☐
b) Trade ☐
c) Service ☐

6. How many employees do you have in your business?

……

SECTION B: Business Owner leadership Capability

This section attempts to answer questions relating to Business Owner leadership Capability. The response scale for the questions is as below.

1= Strongly Disagree (SD), 2= Disagree (D), 3= Neutral (N), 4= Agree (A), 5= Strongly Agree (SA)

Statement	SD	D	N	A	SA
I can take risks as long as the expected returns are desirable.					
I am proactive when it comes to making decisions relating to my business.					
I can make independent choices regarding my business without interference from other quotas.					
I allow my employees to make decisions and to take risks.					
I encourage my employees to look for business opportunities.					
I encourage my employees to be creative, come up with new business ideas to keep innovating.					

In your opinion, what other ways can one demonstrate leadership capability in business?

……

……

……

SECTION C: Innovation Capability

This section attempts to answer questions relating to innovation capability. The response scale for the questions is as below.

1= Strongly Disagree (SD), 2= Disagree (D), 3= Neutral (N), 4= Agree (A), 5= Strongly Agree (SA)

Statement	**SD**	**D**	**N**	**A**	**SA**
I am capable of making proper allocation of business resources to enhance performance.					
I have inculcated a learning culture among my staff and this leads to creativeness and enhanced productivity					
My business can meet the needs of the customers and this builds on customer loyalty.					
My business can manage the expectations of the employees and this enhances performance.					
I always look for new opportunities or create new opportunities every day.					

In your opinion, what other ways can one demonstrate innovation capability in business?

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SECTION D: Entrepreneurial Marketing Capability

This section attempts to answer questions relating to entrepreneurial marketing capability. The response scale for the questions is as below.

1= Strongly Disagree (SD), 2= Disagree (D), 3= Neutral (N), 4= Agree (A), 5= Strongly Agree (SA)

Statement	SD	D	N	A	SA
I conduct market sensing to have a better understanding of the external market.					
I have adopted partner linking as a strategy for accessing a wider market.					
I have adopted advertising as a way of expanding my business customer base.					
I carry out regular branding of my products/services to attract potential customers.					
I organize discounted sales from to time to attract more customers.					

In your opinion, what other ways can one demonstrate entrepreneurial marketing capability in a business?

……

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SECTION F: Strategic Capability

This section attempts to answer questions relating to strategic capability. The response scale for the questions is as below.

1= Strongly Disagree (SD), 2= Disagree (D), 3= Neutral (N), 4= Agree (A), 5= Strongly Agree (SA)

Statement	SD	D	N	A	SA
My business offers differentiated products/services from my rivals and this makes it stand out in the market.					
The costs of my products/services are relatively lower compared to what other similar businesses offer and this increases the customer flow.					
I know my business segment and therefore have products/services to competitively satisfy its needs.					
I have invested in providing quality products/services to my customers.					
I can conveniently provide products/services to my customers and this places my business on top.					

In your opinion, what other ways can one demonstrate strategic capability in a business?

……

……

……

SECTION G: Information and communication technology

This section attempts to answer questions relating to information and communication technology. The response scale for the questions is as below.

1= Strongly Disagree (SD), 2= Disagree (D), 3= Neutral (N), 4= Agree (A), 5= Strongly Agree (SA)

Statement	SD	D	N	A	SA
There is the utilization of information and communication technology in the business					
My business has a well-established information and communication technology infrastructure					
My business employees have adequate information and communication technology skills and knowledge					
My business employees have a high level of information and communication technology experience					
I organize regular information and communication technology training for my employees.					
I am always on the lookout for new business technology in the market.					

SECTION H: Business Performance

The dependent variable in this study is the performance of SMEs. Use the Likert scale. The response scale for the questions is as below:

1= Strongly Disagree (SD), 2= Disagree (D), 3= Neutral (N), 4= Agree (A), 5= Strongly Agree (SA)

Statements	SD	D	N	A	SA
I have increased the number of products/services since the start of the business.					
My sales volumes have increased since the start of the business.					
My business profits have increased since the start of the business.					

The number of my customers has increased since the start of the business.					
My market presence has expanded since the start of the business.					
The quality of products/ and services has improved					

Further, the respondents were asked to indicate their business performance in terms of profits, the number of customers, and sales for 5 years using the scale below:

Year/Indicator	**Profits**	**Number of Customers**	**sales**
2016			
2017			
2018			
2019			
2020			

Appendix III: Authorization Letter

JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY

NAIROBI CBD CAMPUS
Department of Entrepreneurship and Procurement

P.O. Box 62000
NAIROBI – 00200
KENYA

TEL: 020-221306
Email: epdnchd@jkuat.ac.ke

Ref : JKU/6/3/17a

Date: 10th February 2021

TO WHOM IT MAY CONCERN;

SUBJECT: PAUL MURUGA WACHIRA HDE413-C004-2427/2017

This is to introduce to you **Mr. Paul Muruga Wachira** who is a student pursuing Doctor of Philosophy in Entrepreneurship at Jomo Kenyatta University of Agriculture and Technology, Nairobi CBD Campus. The student is currently undertaking research project entitled: **"Role of Entrepreneurship Capabilities on Performance of Small and Medium Enterprises in Kenya."** in partial fulfillment of the requirement for the degree program.

The purpose of this letter is to request you to give the student the necessary support and assistance to enable him obtain necessary data for the project. Please note that the information given is purely for academic purpose and will be treated with strict confidence.

Yours faithfully,

Associate Chairman
EPD NAIROBI CBD CAMPUS

DR. SAMSON NYANG'AU (Ph. D)
ASSOCIATE CHAIRPERSON, EPD

Appendix IV: NACOSTI Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 354819

Date of Issue: 16/April/2021

RESEARCH LICENSE

This is to Certify that Mr., Paul Muraga Wachira of Jomo Kenyatta University of Agriculture and Technology, has been licensed to conduct research in Kiambu on the topic: ROLE OF ENTREPRENEURIAL CAPABILITIES ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN KENYA for the period ending : 16/April/2022.

License No: NACOSTI/P/21/9957

354819

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code

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Appendix V: List of Small and Medium Enterprises

	List of SMEs in Kariobangi light industry
1	Kihara cushion makers
2	Hemco feeds limited
3	Aluminium and steel door fabricators
4	Petmix feeds
5	Abbuttys enterprises
6	Kafum engineering
7	Mulish electrical engineering
8	Nemity poultry ltd
9	Misunga engineering Kenya
10	Muharata food company
11	solai paints
12	Blessed hardware and electrical rewinders
13	Jowab hardware and paints
14	Be light fabricators
15	Marphic hotel
16	Nyagah mechanical engineering ltd
17	Vector steel crafts ltd
18	Nice hatch incubator
19	Packtech enterprises
20	New tech pool makers
21	Eagle club
22	Post bank
23	God's favour hotel
24	That's Trading
25	Kenfry Inn
26	Harmony inn
27	Pentagon agencies
28	Top Ten driving school
29	Molecular paints
30	Deco paints
31	Gilfood chemical
32	Joska Foundry
33	Koral paints
34	Orion paints
35	Sigma paints
36	Kiwama hardware
37	maverick college

38	Jebin scrap metal
39	Supreme curtain accessories
40	Tower Sacco
41	Rifam restaurant
42	Waithaka motors
43	Life care dental
44	Care vet agrovet
45	CNC bending services
46	Bemarkpaint
47	Royal mini mkt
48	Klevahs steel
49	Molar paints
50	Steel mark enterprises
51	Maina wachiru engineering
52	Walaura hardware
53	Kariobangi hardware and paint
54	Neema feeds
55	Mectro engineering
56	Medifit fabricators
57	Kennice pool makers
58	Promise dental
59	Magic shop arcade
60	Super coat paint
61	Mwalimu store chemical
62	Citadel paint
63	Hotel life style
64	George agriculture machine
65	Pasta industrial chem
66	Jarongo metal workes
67	Rico fabricators
68	Special fabricators
69	Ivieta motors
70	Jemma scrap metal
71	Frarap electrical and hardware
72	Victory enterprises
73	Rivace hardware
74	Alken mini mkt
75	Karia whole saler
76	Tasty bites restaurant
77	Imani medical clinic

78	M centre hardware
79	Mwangaza timber
80	St Luke upstate health centre
81	Salvation well invest
82	African angle bakery
83	Kuble investment
84	Royal super market
85	Jupiter billiards
86	Maroon pool table
87	Bright fabricators
88	Aggy hotel
89	Grawa hardware
90	Alloy hardware
91	Mid seven hardware
92	Mwalimu hotel
93	Mwas digital communications
	List of SMEs in Thika light industry
1	Wilmar Flowers ltd
2	Wish Kenya ltd
3	County style feeds
4	New feeds
5	Silmart feeds
6	Dune packaging ltd
7	Centro food
8	Hero feeds
9	Luki feeds
10	Nampak
11	Macadamia
12	Mjengo ltd
13	Jubilee feeds
14	Mama ltd
15	Kevian ltd
16	Chania feeds
17	Kenya cutting ltd
18	Malisho feeds
19	Luki feeds
20	Utatu feeds
21	Next generation feeds
22	Fuga feeds
23	Johash feeds

24	Banga feeds
25	Milele feeds
26	Banga feeds
27	Mavuno smart feeds
28	Pace feeds
29	Dawami feeds
30	Enea feeds
31	Urban farmer
32	Hodari feeds
33	Mifugo Bora feeds
34	Multiple farm feeds
35	Maria feeds
36	Kel chemicals
37	Paragon animal feeds
38	Ebenezer feeds
39	Pwani feeds
40	Jungle nut
41	BGL manufacture
42	MRM Mabati
43	Avoil
44	Afrex
45	Josper Ltd
46	Olive Matt
47	Vishno glasses
48	Figafeeds
49	Glen stores
50	Rectrovart Machinery
51	Capital one motors
52	Highway motors
53	Kuga motors
54	The Fresh products
55	Jimla stores
56	Benjo ltd
57	Pamwa Timber
58	Savco
59	Mwalimu auto spares
60	Forte
61	Jamaa
62	Auto paints
63	Crop way

64	Mazao smart
65	Wings engineering
66	punjab engeering
67	Kawira cyber
68	Naczar spare parts
69	Njowambu clinic
70	Highway motors
71	Muumandu timber
72	Lincoln auto
73	Isuzu auto parts
74	TCM Thika cloth mill
75	Booth
76	Tata motors
77	Rectrovart machinery
78	walk in auto spare
79	Legacy classic
80	Auto expressy
81	Kims engineering
82	Armystn services
83	Mapato auto spares
84	kin drops water refill
85	patma paints.
86	Salgajoy hardware
87	Jesmart design
88	Express thika
89	Kinyozi bora
90	Koko
91	Street ea
92	Eshea general shop
93	Glessen stores
94	Lumartha enterprise
95	Glen stores
96	Thikalex
97	Makutano cereals
	List of SMEs in Kitui Central
1	Joy sounds
2	Muva go hardware
3	Kwa marto ent
4	Kwa Mathee plumber
5	Seven eleven aoto

6	Tamasha insurance
7	Mambo electronic
8	Super cut kinyothi
9	Stuttgurtt restaurant
10	Gateway book shop
11	Victory bar and restaurant
12	Stanza general merchant
13	Zuku shop
14	Momba Travelers hotel
15	Wakimwanageneral shop
16	Maanzo general shop
17	Shadara enterprises
18	Jozambk shopA
19	Kilonzo electronic
20	Jubilee college
21	Beterli weather
22	Shade delacies
23	Mastasrestuarant
24	Rafiki buthery
25	Wells Fargo office
26	New moonlight restaurant
27	City gate center
28	Uriah communes
29	Kulundu gardens
30	Musyayu hardware
31	Magunas supermarket
32	Ola petrol
33	Jedida salon
34	Faith salon
35	Janet salona
36	Kitui wambu hardware
37	Motherland electrical and hardware
38	Kithimani agrovet
39	Mbusyani pharmacy
40	Sweet scent beauty shop
41	Diplomat agrovet
42	Merved fish mongers
43	Maganga electronic
44	Rubenah glass mart
45	Duniani fish and chips

46	Nunguni chemist
47	Bella chemist
48	Supreme barbershop
49	William metal workshop
50	Cligla electrical
51	Fenrich electrical
52	Mvea aoto shop
53	Ikanga metal
54	Shammer hotel
55	Sanctuary of praise
56	Joy light electrical
57	Pellibelaeent
58	Imtel bookshop
59	Kitui mega mall
60	Abongo tailoring
61	Benfra posho mill
62	Rubi's petrol
63	City drops
64	Summer funeral home
65	Texus cyber
66	High stakelera hotel