

**FACTORS INFLUENCING EXPORT PERFORMANCE OF SMALL AND
MEDIUM ENTERPRISES IN NYERI COUNTY, KENYA**

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DECLARATION

This thesis is my original work and has not been presented for an academic award in any other university.

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DEDICATION

This thesis is dedicated to my family and friends.

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LIST OF ABBREVIATIONS AND ACRONYMS

EPC	Export Promotion Council
EUR	Euros
GDP	Gross Domestic Product
ICT	Information and Communication Technologies
IMF	International Monetary Fund
KeMU	Kenya Methodist University
KNBS	Kenya National Bureau of Statistics
MSME	Micro, Small and Medium Enterprises
NACOSTI	National Commission for Science, Technology & Innovation
OECD	Organization for Economic Co-operation and Development
RBT	Resource-Based Theory
SACCOs	Savings and Credit Co-Operative Societies
SME	Small and Medium-Sized Enterprises
SPSS	Statistical Package for the Social Sciences
USA	United States of America

ABSTRACT

For small and medium-sized businesses in developing nations like Kenya, breaking into export markets continues to be a difficult undertaking. This study therefore sought to establish factors influencing export performance of SMEs in Nyeri County, Kenya. The objectives of the study were to establish the influence of government export policy on export performance, investigate the influence of management skills on export performance and assess the influence of exporters' marketing competence on export performance. The study also sought to examine the influence of the production capacity of exporting organisations on export performance and determine the influence of technology utilisation on export performance. The study was anchored in the resource-based view, contingency theory and dynamic capabilities' theory. The current study employed a descriptive survey design. In this study, SMEs in Nyeri County were the unit of observation while the owners and managers of the SMEs were the unit of analysis. A sample of 130 respondents drawn from 26 SMEs in Nyeri County were used. A structured self-administered questionnaire was used to collect data. A pre-test was carried out in Murang'a County to ensure the validity and reliability of the instrument. Descriptive and regression analysis was used to analyse the data using SPSS V28. Results of the study were presented using tables. There was a strong positive correlation between the independent variables and export performance. These variables collectively explained more than two-thirds of the variation observed in the export performance of SMEs in the town. The associated significance level indicated that this relationship was statistically significant at the chosen significance level. The results also showed that government policy, marketing competence, and technology utilisation were significant. Technology utilisation had the largest beta coefficient indicating that it has the largest effect on export performance followed by government policy and marketing policy. The study concluded that export performance of SMEs in Nyeri County, Kenya is determined by government policy, marketing competence and technology utilisation. The researcher recommended that SMEs ought to actively engage with government authorities to address the issues affecting their export performance. This can involve advocating for policy reforms that support and encourage SME growth and international trade. In addition, SMEs ought to embrace and integrate relevant technologies into their business processes.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The balance of commerce, the number of jobs, and the quality of life in a country all improve as a result of exporting. In addition to fostering economic growth, the so-called "export-led recovery" approach is especially pertinent to helping nations emerge from global crises (Haddoud et al., 2021). Since exporting doesn't need a lot of resources and is linked with less risk than other entrance modes to foreign markets (Salali, 2015), it has become the most popular and fastest-growing way of entering international markets, particularly among small and medium-sized enterprises (SMEs).

Access to international markets and the ability to serve those markets are seen as the basic building blocks of successful export performance. To put it another way, the ratio of exports is equal to the product of the ratios of supply capacity and access to foreign markets, subject to an estimating error term. According to Sadeghi et al. (2021), export performance is a person's evaluation of the degree to which a company achieves its specified financial and nonfinancial objectives in export markets. This definition is based on the standards and metrics that the management considers to be most important. If businesses in developing nations want to expand, survive, or remain competitive, they need to improve their export performance, as suggested by Salali (2015).

Not only have giant MNCs been able to compete internationally in recent decades because to globalisation and trade liberalisation processes, but so have SMEs (Šimić et al., 2019). SMEs are defined as non-subsidiary, autonomous enterprises with less than a certain number of workers (Organization for Economic Co-operation and

Development [OECD], 2018). Companies with less than one hundred workers are considered small businesses in the United States of America (USA), whereas those with between one hundred and nine hundred workers are considered medium-sized businesses. Micro, small, and medium-sized firms (MSMEs) in Europe are categorised as businesses that have less than 250 full-time workers and generate yearly sales or have balance sheet totals of less than € 50 million. To qualify as a Small unit in India, an MSME must have a revenue of less than 50 crores and an investment of less than 10 crores. In Nigeria, SMEs are classified as organisations with a total asset base of up to 500 million Naira and a total employee headcount of 10 to 300. Most enterprises in Kenya fall within this category, which is described as having between one and ninety-nine workers (Kenya National Bureau of Statistics [KNBS], 2019).

SMEs make up the overwhelming majority of businesses worldwide and significantly contribute to both economic development and employment creation. They comprise 90% of all businesses and more than half of all employees. By 2022, formal SMEs in developing nations may contribute up to 40% of GDP (World Bank, 2022). In OECD countries, SMEs account for over 98% of enterprises and 70% of all employment, while in high-income countries worldwide, SMEs account for more than 50% of GDP. SMEs in Africa make up an estimated 80% of all jobs on the continent, making them a significant contribution to employment and economic growth. The number of MSMEs in Sub-Saharan Africa is 44 million. SMEs are thought to be responsible for 80% of job possibilities in Africa (African Business, 2022). Kenya has about 7.4 MSMEs which employ 14.9% of the country's workforce.

Even though their governments have a lot of schemes to help them sell, SMEs in developing countries are less competitive on export markets than their larger peers

(Revindo et al., 2019). More than 90% of large industrial companies' export, but in most countries, only 10%-25% of SMEs do so Organisation for Economic Co-Operation and Development [OECD, 2018]. In a number of economic areas, the value created by SMEs in the EU is higher than the average value of all EU products. India's SMEs are responsible for 46% of all exports and 29% of its GDP. Between 2020 and 2021, the exports of Malaysian SMEs went up by 5.4%. More than 90% of South Africa's foreign sales come from big companies, while less than 10% comes from SMEs.

To establish or develop export operations in foreign markets, SMEs face a number of challenges, particularly those based in emerging nations (Safari & Saleh, 2020). According to Faruk and Subudhi (2019), export success may be predicted by factors such as company characteristics, resources and competencies, export marketing strategy, and managerial traits. Among the external variables that influence SMEs' decisions to export, home and host country factors have received less attention in recent contributions than those pertaining to SMEs' networks (Francioni et al., 2016).

SMEs face several obstacles, encompassing financial constraints, managerial limitations, information asymmetry, registration and licensure challenges, product-related uncertainties, and the need for enhanced management skills (Revindo et al., 2019). Additionally, technical hurdles and intensified competition pose further barriers, along with the complexities of distribution. The most significant and significant issues also include unfavourable trade finance, insufficient and unstable financial capital, greater taxes on manufacturing and export of products, complex business rules and regulations in the export country, and poor proficiency in foreign/international languages (Mpunga, 2016). Factors including government policy, managerial abilities,

marketing savvy, manufacturing prowess, and technological application were examined in this study.

To provide a conducive setting for SMEs, governments implement policies, strategies, and initiatives. The government policy framework serves as a guide for putting into action the policies that have been passed in order to boost the efficiency of SMEs (Musabayana et al., 2022). Supportive policies, institutions, and laws for SMEs may have a major impact on their success. Chelliah and Lee (2020) state that there are three facets of government support: financial aid, lowered trade obstacles, and grants and training. Providing financial backing is the most straightforward way to encourage the company's expansion. Second, the government has made policies that are friendlier to SME food processing businesses by lowering trade obstacles. The third factor is funding and training programmes, which boost company involvement in R&D activity.

Building client loyalty is crucial to a company's success, and companies who invest in their marketing departments have a better chance of doing so (van Staden, 2022). The functional processes and value-creating mechanisms of marketing that centre on the traditional marketing mix have been operationalized as marketing's capabilities. One definition of market orientation is the propensity of a company to implement marketing strategies. By coordinating and responding correctly to clients' choice based on the intelligence obtained, businesses are encouraged to have knowledge about customers' requirements and desires and to critically investigate external elements that sway consumers' demands and preferences (Bamfo et al., 2019).

Productivity growth is a key indicator of an industry's potential for export success. For SMEs to have a significant impact on the economy, Okumu and Buyinza (2018) argue, they must increase their performance and, in particular, their labour productivity.

Improved productivity and efficiency are only two of the potential payoffs for businesses that invest in research and development of novel goods and processes. The potential for innovation among SMEs is a key factor in the productivity of the labour force. The importance of quality in establishing trust between SMEs and export intermediaries cannot be overstated. Several studies have underlined the importance of quality in helping SMEs succeed in international markets (Basah et al., 2020).

Owning patents on innovative technologies and/or having access to cutting-edge research might give a company a leg up in the global market. When used in conjunction with other business competencies, ICT has the potential to generate value. As a result of the digital revolution, international commerce is becoming more accessible to SMEs and new kinds of born-global businesses are emerging. According to Haini (2021), SMEs may obtain a competitive edge via innovation and ICT adoption, both of which help them deal with exporting hurdles. When it comes to international trade, innovative SMEs outperform their less-creative counterparts (Enjolras et al., 2020). According to Karymshakov (2020), there is some doubt about the long-term viability of SMEs' competitiveness in international marketplaces since they lack the competence to employ medium or high technology in their manufacturing process.

One of Kenya's 47 counties is called Nyeri. It is next to the counties of Murang'a, Kirinyaga, and Nyandarua in the country's central region (County government of Nyeri, 2013). The majority of the county's farmers rely on coffee and dairy production for their livelihoods, making agribusiness the county's primary economic activity. Agriculture, food processing, manufacturing, healthcare, finance, and tourism are only some of the major industries that attract both domestic and international investors to Nyeri County (County government of Nyeri, 2022). Over a hundred thousand MSMEs operate in the

County, however only a fraction of them are formally recognised as such. Some MSMEs are part of self-help groups, SACCOs, while others are part of unregistered merry-go-rounds (County government of Nyeri, 2018). Seventy percent of the county's SME sector is made up of sole proprietorships or businesses with a single owner and no more than nine workers (Wathegi, 2019).

1.2 Statement of the Problem

Every nation's exports are vital to its economic health and trade balance. In addition, increasing exports is the best way to stockpile a country's foreign currency and tax income (Imran et al., 2018). SMEs are crucial to national economic growth, job creation, innovation, and international competitiveness in today's interconnected world. Many developing nations benefit from SME exports, including those that create jobs and reduce poverty (Dhliwayo, 2016). SMEs rely heavily on export to boost their bottom lines, thus it's crucial for them to learn how to boost their export performance (Faruk & Subudhi, 2019). However, for SMEs in underdeveloped nations like Kenya, achieving success in export markets remains a difficult undertaking.

In an effort to make Kenyan commodities more competitive in regional and worldwide markets, the government has recently reduced tariff levels, loosened licencing requirements, and done away with pricing restrictions. However, despite these measures export performance by Kenyan SMEs remains low and it is depreciating. Although 98% of all business in Kenya are SMEs, they account for less than 10% of exports in the country (Export Promotion Council [EPC], 2018). In Nyeri County, the number of exporting SMEs has dropped from 78 in 2019 to 56 in 2022. Despite having a high number of SMEs in agribusiness very few of them export and some which were exporting earlier stopped. This suggest issues with export performance.

Several studies have been carried out among SMEs in Nyeri County. A study by Kiragu (2016) sought to establish the determinant of innovation among SMEs in Nyeri. The purpose of Thuku's (2017) research was to analyse the variables that influence SMEs ability to get bank loans. Wathegi (2019) analysed the makeup and expansion of SMEs in Nyeri county. Kiambi and Mwangi (2020) set out to research whether or whether women-owned SMEs in Nyeri benefited from better budgeting skills. Recent research by Gitonga (2021) in Nyeri County, Kenya, looked to determine how technological factors affected the uptake of electronic procurement by SMEs. Research on the efficacy of exports is obviously lacking. This research aimed to address a knowledge gap by identifying the variables that affect the export performance of SMEs in Kenya's Nyeri County.

1.3 Objectives of the Study

1.3.1 General Objective

The study sought to establish factors influencing export performance of SMEs in Nyeri County, Kenya.

1.3.2 Specific Objectives

- i. To establish the influence of government export policy on export performance among SMEs in Nyeri County
- ii. To investigate the influence of management skills on export performance among SMEs in Nyeri County
- iii. To assess the influence of marketing competence on export performance among SMEs in Nyeri County
- iv. To examine the influence of the production capacity of exporting organisations on export performance among SMEs in Nyeri County

- v. To determine the influence of technology utilisation on export performance among SMEs in Nyeri County

1.4 Research Questions

- i. What is the influence of government export policy on export performance among SMEs in Nyeri County?
- ii. What is the influence of management skills on export performance among SMEs in Nyeri County?
- iii. What is the influence of exporters' marketing competence on export performance among SMEs in Nyeri County?
- iv. What is the influence of the production capacity of exporting organisations on export performance among SMEs in Nyeri County?
- v. What is the influence of technology utilisation on export performance among SMEs in Nyeri County?

1.5 Significance of the study

Findings on how management skills and marketing skills affect the export performance of SMEs in Nyeri County will tell the researcher about management problems that can be fixed through things like training and relationships. The results of how government policies affect the export performance of SMEs in Nyeri County will show holes and possibilities in government policies that can be used to create a good trade environment and improve export performance. Researchers who want to do more work on the export success of SMEs could use the data. The results of this study could also lead to more studies in this area, which hasn't been looked into much so far.

1.6 Limitations of the Study

The descriptive design constrained the study as it was unable to demonstrate causality. The research was restricted to SMEs located in Nyeri County. The conclusions of this research may hence not be entirely relevant to other counties. The study's data collection was constrained by the reliability and truthfulness of respondents, since a questionnaire was used.

1.7 Delimitations of the Study

The study specifically examined government policy, management skills, marketing competence, production capacity, and technology utilisation as independent variables influencing export performance. Other potentially relevant factors such as financial resources, international trade agreements, and socio-cultural factors were not included. The study was conducted within a specific time frame, capturing a snapshot of the factors influencing export performance at that particular time.

1.8 Scope of the Study

The study sought to establish factors influencing export performance of SMEs in Nyeri County, Kenya. The population of interest comprised SMEs operating within Nyeri County. Factors considered included government policy, management skills, marketing competence, production capacity, and technology utilisation. The study was grounded in three theoretical perspectives namely Resource-Based View (RBV), Contingency Theory, Dynamic Capabilities Theory in order to understand how internal resources, external conditions, and adaptive capabilities influence export performance. A descriptive survey design was employed. Data was gathered using a structured self-administered questionnaire. This instrument was designed to capture detailed

information on the variables of interest from the respondents. This provided a snapshot of the factors influencing export performance at that moment

1.9 Assumptions of the Study

During the execution of this investigation, the researcher operated under the assumption that the questionnaire used would provide dependable replies. The research assumes that the theories used provide a precise representation of the facts under investigation. It was presumed that the participants in the research would respond to the questions with honesty and accuracy.

1.10 Operational Definition of Terms

Export performance Refers to how well an SME meets its financial and nonfinancial goals in export markets, based on the factors and measures that are important to the SME manager. (Revindo et al., 2019).

Government export policy Refers to goals, decisions, and actions adopted by a government that are directed to or affect SMEs export performance in one way or another (van Staden, 2022).

Management skills Refers to attributes or abilities possessed by SME owners and managers in order to fulfil export performance (Forth & Bryson, 2018)

Marketing Competence Refers to skills and abilities of SMEs in applying marketing principles and concepts in their export business (Chitauo & Khumalo, 2020).

Production capacity	Refers to how much a SME can make in a given amount of time with the tools it has (Dhiman & Sharma, 2019).
Technology utilization	The proficiency of an SME in applying technological resources to achieve high export performance (Kotnik & Hagsten, 2018).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The theoretical review and the empirical review are included in the literature review in this chapter. Theoretical review contains relevant theories that anchor variables in the study. Empirical review on the other contains a synthesis of past studies relating to the variables in the study and how they affect export performance. At the end of the chapter a summary of literature is provided along with emerging gaps. In addition, a conceptual framework is presented illustrating the variables in the study along with their indicators which will render them measurable.

2.2 Theoretical Review

Simply said, a theoretical framework is a body of knowledge that addresses a certain research question. Existing theories (concepts or full) are analysed in terms of their connections to one another. Knowledge of relevant theory is essential for defining and justifying a research challenge (Varpio et al., 2020), as well as for informing research questions and technique. The present research employs a number of theoretical frameworks to identify the variables impacting the export performance of SMEs in Kenya's Nyeri County. Resource-based perspective, contingency theory, and dynamic capabilities' theory are all examples. The part emphasises the postulation, components, and applicability of the theories to the present investigation.

2.2.1 Resource Based View

The Resource-Based Theory (RBT) paradigm, which emphasises the effective management of a company's resources, diversification strategy, and potential for development, was first introduced by Penrose and Penrose (2009). The study of strategic planning serves as the foundation for theory, which provides a framework for comprehending the difficulties involved in establishing and sustaining an edge in a competitive setting. It's been used extensively as a management tool for pinpointing what's needed to keep a company ahead of the competition (Hitt et al., 2016).

The resource-based theory argues that businesses with access to "strategic resources" have a significant advantage over rivals without such assets. A company's strategic resources are its assets that provide it an edge in its operations (Davis & Simpson, 2017). They could consist of the company's cash on hand or the talent pool it has at its disposal. A competitive advantage may be gained and maintained by a company if its resources have VRIO characteristics (value, rarity, imitability, and organisation). Instead than focusing only on the external competitive environment, this concept emphasises the need of a match (Barney & Mackey, 2016).

This idea is applicable because it suggests that tiny enterprises might use their existing resources to acquire an edge in the market. Higher organisational performance and competitive advantage are prioritised as primary goals of the resource-based theory model. Management ability, marketing knowledge, manufacturing capability, and technological application are all examples of resources that might factor into this investigation. This insight informs the strategic decisions made by management and explains why some businesses grow while others in the same sector are unable to do so despite similar efforts.

While the RBV offers valuable insights, it is not without limitations and criticisms. One complaint is that the theory favours emphasising the firm's internal operations rather than taking market dynamics and other environmental influences into account (Barney & Mackey, 2016). Additionally, the RBV does not provide explicit guidance on how to develop or acquire resources and capabilities, which can limit its practical application. Another limitation is the potential difficulty in accurately identifying and assessing the value, rarity, and inimitability of resources, as these factors can be subjective and context-dependent (Hitt et al., 2016). Furthermore, the importance of dynamic capabilities and the need for businesses to continuously adapt and refresh their resources and capabilities may not be sufficiently addressed by the RBV. Despite these limitations, the RBV remains a valuable theory for understanding how resources and capabilities contribute to competitive advantage.

2.2.2 Contingency Theory

Professor Fred Fiedler of Austrian psychology is credited with developing contingency theory in the 1960s. According to a contingency theory, there is no optimal method for running a business, selecting a leader, or settling on a course of action (Otley, 2016). Instead, the best next step depends on both the internal and external context. Organizations may benefit from contingency theory since it allows for the analysis of past events and the incorporation of those lessons into the present and future management of similar events. Possessing the flexibility to adjust to new situations and circumstances is an asset (Harney, 2023).

Comprising various essential elements, contingency theory underscores the significance of situational variables such as leader-member relations, task structure, and position power. Leader-member relations involve assessing the quality of connections

between the leader and followers, as discussed by Boer et al. (2015). Task structure, on the other hand, gauges the clarity and organization inherent in the tasks at hand. Meanwhile, position power pertains to the authority and influence delegated to the leader within the organizational hierarchy. These situational variables influence the effectiveness of different leadership styles. Secondly, contingency theory recognizes the role of leader traits and behaviors (Netland, 2016). Leaders are classified as either task-oriented or relationship-oriented based on their natural inclinations and tendencies. Thirdly, the theory highlights the concept of "situational favorability" or "leadership situation match" as a determining factor in leadership effectiveness (Vidal et al. 2017).

The premise of the contingency management method is that there is no one optimal management strategy. This hypothesis has some bearing on the research that is being conducted in this article, which aims to learn how managerial abilities affect the success of SMEs in Nyeri County. The research is anchored by contingency theory, which offers a prism through which to view how managerial abilities affect SMEs' export success. According to the notion, a leader's characteristics and behaviors as well as the needs of the environment determine how successful a certain style of leadership is. In the context of SMEs' export performance, understanding the appropriate leadership style for different situations can help shed light on how management skills influence the effectiveness of SMEs' export initiatives. The research may provide light on how leadership influences export success and offer suggestions for improving managerial abilities in the context of global trade. Both the leader's character and the context in which he or she acts are considered crucial by proponents of the contingency theory. Applying the contingency theory of management necessitates that leaders have their wits about them and not let precedent, policy, or set procedures dictate their actions (Quain, 2018).

Contingency theory has received criticism and limitations. One criticism is that it may oversimplify the complexity of leadership by focusing solely on the interaction between leader traits, behaviors, and situational factors, overlooking other important factors such as followers' characteristics and contextual dynamics (Vidal et al. 2017). Additionally, the theory relies on self-report measures and subjective assessments, which can introduce biases and measurement errors. Another limitation is that contingency theory does not provide clear guidelines on how leaders can adapt their styles or develop new skills to fit different situations (Boer et al., 2015). Furthermore, the theory may not fully account for the dynamic and ever-changing nature of organizations and their environments. Despite these limitations, contingency theory has contributed significantly to the understanding of leadership effectiveness.

2.2.3 Market Orientation Theory

Market orientation theory is a widely recognized framework in the field of marketing and strategic management. It originated in the late 1980s and early 1990s through the work of several scholars, including Ali et al (2020). These authors drew upon and expanded upon earlier theories such as the marketing concept and the strategic management literature. The proposition of market orientation theory can be summarized as the belief that organizations achieve superior performance when they align their activities and decision-making processes with the needs and preferences of their target market (Cacciolatti & Lee, 2016).

The core proposition of market orientation theory is that organizations that adopt a market orientation tend to outperform those that do not. Baines et al. (2017) indicate that organizational commitment to understanding and satisfying customer requirements and wishes is what we mean when we talk about customer orientation. Concurrently,

competitor orientation entails the observation and analysis of competitors' strategies and actions to discern potential opportunities and threats. Emphasizing collaboration and information exchange across diverse organizational departments, interfunctional coordination underscores the significance of working together to generate customer value (Jogaratham, 2017).

Market orientation theory identifies several key elements that contribute to its effectiveness. Firstly, it highlights the significance of gathering and disseminating market intelligence throughout the organization (Lee et al. 2015). This involves conducting market research, monitoring customer feedback, and staying informed about competitors' activities. Secondly, market orientation theory emphasizes the importance of customer relationship management. Organizations need to build and maintain long-term relationships with their customers, seeking to understand their needs, preferences, and expectations. Thirdly, it underscores the need for organizational culture and leadership that supports a customer-focused mindset and facilitates cross-functional collaboration (Acosta et al. 2018).

In the context of the study on factors influencing export performance of SMEs, market orientation theory is highly relevant. The theory examines the impact of exporters' marketing competency on their export success. It offers a framework to comprehend how SMEs may align their marketing operations with the requirements of target markets to improve their export performance. It emphasizes the importance of understanding customer preferences in international markets, monitoring competitors' strategies, and coordinating marketing efforts across different functions within the organization. By adopting a market orientation, SMEs can better position themselves to identify and exploit export opportunities, tailor their offerings to international

customers, and build strong customer relationships that lead to improved export performance.

Despite its merits, market orientation theory is not without limitations and criticisms. One criticism is that it can be challenging for organizations to strike a balance between customer orientation and competitor orientation. Overemphasizing customer needs may lead to neglecting competitive threats, while excessive focus on competitors may divert attention from customer preferences (Masa'deh et al. 2018). Additionally, the implementation of market orientation can be resource-intensive and time-consuming, particularly for small and medium-sized enterprises with limited resources. Another criticism is that the theory may not adequately address the role of innovation and technological advancements, which can be crucial factors in achieving competitive advantage. Furthermore, the impact of market orientation on financial performance may vary across industries and contexts, making it less generalizable (Lee et al. 2015). Although there are several limits, this theory has shown its value as a framework for comprehending and improving organizational performance in competitive marketplaces.

2.2.4 Dynamic Capabilities' Theory

The extension of Barney (1991)'s resource-based view (RBV) of the company is the dynamic capacities theory offered by Teece and Pisano (1994). The primary focus of dynamic capabilities theory is on helping C-suite executives devise plans for their organisations to weather periods of rapid, disruptive change while keeping their core competencies at a level sufficient to remain competitive. Dynamic capacity is a theory of company performance that seeks to account for competitive advantage in the face of fast technological change (Denrell & Powell, 2015). This is important for our research

because we want to know how much of an impact technology use has on export performance for SMEs in Nyeri County.

Laaksonen and Peltoniemi (2018) say that a business has a dynamic capacity if it can combine, build, and reorganise internal and external skills in reaction to quickly changing conditions. They include the company's ability to deal with and shape changing business conditions by merging, building, and rearranging internal and external resources and skills. Wollersheim and Heimeriks (2016) say that dynamic abilities are marked by better use of resources, better cooperation, reliance on more appropriate action sequences, and more thought when acting.

Business model innovation has several moving parts, each of which requires its own unique set of dynamic capabilities, as discovered by Heider et al. (2021). Medium-sized businesses gain from increased involvement with external stakeholders, while striking a balance between efficiency and flexibility; meanwhile, tiny businesses should focus on adjusting the ways in which they organise their resources. Based on their findings, from their study, Fitriati et al. (2020) come to the following conclusions: innovation is linked to the success of SMEs through communication; innovation is linked to dynamic capabilities; and dynamic capabilities are linked to innovation. So, SMEs with ability that can be used in different ways may do better than their rivals who aren't as flexible.

2.2.5 Resource Dependency Theory

Resource dependency theory is a prominent framework in the field of organizational sociology and strategic management. It emerged in the 1970s through the work of several scholars. The theory draws upon earlier sociological perspectives and organizational theories such as the social exchange theory and systems theory (Hitt et

al., 2016). In essence, resource dependency theory proposes that organizations depend on external resources to achieve their objectives and that their behavior is influenced by the need to secure and maintain these resources (Winter, & Yang, 2016).

Organizations are viewed as being in a constant state of dependence on resources such as capital, information, technology, and human expertise, which are necessary for their survival and growth (Baum, & Amburgey, 2017). To minimize dependence, organizations engage in various strategies such as forming strategic alliances, building networks, diversifying suppliers, and vertical integration. The theory suggests that by reducing dependence on specific resources and diversifying resource acquisition, organizations can increase their control and autonomy, thereby enhancing their performance (Shafritz et al., 2015).

Resource dependency theory comprises several key components or elements. Firstly, it emphasizes the concept of dependence, which refers to an organization's reliance on external resources that it does not control. This dependence creates vulnerabilities and potential power imbalances (Shafritz et al., 2015). Secondly, the theory recognizes the importance of resource scarcity and uncertainty in shaping organizational behavior. Organizations face limited resources and an uncertain environment, which prompts them to seek ways to secure and protect vital resources. Thirdly, resource dependency theory highlights the role of power and influence in resource exchanges. Organizations engage in power dynamics, negotiation, and bargaining to acquire and maintain access to critical resources (Hitt et al., 2016).

In the context of the study on factors influencing export performance of SMEs, resource dependency theory is relevant in understanding the influence of the production capacity of exporting organizations on export performance. The theory suggests that the

availability and utilization of resources, such as production facilities, equipment, and skilled labor, are crucial for organizations to engage in exporting and perform effectively in international markets. The study can explore how SMEs manage their resource dependencies, acquire and allocate resources efficiently, and enhance their export capabilities.

While resource dependency theory offers valuable insights, it is not without limitations and criticisms. One criticism is that the theory tends to focus primarily on the organizational perspective and may overlook the agency and strategic actions of individuals within organizations (Hitt et al 2016.) Additionally, the theory assumes that resource dependencies are fixed and deterministic, whereas in reality, organizations have some degree of agency and can actively shape their resource environments. Another limitation is that the theory may not fully account for the role of innovation and the creation of new resources as a means of reducing dependence. Furthermore, resource dependency theory does not extensively address the complexities of cultural and institutional factors that influence resource acquisition and utilization in different contexts (Shafritz et al. 2015). Despite these limitations, resource dependency theory remains a valuable lens for understanding how organizations manage their external resource dependencies and make strategic decisions to enhance their performance.

2.3 Empirical Review

This section presents a systematisation of past studies relating to factors influencing export performance among SMEs. Studies were reviewed in 5 domains corresponding to the 5 independent variables in the study which included government policy, management skills, marketing competence, production capacity and technology utilisation. Published and unpublished articles on the internet posted between 2012 and 2022 were

reviewed. Keywords used included “SMEs+ Performance”, “SMEs+ Export Performance”, “Government policy + Export Performance”, “Management skills + Export Performance”, “Marketing competence + Export Performance”, “Production capacity + Export Performance” and “Technology utilisation + Export Performance”.

2.3.1 Government Export Policy and Export Performance

The literature suggests that export performance is only one area where SMEs benefit from government policy. Amornkitvikai et al. (2012) revealed that, for Thai manufacturing SMEs, government aid had a substantial and favourable influence on the export choice and performance of the firms in all models calculated using all statistical methodologies. According to the research, both monetary and non-monetary forms of government support are required to increase the number of Thai manufacturing SMEs that export their products.

Recent research by van Staden (2022) found that managerial experience is the most influential element in determining an organization's tendency to export. There was a strong link between management commitment and marketing skills, management experience and government support, management commitment and marketing skills, and marketing skills and access to information. All of these factors increased an entrepreneur's likelihood to take part in export-related activities.

In a study by Njinyah et al. (2018) the use of GPEP, which lessens operational costs and boosts performance, was directly impacted. This had a knock-on impact by helping countries and businesses in certain ways. However, export marketing data providing was the sole major route. Ntiamoah et al. (2016) discovered that government financing has a statistically significant and direct impact on the support and performance of SMEs

from other institutions. The results also indicate that SMEs received advantages from government support, and that this advantage was somewhat influenced by aid from other institutions.

Zindiye et al. (2012) reviewed performance of SMEs in Harare, Zimbabwe, employed a quantitative research approach with a descriptive focus. The study found similar results on the manufacturing sector: SMEs really respected and appreciated growth and development activities taken by the government and other institutions. Support for SMEs, targeted assistance, policy creation, market expansion, and technological advancement are all examples of such activities. Taxation and licencing have a negative and considerable effect on the productivity of SMEs in Kenya, according to research by Mbugua and Moronge (2016). The research also indicated that training and capital finance had a favourable and substantial effect on the performance of SMEs in Kenya.

Mwasiaji (2019) study employed a descriptive research design to gather data from medium scale manufacturing enterprises in Nairobi City County, Kenya. The focus was on enterprises with an employment level between 51 and 200 persons. According to the study, Medium scale manufacturing enterprises face significant challenges.

2.3.2 Management Skills and Export Performance

In order to be successful in the export sector, managers and owners of SMEs need a wide range of management abilities. Research suggests that managers and owners of SMEs often lack these abilities. In their study, Forth and Bryson (2018) found that SMEs are less inclined than larger enterprises to adopt formal management practices, despite the evident benefits associated with their implementation. These practices have been shown to enhance firm development and productivity. The most beneficial

investments for SMEs are in human resource management practices, such as training and performance-based remuneration, as well as the implementation of explicit performance targets.

The research by Imran et al. (2018) established that TQM had a significant effect in the export success of SMEs. Companies who used TQM at a deeper level saw more success on the global stage and improved export efficiency. According to research by Freixanet et al. (2018), companies led by managers with a robust global orientation (MGO) are more inclined to swiftly join new worldwide markets, broaden their exports to several countries, and produce a greater portion of their income from abroad sales. Some export-marketing results, such as the formation of a network of sales partners and export planning, are correlated with the magnitude of MGO. Last but not least, a rise in MGO is correlated with improved overall profitability, especially for smaller businesses in the Manufacturing and wholesale sector.

Madushanka and Sachitra (2021) study employed an explanatory research approach complemented by a quantitative method to investigate the factors influencing export engagement among SMEs in Sri Lanka. The researchers designed the study, performed statistical analysis, and collected primary data using a structured questionnaire. The scope was limited to manufacturing SMEs. The authors concluded that the managerial competencies of SMEs in Sri Lanka had the greatest impact on their participation in export markets. Nouri and Boujelbene's (2022) study among Tunisian companies found that management ability was a critical component in the success of businesses. An advantage for the company's export success was the manager's own management and export expertise and familiarity with the nuances of foreign markets. Elsewhere, Uwase (2020) researched the impact of managerial skill on Kenyan businesses and found it to

be negligible. The study revealed that most respondents agreed that their companies had implemented sound leadership procedures.

2.3.3 Marketing Competence and Export Performance

Numerous international studies have proven that money spent on marketing has favourable results for a company's bottom line, whether measured in terms of profit, market value, or number of sales. The results show that marketing investments affect financial outcomes through customer happiness, loyalty, and enhanced market performance. Managers and owners of SMEs need a wide range of marketing skills to be successful in international trade. However, the marketing skills of SMEs are notoriously poor. Chen and Nuangjamnong (2022) found that implementing distinct pricing, positioning, and advertising strategies had a notable and beneficial effect on the export performance of SMEs.

Nouri and Boujelbene (2022) found that for exporting enterprises in Tunisia, the external environment component was the most influential. The latter suggests that the decision to choose a market should be made only after a comprehensive evaluation of the company's competencies, in order to prevent export failure and mitigate substantial risks for the firm. Indeed, businesses need to take a tack that zeroes in on the most promising markets for their efforts. Therefore, the company's foreign expansion efforts need careful consideration when deciding where to focus its efforts. The 4Ps, foreign market experience, and firm dedication to exporting were all shown to positively correlate with export success in a research conducted in Zimbabwe by Chitauo and Khumalo (2020). Strong predecessors for increased export performance have developed, and they include management's dedication to export, location, product, and the appeal of overseas markets.

According to research conducted by Onyango (2016), businesses who put resources into digital marketing report higher profits, more brand awareness, and higher sales. Businesses in Kenya's cut flower export industry often use digital marketing tactics. Using a resource-based perspective, Njuguna (2018) analysed how different marketing capabilities affected export performance. On their own, the strategies of product, promotion, location, and pricing had positive, statistically significant influence on export performance, but when combined, the qualities of promotion had a negative, statistically negligible effect. Research indicates that product strategy has the most impact on the other elements of the market mix.

2.3.4 Production Capacity and Export Performance

The level of a company's production capacity is an internal, micro-level component. It is the amount of output that a company can achieve with its existing set of resources (Zhao et al., 2018). From a demand perspective, it is evident that innovation performance is positively impacted by innovation capacity, that production capacity is rapidly growing, and that innovation performance is more enhanced by imported intermediate inputs than by local ones. Previous research found that increasing an industry's capacity greatly improved its economic performance. SMEs have production capacity issues, according to the results.

In line with extensive previous research, Vu et al. (2016) investigated the relationship between firm productivity and exporting, particularly focusing on Vietnamese Small medium sized enterprises (SMEs). The authors discovered that in Vietnam, organisations with higher productivity are more inclined to engage in exporting compared to less productive firms. This study found little evidence suggesting that exporting had an influence on productivity. As a result, the research lends credence to

the idea that self-selection plays a significant part in explaining export choice while finding minimal benefit in learning-by-exporting. These results suggest that export promotion initiatives may not succeed without also implementing measures to aid SMEs in increasing their productivity.

Recent research conducted in India revealed solely unidirectional causation, with no evidence of feedback effects between the variables. According to the findings of the Vector Error Correction Model (VECM) (Dhiman & Sharma, 2019), neither a long-term nor a short-term causal relationship exists between the independent and dependent variables. According to Amornkitvikai et al. (2012) Thai study, a firm's export choice and performance are positively and strongly correlated with productivity, as assessed by labour productivity. Thai manufacturing SMEs' export decisions and performance were shown to be strongly and positively correlated with the availability of skilled workforce.

Di Mauro et al. (2018) demonstrate that lowering productivity growth below the baseline has a detrimental effect on export competitiveness by reducing the number of productive companies that export. Deshmukh and Pyne's (2013) study found that private businesses export more often than public ones, and domestic businesses export more frequently than international ones. The size of the firm and the amount of raw materials used are found to be two major factors influencing worker productivity at the company level; however, the ownership structure of the businesses has little bearing on this situation. Jusufi et al. (2020) discovered a correlation between an increase in exports and the kind of product innovation adopted. In these SMEs, incremental innovation and export growth have a definite positive association.

Sibanda et al. (2018) demonstrated a strong positive correlation between SMEs' exporting practises in Zimbabwe and access to financing. The research refutes the idea that a company's profitability significantly affects its export behaviour and demonstrates how SMEs do poorly when they have limited access to financing. Both assumptions are supported by the study conducted in Uganda by Bbaale et al. (2011), which also demonstrates that more seasoned exporters gain more from learning effects in terms of productivity increases. This is consistent with the notion that the degree of knowledge transfers to exporting companies rises with the extent of involvement in the global market.

2.3.5 Technology Utilisation and Export Performance

Companies have automated numerous procedures and removed needless labour thanks to technological advancements, according to researchers. Technology advancements, it is said, may facilitate the actions necessary to actually drive performance, but cannot generate change on its own (Mazikana, 2019). The findings show that there is a correlation between the degree to which a company has automated its technology and its level of performance.

A study of European nations hints to variation in national context and firm-level features. While having a website is only important for businesses in the manufacturing sector and having employees with broadband Internet access is only important for businesses in the service sector, in certain countries e-sales are positively correlated with the ability for businesses in both sectors to export (Kotnik & Hagsten, 2018).

Karymshakov (2020) utilized data from the Enterprise Survey, supported by various international financial institutions, focusing on manufacturing industries within the

Kyrgyz Republic. It employed a cross-sectional econometric approach to analyze factors influencing firms' export performance. The methodology includes probit and tobit models to assess the probability of exporting and the share of export sales, respectively. He found that export activity was disproportionately high among companies in low-tech sectors. Considering the financial and other restrictions that SMEs often experience in a developing nation environment, this conclusion may be connected to the fact that adopting new technology for manufacturing in these sectors is relatively expensive.

Among ASEAN SMEs, Haini's (2021) study indicated that innovation and ICT both positively affect export likelihood, but that the former had a more substantial effect. Moreover, the findings demonstrated that ICT technologies help alleviate export barriers for traditionally underserved enterprises and boost export potential for manufacturers.

Research by Dethine et al. (2020) indicated different effects depending on the kind of facilitators and export practise considered. In fact, export practises including strategic positioning, offering adaption, transparency, and organisation are most heavily affected. Less disruption occurs in export-related operational practises. In addition, e-business facilitators have the greatest worldwide influence since they affect the inner workings of a firm and its operations as a whole. E-marketing facilitators are equally influential, albeit their work tends to focus on methods of interacting with clients.

According to the research of Šimić et al. (2019), exporters in Croatia should expect to see an improvement in their results once they begin using e-business technologies. Uwase (2020) study found that technological competence in Kenya had a statistically significant but modest influence on academic achievement. The majority of participants

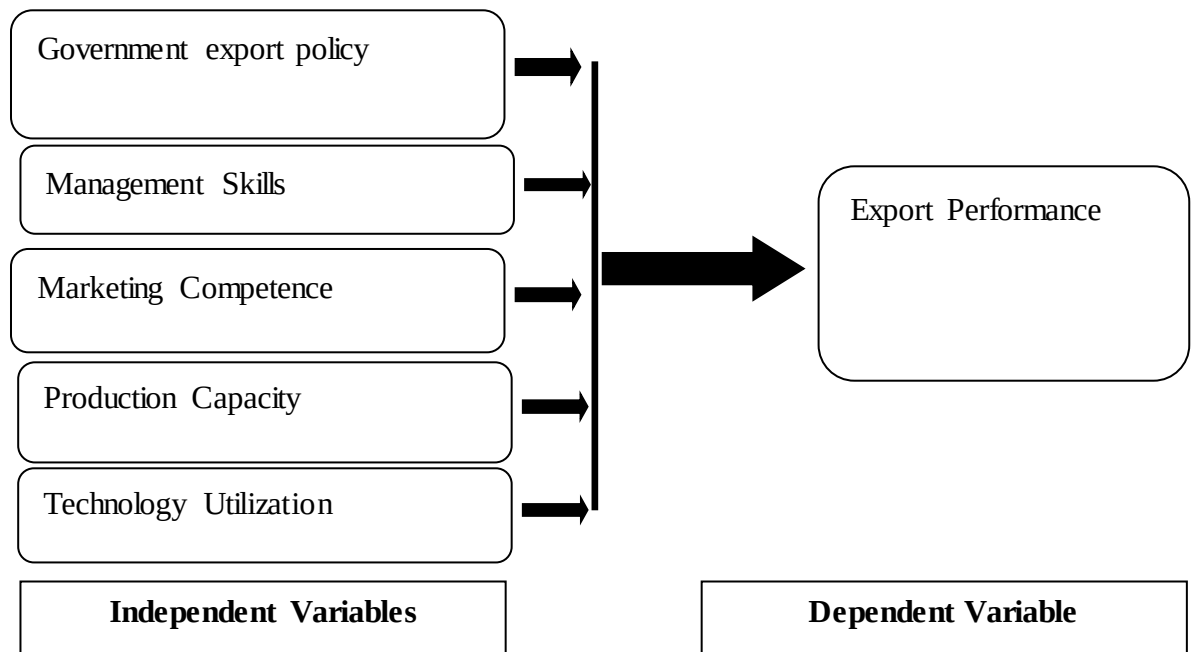
in the survey agreed that their companies had implemented cutting-edge IT systems, which has increased productivity and flexibility. This fits with the study's theoretical framework of dynamic capacities.

2.4 Conceptual Framework

A conceptual framework is a set of ideas and concepts that are used to guide research. It is used to show relationships between different ideas and how they relate to each other and the research study (Bharti et al., 2015; Tamene, 2016). Figure 2.1 shows the conceptual framework. This study sought establish factors influencing export performance of SMEs in Nyeri County, Kenya. As shown in Figure 2.1, government policy, management skills, marketing competence, production capacity and technology utilisation comprised the independent variables. Export performance was the dependent variable. Also indicated are the indicators of each variable.

Figure 2.1

Conceptual Framework

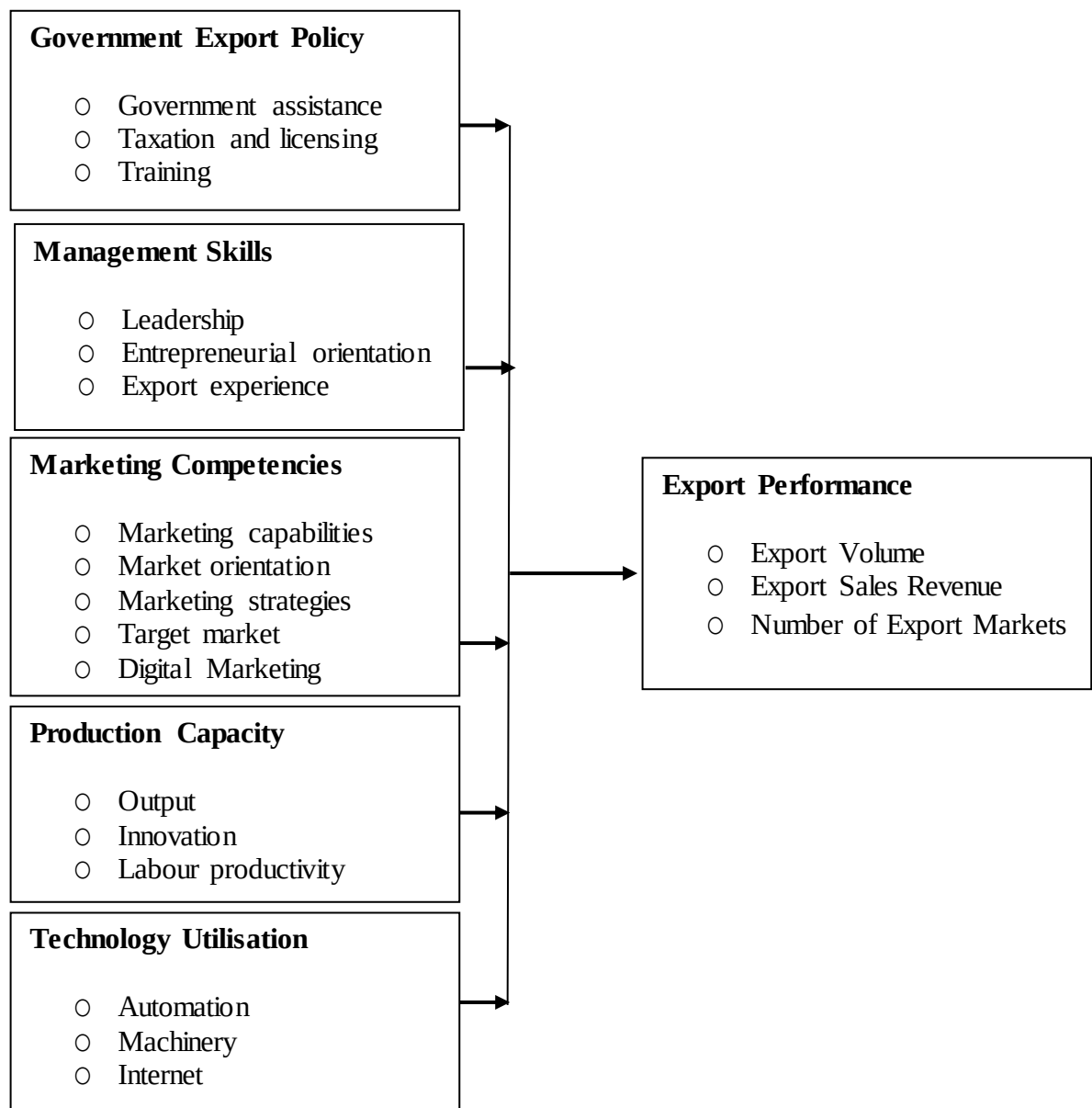


2.5 Operational Framework

In research, operationalization is the process of describing and measuring vague ideas or factors in a way that can be measured, is objective, and can be seen. This process is guided by the operating framework, which describes the ideas to be measured, the tools to be used to collect data, and the steps to be taken to analyse and understand the data (Tamene, 2016). The plan for how this study will worked is shown in figure 2.2.

Figure 2.2

Operational Framework



2.6 Research Gap

The research relies on the dynamic capabilities ties theory, the contingency theory, and the resource-based perspective. The VRIO resources, according to the resource-based approach, must be heterogeneous, immobile, and have VRIO attributes. When investing in VRIO, you get a long-term competitive edge. Management ability, marketing knowledge, manufacturing capability, and technological application are all examples

of resources that might factor into this investigation. According to Fiedler's Contingency Theory, a leader's approach to leadership has to be appropriate to the circumstances. This approach encourages managers to maintain vigilance and go outside established norms, standards, and precedents when making decisions that will improve export performance. Having a dynamic capacity is a strategic advantage in today's fast-paced business world. Organisational dynamic skills are those that allow it to acquire, integrate, transform, and release resources in response to or in anticipation of changes in the market. It's possible that export performance is enhanced for SMEs with dynamic capabilities compared to those without.

Empirical review was conducted on studies on factors influencing export performance among SMEs. Specifically, extensive empirical review was carried out on government policy and export performance, management skills and export performance, marketing competence and export performance and production capacity and export performance. Available studies suggested that government policies affect performance of SMEs including export performance. This was achieved via initiatives such as encouraging investment, expanding access to capital, addressing skill gaps, providing targeted assistance, developing policies for SMEs, expanding into new markets, and bolstering infrastructure. Studies suggest that more often than not, SME managers and owners lacked these skills to succeed in export business. Similarly, SMEs marketing competences are usually low. Results among SMEs indicate that they have challenges with production capacity. Results demonstrate that SMEs are at different levels of technology automation and this has varied levels of performance. In reviewing of literature, the researcher noted that majority of existing studies on SMEs were carried out on factors affecting their performance. Studies on export performance were scarce.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains how this study, which aimed to find out what makes SMEs in Nyeri County, Kenya, good at exporting, was done. It describes how the study was set up, who was in the study, and how samples were taken. Methods for collecting data and ways to analyse them are shown. Also shown are the social rules that guide the work.

3.2 Research Design

Tobi and Kampen (2018) provide a concise definition of "research design" as the comprehensive plan or framework guiding the researcher's selection of study methodologies and procedures. The current study used a descriptive survey methodology. Pilot and Hurgler (1995) state that the primary goals of a descriptive survey are observation, description, and documentation of characteristics of a situation as they occur in the wild rather than explanation. This approach allowed the researcher to quickly and easily compare different factors with the export performance of SMEs.

3.3 Target Population

People or things that are the focus of an investigation are said to be part of the study's "target population." (Sileyew, 2019). This study targets SMEs in the manufacturing sector. This was because these SMEs are registered and licensed and are more likely to be involved in export compared to SMEs in other sectors. Agricultural processing industries made up the bulk of the 28 manufacturing businesses in Nyeri, as reported by the county government of Nyeri (2018).

Table 3.1***Target Population***

Sector	Number of SMES
Agribusiness	22
Manufacturing	4
ICT	2
Total	28

3.4 Sampling

Sampling is the practise of choosing a sample that is statistically representative of a larger population. The word "sample size" refers to the proportion of a certain population that is employed in a study (Babatunde & Low, 2015; Patel & Patel, 2019). Sample size determination was done by Slovin's formula.

$$n = N / (1 + N e^2) = 28 / (1 + 28 * 0.05^2) = 26$$

Participants were recruited using a process of systematic random selection. Purposive sampling is a non-probability sampling method in which the researcher makes a subjective selection of sample population characteristics (Sileyew; 2019; Tobi & Kampen, 2018). Purposive sampling is preferred because not all SME employees have the information that the study. Therefore, the researcher involved the owners and managers of SMEs in the study. From each of the 26 SMEs the owner and 5 senior managers were purposively recruited. The study therefore had a sample size of 130 respondents as shown in Table 3.2.

Table 3.2***Distribution of Sample Size***

Population	Sample
Chief executive officers	26

Operations managers	26
Marketing managers	26
IT managers	26
Supervisors	26
Total	130

3.5 Data Collection

This section describes how data was collected.

3.5.1 Data Collection instrument

A questionnaire was employed in the collection of data. The researcher developed the questionnaire which had several sections corresponding to the objectives of the study which were government policy, management skills, marketing competence, production capacity and technology utilisation and export performance. The questionnaire was developed electronically using Microsoft Forms.

3.5.1.1 Validity of Data Collection instrument

Validity in research polls has to do with how well the survey measures the right things that need to be measured. It means how well a poll measures what it is supposed to measure (Cohen et al., 2017; Taherdoost, 2016). For this study's questionnaire to be accurate, the researcher used indicators in the conceptual framework that came from previously confirmed surveys. The researcher's supervisor also looked over the questionnaire and gave an expert opinion on whether or not it measured what it ought to measure.

3.5.1.2 Reliability of Data Collection Instrument

The regularity of a measure is what is meant by its reliability. It is also about how steady and reliable the results of a review tool are. In this study, the dependability of the tool

was measured by the questionnaire's internal consistency (Cohen et al., 2017; Mohajan, 2017). The study carried out a pre-test to find out how to do this. The pre-test was done with 15 owners and managers from 3 SMEs in Murang'a County. Statistical Package for the Social Sciences (SPSS) version 28 for Windows was used to gather and examine the data. Spearman's rank correlation was used to figure out how consistent the results are within the group. The Spearman's Rank Correlation Coefficient is a way to find out how strongly two sets of data are linked (Lee et al., 2018). A cut-off of 0.7 was used whereby items scoring 0.7 and above were deemed to have acceptable reliability while those below had to be reviewed or removed to ensure the overall reliability of the questionnaire (Chow et al., 2016).

3.5.2 Data Collection Procedure

Upon acquiring the necessary approvals from the university and relevant authorities, the researcher embarked on the data collection exercise. The first step was to contact the management of the various SMEs to inform them of the study and seeking permission to collect data. This was done through calling and physical visits. Once permission was granted, a link to the questionnaire was sent to the respondents via e-mail. The data collection process was expected to take 2 weeks.

3.6 Data Analysis and Presentation

Once data is collected, it was cleaned sorted, coded and entered into a computer using SPSS V28. Descriptive and regression analysis were used to analyse the data. Frequencies, percentages, mean and standard deviation constituted descriptive statistics and was used to organise findings on government export policy, management skills, marketing competence, production capacity and technology utilisation as well as export

performance. To find out the relationship between the various independent variables and export performance, regression analysis was conducted. The following model was used:

$$Y = C + \beta_1 \text{ GEP} + \beta_2 \text{ MS} + \beta_3 \text{ MC} + \beta_4 \text{ PC} + \beta_5 \text{ TU}$$

Where:

Y = Export Performance

C = Constant

B₁ - β₅ = Co-efficient

GEP= Government Export Policy

MS = Management Skills

MC = Marketing Competence

PC= Production Capacity

TU= Technology Utilization

Diagnostic tests were conducted to evaluate the suitability of data for the assumptions of regression. Diagnostic tests for regression analysis are used to evaluate the soundness of a regression model and the assumptions made about the data. These tests are important because they can help identify problems with the model, such as violations of assumptions or outliers, and suggest ways to improve the model. Diagnostic tests for regression analysis are used to assess the validity of a regression model and the assumptions made about the data. These tests are important because they can help identify problems with the model, such as violations of assumptions or outliers, and suggest ways to improve the model (Carroll & Ruppert, 2017). Diagnostic tests in this study included normality, homoscedasticity, multicollinearity and linearity. To test for Normality, Shapiro-Wilk Normality test were used. Homoscedasticity and multicollinearity were checked by using the Breusch-Pagan test and variance inflation

factor (VIF) respectively. Scatterplots were used to check for Linearity. Results of the study were presented using tables. Significance will be determined at $p < 0.05$.

3.7 Ethical Considerations

Research ethics are the set of ideas and values that scientists use to make decisions about how to conduct their investigations. These principles include but are not limited to the protection of human subjects, confidentiality and privacy, informed consent, and the avoidance of harm. Adherence to ethical considerations in research is crucial as it ensures that research is conducted in a manner that is respectful, responsible and safe (McKenna & Gray, 2018). The study sought approval from Kenya Methodist University (KeMU) and National Commission for Science, Technology & Innovation (NACOSTI). Permission to collect data was also sought from individual respondents. Only respondents who wished to take part in the study were involved. The researcher protected the respondents by keeping them anonymous and keeping data collected confidential. This was done by not using respondents' names or contacts. In addition, data collected was coded before entry.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter contains the result of this study. The researcher's presentation includes not only the results but also their interpretation and discussion of the findings. The results provided consist of descriptive and inferential statistics, which are given in tabular format.

4.1.1 Response Rate

The proportion of people or entities who take part in a study or reply to a survey relative to the total number of people or entities that were contacted or qualified to participate is referred to as the response rate in research. It is used as a measure of the representativeness and validity of the research findings. Table 4.1 shows the response rate.

Table 4.1

Response Rate

	N	%
Chief executive officers	21	18.6
Operations managers	24	21.2
Marketing managers	23	20.4
IT managers	21	18.6
Supervisors	24	21.2
Total	113	100.0

As shown in table 4.1, there are a total of 113 respondents in the study who participated in the study. This included 21.2% supervisors, 21.2% operation managers and 20.4%

marketing managers. This represents an 86.9% response rate which is high enough since it is higher than 70% as recommended by Mugenda and Mugenda (2012).

4.1.2 Demographic Characteristics

Demographic characteristics of respondents in research refer to the socio-economic and personal details that describe individuals participating in a study. These characteristics provide insights into the background and diversity of the respondents, which can be useful in analysing survey results or drawing conclusions from the research. In order to describe the sample, the researcher collected data on their demographic characteristics. This included working experience, age of business and number of employees.

Table 4.2

Respondents' Demographic Characteristics

		Count	Table N %
Indicate your working experience in the business	1-5 years	33	29.2%
	6-10 years	43	38.1%
	11-20 years	37	32.7%
How many years ago was this business begun?	10	52	46.0%
	20	22	19.5%
	30	19	16.8%
	40	20	17.7%
	50	0	0.0%
	< 100	61	54.0%
How many employees does this business have?	101-200	19	16.8%
	201 – 300	20	17.7%
	301 – 400	13	11.5%
	401-500	0	0.0%
	> 500	0	0.0%

Results in table 4.2 show that 38.1% of the respondents had between 6 and 10 years while 32.7% had between 11 and 20 years in working experience. According to 46% of the respondents, their business had begun in the previous 10 years while for 19.5% and 16.8% of the respondents, their businesses had begun in the previous 20 and 30

years respectively. Most (54%) of the respondents had less than 100 employees while 17.7% and 16.8% had between 201 and 300 and between 101 and 200 employees respectively. These results demonstrate that most of the businesses in the study had been existence for a good period and majority of respondents had acquired adequate experience to enable them provide reliable information.

4.2 Descriptive Statistics

This section presents the descriptive data of the study variables.

4.2.1 Export Performance

In order to establish factors influencing export performance of SMEs in Nyeri County, Kenya, the researcher sought to first establish the export performance of the SMEs in the study. This was done through asking the respondents about their business in regards to export volume, sales revenue, export markets and performance using a 5-point Likert scale. The results are presented in table 4.3.

Table 4.3***Export Performance***

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
Our firm export has been very profitable.	29.2%	27.4%	0.0%	19.5%	23.9%
Our firm export has generated a high volume of sales.	25.7%	38.9%	2.7%	16.8%	15.9%
Our firm export has achieved rapid growth.	32.7%	18.6%	1.8%	25.7%	21.2%
Our firm export has improved our global competitiveness.	16.8%	15.0%	0.0%	25.7%	42.5%
Our firm export has strengthened our strategic position.	19.5%	12.4%	8.0%	29.2%	31.0%
Our firm export has significantly increased our global market share.	23.0%	8.0%	2.7%	10.6%	55.8%
The export performance of our firm has been satisfactory.	27.4%	15.0%	0.0%	27.4%	30.1%
Our firm export has been successful.	34.5%	15.0%	0.0%	29.2%	21.2%
Our firm export has fully met our expectation	41.6%	25.7%	5.3%	15.0%	12.4%

Most (56.6%) of the respondents disagreed that company export had been extremely lucrative. Likewise, 64.6% and 51.3% of the participants expressed their disagreement about the notion that firm export has resulted in a significant increase in sales and that their company export has seen quick development, respectively. Majority (68.1%) agreed that their firm export had improved our global competitiveness. Similarly, 60.2% and 66.4% agreed that their firm export had strengthened their strategic position and significantly increased our global market share respectively. Most (57.5%) of the respondents agreed that export performance of their firm has been satisfactory and 50.4% agreed that firm export has been successful. However, 67.3% disagreed that their firm export had fully met their expectation. These results demonstrate that export

performance is moderate. This is because competitiveness, strategic position and global market share were high but profitability, sales volume and growth was low. This statement aligns with the claim made by Revindo et al. (2019) that SMEs in developing nations have less capacity to engage in international trade compared to bigger businesses, despite the existence of numerous export support measures implemented by their respective governments.

4.2.2 Government Export Policy

The researcher sought respondents' views on government export policy on exportation. Specifically, the researcher sought to find out from the respondents in regards to government assistance taxation and licensing and training. The results are presented in Table 4.4.

Table 4.4***Government Export Policy***

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
The government policies on exportation are favourable to your business	41.6%	18.6%	8.0%	18.6%	13.3%
The government has fair taxation to encourage export business	45.1%	26.5%	0.0%	16.8%	11.5%
The government provides tax breaks	56.6%	27.4%	5.3%	8.0%	2.7%
The government provides training assistance on exportation	43.4%	36.3%	9.7%	8.0%	2.7%
Government's services are helpful.	45.1%	17.7%	8.0%	12.4%	16.8%
The government provides technical assistance on exportation	39.8%	34.5%	10.6%	8.8%	6.2%
the government assists in market penetration measures	34.5%	41.6%	5.3%	8.8%	9.7%
The government assist in infrastructure support measures	10.6%	16.8%	5.3%	38.1%	29.2%

Majority (60.2%) of the respondents disagreed that the government policies on exportation are favourable to your business. Similarly, 71.7% and 84.1% of the respondents disagreed that the government has fair taxation to encourage export business and the government provides tax breaks respectively. As shown in table 4.4, 79.6% of the respondents disagreed with the statement that the government provides training assistance on exportation. Similarly, 62.8% disagreed that the services are helpful in SME export activities. Majority (74.3%) of the respondents disagreed that the government provides technical assistance on exportation and 76.1% disagreed that the government assists in market penetration measures. However, 67.3% agreed that

the government assist in infrastructure support measures. These results demonstrate that majority of the respondents have a low opinion of government policy on export. They feel that the measures put in place by the government are not effective in promoting export.

This finding bolsters the argument put up by Amornkitvikai et al. (2012) that monetary and non-monetary aid from the Thai government is required to increase the export activity and performance of SMEs. However, this is in direct opposition to the research conducted by Musabayana et al. (2022), which revealed that despite the government's efforts to communicate its intentions to the knowledgeable officers. This finding also contradicts Zindiye et al. (2012) who found that SMEs in the manufacturing sector recognised and appreciated government and other institutional actions that promoted their growth and development.

4.2.3 Management Skills

The researcher sought to find out from the respondents how they managed their business. In particular, the researcher was interested in finding out about leadership, entrepreneurial orientation and export experience. The results are presented in Table 4.5.

Table 4.5

Management Skills

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
The firm has put in place effective leadership practices	8.0%	11.5%	2.7%	49.6%	28.3%
Managers are adequately trained to handle export affairs	1.8%	5.3%	3.5%	41.6%	47.8%
The managers of this business have experience in export business	19.5%	8.0%	5.3%	40.7%	26.5%
The managers of the firm have a good knowledge about the international payment methods relevant to goods transactions	11.5%	3.5%	3.5%	29.2%	52.2%
There is a good interaction/coordination between different levels of managers in exporting activities.	0.0%	5.3%	0.0%	52.2%	42.5%
Managers of our company present themselves as role models for the employees.	0.0%	0.0%	0.0%	54.0%	46.0%
Managers of our company ensure that employees are aware of the company's long-term plans.	0.0%	0.0%	0.0%	64.6%	35.4%
The firm has adopted internal processes geared towards promoting export performance	3.5%	0.0%	0.9%	45.1%	50.4%

The findings indicate that 77.9% of respondents believed that the company had used efficient leadership strategies. Furthermore, a significant majority of 89.4% concurred that managers had sufficient training to effectively manage export issues. The majority (67.3%) also agreed that the firm managers have expertise in the field of exporting. The findings indicated that 81.4% and 94.7% of respondents agreed that the firm's managers had a commendable understanding of international payment methods pertaining to

goods transactions, and that there is effective collaboration and communication among managers at all levels in exporting operations, respectively. All respondents (100%) unanimously agreed that the management of the organisation consistently exhibit themselves as exemplary figures for the workforce and effectively communicate the company's long-term objectives to the employees. Nearly all respondents (95.6%) also agreed that their company had implemented internal procedures aimed at enhancing export performance. These results demonstrate that SME firms in the study were well managed as the owners and managers were experienced and trained. In addition, they applied many of the principles of good management. The results are in line with those of the survey by Uwase (2020), which also found that most respondents felt their companies had good leadership practices. While Forth and Bryson (2018) discovered that bigger organisations are more likely to utilise formal management techniques, SMEs are less likely to do so. However, there is evidence that using these methods may help SMEs develop and increase productivity.

4.2.4 Marketing Competence

To assess marketing competence, the researcher sought to find out from the respondents about the firms' marketing capabilities, market orientation, marketing strategies, target market and digital marketing. The results are presented in table 4.6.

Table 4.6***Marketing Competence***

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
The business advertises its products to internal markets	10.6%	3.5%	2.7%	38.9%	44.2%
The firm has a marketing manager/department	10.6%	23.9%	0.0%	25.7%	39.8%
The firm frequently conducts effective export advertising and promotion programmes	16.8%	11.5%	4.4%	36.3%	31.0%
The business had identified a target market for its products internationally	25.7%	15.0%	0.0%	34.5%	24.8%
The business uses digital marketing tools to advertise products to international markets.	10.6%	3.5%	2.7%	46.9%	36.3%
The managers seek to maintain in-depth relationships with foreign clients	8.0%	2.7%	0.9%	59.3%	29.2%
The firm continually monitors competitive products in the export markets	0.0%	5.3%	1.8%	68.1%	24.8%
The information system is very beneficial in identifying new business prospects in overseas markets.	0.0%	0.0%	0.0%	61.1%	38.9%

Majority (83.2%) of the respondents agreed that the business advertises its products to internal markets. The results show that 65.5% and 67.3% agreed that the firm has a marketing manager/department and the firm frequently conducts effective export advertising and promotion programmes respectively. Most (59.3%) of the respondents agreed that the business had identified a target market for its products internationally. Majority (83.2% and 88.5%) agreed that the business uses digital marketing tools to

advertise products to international markets and the managers seek to maintain in-depth relationships with foreign clients respectively. The vast majority (92.9%) of the respondents agreed that the firm continually monitors competitive products in the export markets. In addition, all (100%) agreed that the information system is very beneficial in identifying new business prospects in overseas markets. These results suggest that the firms in the study valued marketing and had high marketing competence. The results show that the firms' marketing capabilities were high and various marketing strategies were employed including digital marketing. This is in line with what Nouri and Boujelbene (2022) say: that businesses should try to figure out which markets have the most potential for what they do. Accordingly, there is a set of requirements that the firm must meet in order for its foreign expansion to be a success before deciding on a target market. This finding is in line with that of Bamfo et al. (2019), which states that businesses should know what their customers want and need, and then use that knowledge to analyse external factors that influence those wants and needs, all while coordinating and responding appropriately to client preferences.

4.2.5 Production Capacity

The study had an objective to examine the influence of the production capacity of exporting organisations on export performance among SMEs in Nyeri County. To measure production capacity of the firms in the study, the researcher assessed output, innovation and labour productivity. The results are presented in table 4.7.

Table 4.7***Production Capacity***

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
This business has the capacity to satisfy international markets demand	21.2%	11.5%	3.5%	41.6%	22.1%
This business is able to operate 24 hours	40.7%	20.4%	0.0%	20.4%	18.6%
The products are able to meet international standards.	11.5%	6.2%	1.8%	34.5%	46.0%
Production procedures have the ability to create goods that meet design requirements.	16.8%	20.4%	3.5%	40.7%	18.6%
Innovative practices are encouraged and adopted within the firm	2.7%	6.2%	1.8%	45.1%	44.2%
Production process innovation and development are prioritised.	0.0%	2.7%	0.0%	58.4%	38.9%
Performance of production processes is monitored.	11.5%	8.0%	0.9%	38.1%	41.6%

Majority (63.7%) of the respondents indicated that their business had the capacity to satisfy international markets demand. However, 61.1% disagreed that their business was able to operate 24 hours. Majority (80.5%) of the respondents agreed that the products are able to meet international standards. Most (59.3%) of the respondents indicated that production procedures have the ability to create goods that meet design requirements. Majority (89.4%) of the respondents agreed that innovative practices are encouraged and adopted within the firm. The vast majority (97.3%) agreed that production process innovation and development are prioritised. Elsewhere, 79.6% agreed that performance of production processes is monitored. These results therefore

demonstrate that the firms in the study had high production capacity. But this conclusion contradicts what Reim et al. (2022) found; many SMEs cited a lack of resources as a reason they couldn't expand their manufacturing capabilities for international commerce, along with the difficulties of locating specialists and top management. It is also in contrast to Di Mauro et al. (2018) and Zhao et al. (2016) findings that SMEs often face various challenges related to their production capacity.

4.2.6 Technology Utilisation

The influence of technology utilisation on export performance among SMEs in Nyeri County was assessed. To assess the level of technology utilisation in the firms participating in the study, the researcher sought to find out from the respondents about the automation, machinery and internet in their SME. The results are presented in table 4.8.

Table 4.8***Technology Utilization***

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
The business has fully automated its operations	23.0%	12.4%	0.0%	29.2%	35.4%
The firm possesses modern production technology and equipment for exporting	10.6%	16.8%	1.8%	38.1%	32.7%
The business has an IT manager	40.7%	19.5%	0.0%	19.5%	20.4%
The firm employees are well conversant and have high technological expertise	23.0%	11.5%	3.5%	34.5%	27.4%
In our company, information systems are in place to capture information about customers and markets.	25.7%	16.8%	4.4%	36.3%	16.8%
Implementation of technology has led to the development of new services and the formation of new alliances	16.8%	11.5%	9.7%	27.4%	34.5%

Majority (64.6%) of the respondents agreed that their business has fully automated its operations. The firm's possession of current manufacturing technology and equipment for exporting was agreed with by the majority (70.8%) of the respondents. However, 60.2% answered that the organisation did not have an IT manager. The majority (61.9%) said that the personnel of the organisation are highly knowledgeable and possess advanced technical skills. A majority (53.1%) of the participants reported the presence of information systems for collecting data about clients and marketplaces. In addition, 61.9% agreed that the use of technology has contributed to the creation of new services and the establishment of new partnerships. The results therefore show a high level of technology utilisation in the SMEs in the study. This agrees with Mazikana

(2019) that companies have automated numerous procedures and removed needless labour thanks to technological advancements. Additionally, it is in line with the findings of Uwase (2020), which showed that most respondents agreed that their companies had implemented new systems for operations and that this has made them more agile. This conclusion contradicts Karymshakov's (2020) contention that SMEs lack the capacity to incorporate medium or high technology into their production processes, which might jeopardise their ability to remain competitive in global markets in the long run.

4.3 Inferential Statistics

Inferential statistics are statistical methods used to draw conclusions and make predictions about a larger population based on data collected from a smaller sample. These methods allow the researcher to test hypotheses, make predictions, and draw generalizations about a population based on a sample of data. To find out the relationship between the various independent variables and export performance, regression analysis was conducted. Regression analysis is one of the most important types of statistical analysis used in data analysis. It is a powerful test for exploring the relationship between two or more variables and can be used to make predictions about future outcomes. Compared to other statistical methods, can help identify the relationships between variables and can be used to test hypotheses about these relationships. It can also be used to identify which variables are most important in predicting an outcome. To find out the relationship between the various independent variables and export performance, regression analysis was conducted. The results are presented in table 4.9.

Table 4.9***Regression Results***

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.884	2.364		1.643	.103
	Government Policy	.336	.033	.514	10.280	.000
	Management Skills	.085	.049	.088	1.753	.082
	Marketing Competence	.317	.038	.415	8.274	.000
	Production Capacity	.052	.040	.065	1.291	.200
	Technology Utilisation	.377	.037	.515	10.202	.000
R = 0.857, R ² = 0.735, Adjusted R ² = 0.722, F = 59.264, P = 0.000						

The R value of 0.857 indicates a robust positive connection between the independent variables (government policy, managerial skills, marketing competence, production capacity, and technology utilisation) and the dependent variable (export performance). This indicates that these variables combined account for roughly 73.5% of the observed variance in the export performance of SMEs in the town. The Adjusted R Square score of 0.722 considers the number of predictors in the model and offers a more cautious evaluation of the model's fitness. It suggests that roughly 72.2% of the variance in export performance can be explained by the independent variables in the model, including their interdependencies. The F-value of 59.264 indicates a statistically significant link between the independent factors and the export performance. The associated significance level (p-value) of .000b indicates that this relationship is statistically significant at the chosen significance level. Overall, these results suggest that the combination of government policy, management skills, marketing competence, production capacity, and technology utilization has a significant influence on the export

performance of SMEs in the town. The model provides a good fit to the data and explains a substantial proportion of the observed variation in export performance.

This finding is in line with what Mazikana et al. (2020) found: that small and medium-sized enterprises (SMEs) encounter difficulties with resources (financial and managerial), information asymmetry (information asymmetry), registration and licencing (Licencing and registration), product-related difficulties (Management skills), technology (Technology), competition (Distribution), and distribution. Furthermore, it provides credence to Mpunga's (2016) claims that a number of factors impacted the export performance of SMEs, including unfavourable trade financing, insufficient and unstable financial capital, increased taxes on production and export, complex business regulations in the export country, and limited English proficiency.

The table also shows that government policy ($p < 0.001$), marketing competence ($p < 0.001$), and technology utilisation ($p < 0.001$) were significant. Using the beta coefficients, the new model is as shown below.

$$Y = 3.884 + 0.336 \text{ GEP} + 0.085 \text{ MS} + 0.317 \text{ MC} + 0.052 \text{ PC} + 0.377 \text{ TU}$$

Where: **Y** = Export Performance, **GEP**= Government Export Policy, **MS** = Management Skills, **MC** = Marketing Competence, **PC**= Production Capacity and **TU**= Technology Utilization

The new model demonstrates that all the independent variables had a positive effect on export performance. Technology utilisation had the largest beta coefficient (0.377) indicating that it has the largest effect on export performance followed by government policy and marketing policy.

4.3.1 Government Export Policy and Export Performance

The coefficient for government policy was 0.336, with a standard error of 0.033. The standardized coefficient (Beta) of 0.514 suggested that government policy had a significant positive impact on export performance. The t-value of 10.280 indicated that this coefficient was statistically significant ($p < 0.001$).

This is in line with the findings of Ntiamoah et al. (2016), who found that governmental funding significantly impacted the support and performance of SMEs from other institutions. In all models estimated using all statistical methodologies for Thai manufacturing SMEs, the results corroborate Amornkitvikai et al. (2012), which indicated that government aid significantly and positively affects a firm's export choice and export performance. Government policies have a significant role in creating an environment that is favorable to company growth, as shown by Mbugua and Moronge (2016). Training and capital finance also had a good and substantial effect on the performance of Kenyan SMEs, according to the report. This finding is in line with that of Njinyah et al. (2018), who found that GPEP influenced the export performance of small and medium-sized cocoa exporters in both direct and indirect ways. Using GPEP, which lowers operational costs and increases performance, has a direct impact. The supply of country and firm-specific benefits was the mechanism via which the impacts were indirectly felt.

Governments often implement export promotion programs to provide information, training, and networking opportunities to SMEs. These initiatives assist SMEs in understanding foreign market requirements, identifying potential buyers, and adapting their products or services accordingly, thereby enhancing export performance. Policies related to intellectual property protection, customs procedures, product standards, and

certifications help SMEs comply with international trade regulations and enhance their competitiveness in global markets. SMEs may face challenges in entering foreign markets if government policies create barriers that increase costs or limit access to certain markets.

4.3.2 Management Skills and Export Performance

The coefficient for management skills was 0.085, with a standard error of 0.049. The standardized coefficient (Beta) of 0.088 suggested that management skills have a positive but relatively small impact on export performance. The t-value of 1.753 indicate that this coefficient was not statistically significant at the chosen significance level ($p = 0.082$). Management skill was shown to have the least impact on organisational performance, in agreement with Uwase (2020). That is, unless you believe Madushanka and Sachitra (2021), who discovered that SMMEs' export involvement is most affected by their managerial competencies. This contradicts the empirical findings of Nouri and Boujelbene's (2022) structural analysis, which pointed to the importance of the component "Managerial competence" in influencing company success. Imran et al. (2018) found that TQM significantly impacted the export performance of SMEs, hence our finding runs counter to that. It also goes against the findings of Freixanet et al. (2018), who found that companies with more globally oriented management entered overseas markets more quickly, exported to more countries, and took a larger share of their revenue from sales in foreign markets.

4.3.3 Marketing Competence and Export Performance

The coefficient for marketing competence was 0.317, with a standard error of 0.038. The standardized coefficient (Beta) of 0.415 indicated that marketing competence had

a significant positive impact on export performance. The t-value of 8.274 suggested that this coefficient was statistically significant ($p < 0.001$). Consistent with previous research, this finding shows that product, promotion, place, and price strategies all have a positive impact on export performance when evaluated independently, but that promotion attributes have a negative impact when considered with the other marketing capabilities. Companies who put money into digital marketing saw an increase in returns, consumers, and sales, much as what happened in Onyango (2016). Similar to what Chen and Nuangjamnong (2022) found, export SMEs see a considerable improvement in their performance when they differentiate their pricing, placement, and marketing strategies, as opposed to their products.

Marketing competence helps SMEs identify potential target markets for their products or services. It enables them to analyze market trends, competition, and customer demographics to determine the most suitable export destinations. SMEs with strong marketing competence can effectively segment their target markets based on specific customer needs and preferences. They can position their offerings in a unique and appealing way to differentiate themselves from competitors and attract international buyers. Marketing competence also helps SMEs develop appropriate market entry strategies, which can include direct exporting, licensing, franchising, or strategic alliances. By selecting the right strategy, SMEs can minimize risks and maximize opportunities for export growth.

4.3.4 Production Capacity and Export Performance

The coefficient for production capacity was 0.052, with a standard error of 0.040. The standardized coefficient (Beta) of 0.065 suggested that production capacity had a relatively small positive impact on export performance. The t-value of 1.291 indicated

that this coefficient was not statistically significant at the chosen significance level ($p = 0.200$). This finding agrees with Dhiman and Sharma (2019), who also found no evidence of either short- or long-term causation between the two variables. This finding is in line with that of Vu et al. (2016), who also failed to find any evidence that exporting had any effect on productivity. This finding contradicts the work of Amornkitvikai et al. (2012), who discovered a positive and statistically significant relationship between a company's export choice and performance and productivity as evaluated by labour productivity. There was a strong and positive correlation between skilled labour and the export choice and performance of Thai manufacturing SMEs. Additionally, it differs from the work of Di Mauro et al. (2018), who found that export competitiveness decreases when productivity growth slows compared to the baseline, leading to a leftward shift in the productivity distribution and a smaller tail of export-oriented productive companies.

4.3.5 Technology Utilisation and Export Performance

The coefficient for technology utilization is 0.377, with a standard error of 0.037. The standardized coefficient (Beta) of 0.515 indicates that technology utilization had a significant positive impact on export performance. The t-value of 10.202 suggested that this coefficient is statistically significant ($p < 0.001$). This data supports the conclusions made by Haini (2021), who found that innovation and ICT technologies both favourably affect export probability, but that the impact of ICT technologies is stronger. Šimić et al. (2019) found sufficient evidence that export success for Croatian exporters is positively correlated with the use of e-business technologies, and this result lends credence to that conclusion. But this goes against what Karymshakov (2020) found, where companies in low-tech sectors showed comparatively more export activity. This

contradicts Uwase (2020), who found that technological capacity significantly, but weakly, affected performance.

Technology enables increased efficiency can result in cost savings, allowing SMEs to offer competitive pricing in international markets, thereby boosting their export performance. It also provides SMEs with tools and platforms for research and development, enabling them to develop new and innovative products or improve existing ones. This ability to offer unique and high-quality products can attract international buyers and contribute to better export performance. Online platforms, social media, and digital advertising enable SMEs to target international customers more effectively, promote their products or services, and establish a global presence, ultimately improving their export performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a concise overview of the study's results. The results' conclusions are also offered. Furthermore, this study provides advice for policy and practice, as well as recommendations for further research.

5.2 Summary of the Findings

The researcher carried out a study to establish factors influencing export performance of SMEs in a town in a developing country in Africa. The objectives of the study were to (1) to establish factors influencing export performance of SMEs (2) investigate the influence of management skills on export performance among SMEs (3) assess the influence of exporters' marketing competence on export performance (4) examine the influence of the production capacity of exporting organisations on export performance and (5) determine the influence of technology utilisation on export performance among SMEs. Accordingly, government policy, management skills, marketing competence, production capacity and technology utilisation comprised the independent variables. Export performance was the dependent variable. The study used a descriptive survey methodology to ascertain the factors that influence the export performance of SMEs. The SMEs were observed, while the owners and managers of these SMEs were analysed. The research had a total of 113 participants. Data was collected using a standardised self-administered questionnaire. Data analysis included the use of descriptive and regression analyses. This section provides a concise overview of the discoveries.

5.2.1 Government Export Policy and Export Performance

The study found that majority of the respondents have a low opinion of government policy on export. They feel that the measures put in place by the government are not effective in promoting export. Government policy was significant ($p < 0.001$) in the regression analysis. According to the results, a unit change in government policy would increase export performance by 0.3336 units.

5.2.2 Management Skills and Export Performance

The results demonstrated that SME firms in the study were well managed as the owners and managers were experienced and trained. In addition, they applied many of the principles of good management. However, management skills were not significant ($p = 0.082$) in the regression analysis.

5.2.3 Marketing Competence and Export Performance

The study found that the firms in the study valued marketing and had high marketing competence. The results show that the firms' marketing capabilities were high and various marketing strategies were employed including digital marketing. Marketing competence was significant ($p < 0.001$) in the regression analysis. According to the results, a unit change in marketing competence would result in a 0.317 increase in export performance.

5.2.4 Production Capacity and Export Performance

The results demonstrated that the firms in the study had high production capacity. However, production capacity was not significant ($p = 0.200$) in the regression analyses.

5.2.5 Technology Utilisation and Export Performance

The results showed a high level of technology utilisation in the SMEs in the study. Technology utilisation was significant ($p < 0.001$) in the regression analysis. According to the results, a unit change in technology utilisation would result in a 0.377 increase in export performance. Technology utilisation had the largest coefficient indicating that it was the most important of the independent variables.

5.3 Conclusion

Government export policy influences export performance among SMEs in Nyeri County. This was due to absence of favourable policies in terms of assistance taxation and licensing and training which would promote export performance among SMEs. This finding agrees with existing literature that government export policy influences export performance among SMEs. According to Amornkitvikai et al. (2012), Mbugua and Moronge (2016), and Njinyah et al. (2018), government export assistance programmes have a significant impact on SMEs' internationalisation efforts. These programs have an impact on several elements connected to firms and management that ultimately decide the effectiveness of a firm's worldwide marketing. Recognising the correlation between export achievements and company prosperity, several governments provide export support to SMEs in order to foster favourable ripple effects. The findings indicate a distinct correlation between policy and worldwide success. This research provides significant theoretical and empirical knowledge about the impact of public assistance programs on improving the worldwide performance of SMEs.

Management skills do not influence export performance among SMEs in Nyeri County. Although SMEs in this study had good management competence, management skills

were not significant probably due to stronger external factors such as government policy, competition and technology. However, this finding is in conflict with existing research. Studies have shown that SMEs with strong management skills are more likely to export successfully, as they are better able to identify and exploit export opportunities, manage the export process, and overcome the challenges of exporting (Imran et al., 2018; Madushanka and Sachitra, 2021; Nouri and Boujelbene, 2022; Uwase; 2020). Based on these researches, it is vital for SMEs to possess a comprehensive comprehension of their financial condition and adeptly handle their cash flow. It is particularly crucial when engaging in exports, since there can be extended payment periods and other financial hazards to consider. Furthermore, SMEs must possess a comprehensive comprehension of their financial status and adeptly handle their cash flow. It is particularly crucial when exporting to consider extended payment times and other financial concerns that may be present.

Exporters' marketing competence influenced export performance among SMEs in Nyeri County. SMEs had good marketing capabilities, market orientation, marketing strategies, target market and digital marketing also had higher export performance. There is general agreement among researchers that exporters' marketing competence does influence export performance among SMEs. Multiple studies have shown a correlation between the export marketing skills of SMEs and their export success. Some studies have even proposed that using information sources, having competence in export marketing, and doing market research directly influences performance (Chen & Nuangjamnong, 2022, Njuguna, 2018; Onyango, 2016). Other studies have also found that a firm's marketing competencies and strategies are important determinants of its exporting success (Chitauo and Khumalo, 2020; Nouri and Boujelbene, 2022).

Production capacity doesn't influence export performance among SMEs in Nyeri County. This could be due to challenges faced by SMEs in production capacity to compete in light of policy and technology limitations. This finding differs with multiple studies that have found that SMEs with sufficient production capacity are more likely to be able to meet the demands of foreign buyers. Additionally, SMEs with sufficient production capacity are more likely to be able to compete effectively in foreign markets, as they will be able to offer competitive prices and delivery times (Di Mauro et al., 2018; Reim et al., 2022; Zhao et al., 2018). One possible explanation for the difference could be that there are other factors that are more important in determining export performance, such as marketing strategies, competitive advantage, or access to foreign markets. Another possibility could be that the firms in your study operate in a market where quality and innovation are more important than production capacity, and therefore, their export performance is not influenced by their level of production capacity.

Technology utilisation influences export performance among SMEs in Nyeri County. SMEs with greater technology utilisation also had high export performance. Technology utilisation was the most important predictor of export performance among the five independent variables in this study. This conclusion is similar to a lot of studies that have established that SMEs that use technology effectively are more likely to be able to compete in international markets, as they will be able to improve their efficiency, productivity, and customer service (Haini, 2021; Mazikana, 2019; Uwase, 2020). According to these studies, SMEs that use technology effectively can increase their productivity by using tools that help them to work smarter, not harder. This can lead to increased output and sales, which can help SMEs to grow their businesses. In addition, SMEs that use technology effectively can improve their efficiency by

automating tasks, streamlining processes, and accessing real-time data. This can lead to reduced costs and increased productivity, which can make SMEs more competitive in international markets.

5.4 Recommendations

It is important for SMEs to actively engage with government authorities to address the issues affecting their export performance. This can involve advocating for policy reforms that support and encourage SME growth and international trade.

SME owners and managers ought to invest in continuous training and development programs that focus on enhancing management skills relevant to international business operations. This can include courses on strategic planning, financial management, supply chain management, and leadership development.

The government should encourage SMEs to invest in improving their production capacity by enhancing operational efficiency, adopting modern manufacturing techniques, and optimizing resource utilization.

The government should also support SMEs in accessing new markets and export opportunities by organizing trade fairs, exhibitions, and networking events where they can showcase their products and services to potential buyers and distributors.

SMEs ought to embrace and integrate relevant technologies into their business processes, such as e-commerce platforms. The government can assist on this by providing information and resources on technology adoption, training, and access to funding can assist SMEs in leveraging technology to enhance their export performance.

5.5 Suggestions for Further Study

This study included SMEs from all sectors. It would be important for future studies to assess export performance by sector. Only owners and managers of SMEs were included in the current study. Similar studies in future would benefit by incorporating other stakeholders in the export chain.

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APPENDICES

Appendix I: Questionnaire

The purpose of this questionnaire is to collect data in a study to seeks to establish factors influencing export performance of SMEs in Nyeri County, Kenya. You are requested to respond by ticking in the appropriate box or writing in the provided spaces.

A: Background Information

1. Indicate your role in the business

.....

2. Indicate your working experience in the business

- ☐ 1-5 years
- ☐ 6-10 years
- ☐ 11-20 years

3. When was this business begun?

- ☐ In the last 10 years
- ☐ In the last 20 years
- ☐ In the last 30 years
- ☐ In the last 40 years
- ☐ In the last 50 years

5. How many employees does this business have?

- ☐ < 100
- ☐ 101-200
- ☐ 201 – 300
- ☐ 301 – 400
- ☐ 401-500
- ☐ > 500

B: Government Export Policy

6. The statements in the table below have to do with government policy in SMEs.

indicate whether you agree or disagree to the statements using the following scale:

1= Strongly agree, 2= Agree, 3 = Uncertain, 4= Disagree & 5 Strongly Disagree

	1	2	3	4	5
a. The government policies on exportation are favorable to your business					
b. The government has fair taxation to encourage export business					
c. The government provides tax breaks					
d. The government provides training assistance on exportation					
e. The service provided by the government websites are very helpful in firm's export activities.					
f. The government provides technical assistance on exportation					
g. the government assists in market penetration measures					
h. The government assist in infrastructure support measures					

C: Management Skills

7. The statements in the table below are on the management's skills. indicate whether

you agree or disagree to the statements using the following scale:

1= Strongly agree, 2= Agree, 3 = Uncertain, 4= Disagree & 5 Strongly Disagree

	1	2	3	4	5
a. The firm has put in place effective leadership practices					
b. Managers are adequately trained to handle export affairs					
c. The managers of this business have experience in export business					

d. The managers of the firm have a good knowledge about the international payment methods relevant to goods transactions					
e. There is a good interaction/coordination between different levels of managers in exporting activities.					
f. Managers of our company present themselves as role models for the employees.					
g. Managers of our company ensure that employees are aware of the company's long-term plans.					
h. The firm has adopted internal processes geared towards promoting export performance					

D: Marketing Competence

8. The statements in the table below have to do with marketing competence. Indicate whether you agree or disagree to the statements using the following scale:

1= Strongly agree, 2= Agree, 3 = Uncertain, 4= Disagree & 5 Strongly Disagree

	1	2	3	4	5
a. The business advertises its products to internal markets					
b. The firm has a marketing manager/department					
c. The firm frequently conducts effective export advertising and promotion programmes					
d. The business had identified a target market for its products internationally					
e. The business uses digital marketing tools to advertise products to international markets.					
f. The managers seek to maintain in-depth relationships with foreign clients					
g. The firm continually monitors competitive products in the export markets					

h. The marketing information system used by the organization is very helpful to identify new market opportunities of the foreign market.					
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E: Production Capacity

9. The statements in the table below are on the production capacity of your SME.

indicate whether you agree or disagree to the statements using the following scale:

1= Strongly agree, 2= Agree, 3 = Uncertain, 4= Disagree & 5 Strongly Disagree

	1	2	3	4	5
a. This business has the capacity to satisfy international markets demand					
b. This business is abler to operate 24 hours					
c. The products are able to meet international standards.					
d. Production processes are capable of producing products according to design specifications.					
e. Innovative practices are encouraged and adopted within the firm					
f. Development and innovation of production processes are emphasized.					
g. Performance of production processes is monitored.					

F: Technology Utilisation

10. The statements in the table below are about utilization of technology in your SME.

indicate whether you agree or disagree to the statements using the following scale:

1= Strongly agree, 2= Agree, 3 = Uncertain, 4= Disagree & 5 Strongly Disagree

	1	2	3	4	5
a. The business has fully automated its operations					
b. The firm possesses modern production technology and equipment for exporting					
c. The business has an IT manager					
d. The firm employees are well conversant and have high technological expertise					
e. In our company, information systems are in place to capture information about customers and markets.					
f. Implementation of technology has led to the development of new services and the formation of new alliances					

G: Export Performance

11. The statements in the table below are about performance of your business in exportation. indicate whether you agree or disagree to the statements using the following scale:

1= Strongly agree, 2= Agree, 3 = Uncertain, 4= Disagree & 5 Strongly Disagree

	1	2	3	4	5
a. Our firm export has been very profitable.					
b. Our firm export has generated a high volume of sales.					
c. Our firm export has achieved rapid growth.					
d. Our firm export has improved our global competitiveness.					

e. Our firm export has strengthened our strategic position.					
f. Our firm export has significantly increased our global market share.					
g. The export performance of our firm has been satisfactory.					
h. Our firm export has been successful.					
i. Our firm export has fully met our expectation					

Appendix II: List of SMEs

1. Aberdare Oil Millers
2. Almasi Beverages
3. Anchor Flour Millers
4. Aspendos Dairy Limited
5. Brade Gate Coffee
6. Chinga Tea Factory
7. Ekas Technologies
8. Fechim Investments
9. Gacharage Tea Factory
10. Gachatha Coffee factory
11. Gathuthi Tea Factory
12. Gatunguru Tea Factory
13. Giakanja Coffee Factory
14. Githambo Tea Factory
15. Highlands Mineral Water
16. Highlands
17. Iriaini Tea Factory
18. Midlands Kenya Chicken
19. Mount Kenya Tea
20. Mugumo Millers
21. Muthuanini Coffee factory
22. Peatreus Agencies
23. Premier Food Industries
24. Quantum Field Distribution
25. Ragati Tea Factory
26. Rainsun Nuts Company Ltd
27. Raka Cheese
28. The Village Nuts

Appendix III: Letter of Approval



KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
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DIRECTORATE OF POSTGRADUATE STUDIES

July 27, 2023

Commission Secretary
National Commission for Science, Technology and Innovations
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: IBRAHIM NDEGWA MAINA (REG. NO. BUS-3-0519-1/2019)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Master's Degree in Business Administration. He is conducting research on; "Factors Influencing Export Performance of Small and Medium Enterprise in Nyeri County, Kenya".

We confirm that his research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a research license to enable him collect data.

Any assistance accorded to him will be highly appreciated.

Yours sincerely,



Dr. John M. Muchiri (PhD)
Dean, Postgraduate Studies

Cc: Dean SBUE
CoD, Business Administration
Postgraduate Coordinator
Supervisors

Appendix IV: Research Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 643816	Date of Issue: 23/August/2023
RESEARCH LICENSE	
	
This is to Certify that Mr.. IBRAHIM NDEGWA MAINA of Kenya Methodist University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nyeri on the topic: FACTORS INFLUENCING EXPORT PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NYERI COUNTY, KENYA for the period ending : 23/August/2024.	
License No: NACOSTI/P/23/28693	
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